



CANADA

# House of Commons Debates

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VOLUME 141 • NUMBER 168 • 1st SESSION • 39th PARLIAMENT

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OFFICIAL REPORT  
(HANSARD)

**Monday, June 11, 2007**

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**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Monday, June 11, 2007

The House met at 11 a.m.

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*Prayers*

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## PRIVATE MEMBERS' BUSINESS

• (1100)

[English]

### INCOME TRUSTS

The House resumed from May 16 consideration of the motion.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, it is a pleasure to speak to this motion, a motion relating to a matter that would be a significant issue in the next election. The motion basically reads that the government should repeal its 31.5% tax regime on income trusts and replace it with a 10% tax to be paid only by foreigners. It proposes a refundable tax credit to Canadian residents.

The reason for changing the tax on income trusts from 31.5% to 10% is that it would result in about two-thirds recovery of the \$25 billion that were wiped out in the investment value of those saving for their retirement, particularly retired seniors. Its consequences would be to minimize the loss to Canadians who did invest in trusts, to preserve the strengths of the income trust sector, to create tax fairness by eliminating any tax leakage caused by the income trust sector and, finally, to create a neutrality by eliminating any incentive to convert from a corporation to an income trust purely for tax purposes. Tax avoidance is the issue.

Are income trusts bad? If we look at the proposal of the government we see that real estate investment trusts are exempt from this 31.5% tax. The reason being is that they are mature businesses and passive businesses in the sense that they are not subject to the ebbs and flows of the marketplace. Companies that purchase strip malls and lease them out would be an example of a REIT.

Therefore, income trusts as an instrument are not a bad thing, notwithstanding what some members in the House have suggested. The issue has to do with tax leakage. It has to do with the differential between the taxes collected from both the corporation and an individual where someone had invested in a dividend paying corporation, compared to those who invest in income trusts. Income trusts themselves do not pay the tax directly. The amounts are fully taxable in the hands of the investor.

There is probably a big question mark here with regard to tax leakage. I had an opportunity to participate in the finance committee hearings where the finance minister appeared to present his calculations of how much this leakage was and how it was calculated. That did not exactly happen. The finance minister basically said that there was a \$500 million leakage in 2006 and that the government was deferring the implementation of this tax until 2011. He said that if we were to multiply that by six years we would get \$3 billion. All of a sudden the government will be out \$3 billion.

That was not very much detail. However, the finance minister was the first to speak. We then had testimony from experts who came forward. HDR|HLB Decision Economics, Inc. probably raised the most questions which did not get answers. HDR had worked with the finance department to go over the elements of the so-called tax leakage. There was no disagreement in the vast majority of the elements that would be included in the computation of such a leakage.

However, there are at least four that are significant and substantial. First, in determining the \$500 million a year loss of tax revenue to the government because of the existence of an income trust, the finance minister failed to take into account legislated tax changes passed by Parliament and coming into force in the year 2007. If there are changes in the tax code coming in 2007, we simply cannot take the estimated leakage of 2006 and multiply it by six. It is just absolutely wrong. The finance minister made a mistake.

• (1105)

The second item had to do with income trusts that were purchased through a pension plan, an RRSP or sitting in a registered retirement income fund. The finance minister and the Department of Finance decided to assume that the Government of Canada received absolutely no taxation revenue from pension plans, RRSPs and RRIFs who invested in income trusts.

What a foolish assumption. If every investment in income trusts were made through pension plans, RRSPs or RRIFs, that means the assumption of the finance minister of Canada is that income trusts generate no taxation revenue at all; it is totally zero this year, next year and for all time. The assumption is that there is no tax revenue. Obviously that is ludicrous.

HDR went on to describe how the estimate of the taxation burden by energy companies was much greater than it actually was. In fact, it was substantially lower.

*Private Members' Business*

There are a couple of other items that I will not go into because a 10 minute speech is not long enough to do the subject justice. The bottom line is that HDR concluded, based on the work it had done, that the actual tax leakage was only about 5% of what the finance minister had told Canadians in the finance committee. The annual leakage estimated by the finance minister was \$500 million. Five per cent of that is a token amount, relatively speaking, and certainly not enough to have the consequences that the minister knew, or ought to have known, would occur should he move forward with this 31.5% tax.

As we know, within two days after the initial blip and everything had settled down, \$25 billion of the investment value of investors was wiped out totally. As of today, instead of it being 11% of the loss of the value, it has recovered a little to 10% because the business continues to work and the value of the stock or the income trusts will go up. However, for all intents and purposes, the loss as a result of the proposed 31.5% tax is a permanent loss, a permanent impairment in the value of the investment.

When the finance minister made that announcement on Halloween, the Halloween massacre as it is referred to, of last year, he also announced pension income splitting for pensioners. When a government makes a major decision on the taxation of investments, why would it also bring another change in the taxation of Canadians at the same time which are actually unrelated? I will demonstrate how.

Only 30% of seniors actually have pension plans, RRSPs or RRIFs, which means that 70% do not. Of the 30% of the seniors who receive a pension, about one-quarter are widows and single persons, which reduces the 30% down to 22.5%, and of those, because the other spouse may already be at the lowest possible rate, there is no benefit in transferring or splitting income. According to Yves Fortier, a former senior official with the Department of Finance, he said that would bring it down to only 16.7% of seniors receiving a pension who will benefit from pension income splitting. On top of that, if many of the remaining seniors receiving a pension were in low paying jobs they are at the lowest brackets, and those kinds of things bring it down.

• (1110)

Mr. Fortier's analysis, a reputable individual, not a political person, concludes that only 12% to 14% of all seniors would benefit.

It gets worse than that. Does anyone know why? It gets worse because the people who are investing in income trusts are people who have no pensions. Income trusts is an investment vehicle that provides a regular cash flow for seniors to pay their bills.

In a low interest rate scenario economy, people needed an instrument like income trusts to provide them with a cash flow that was not just equivalent to a dividend but a full distribution of the earnings of the entity, in this case being income trusts. Income trusts play a very important role in terms of retirement planning and operations of Canadians.

The bottom line is that pension income splitting really only benefits those who have pensions, not the ones who have income trusts. It is a non sequitur. The finance minister has made a grave mistake and he will pay for it in the election.

**Mr. Ed Fast (Abbotsford, CPC):** Mr. Speaker, I am pleased to participate in the debate, which is an important one. The Liberal member for Scarborough Centre has proposed a motion regarding income trusts. The motion essentially demands that our government's decision on income trusts be reversed and replaced with a 10% tax.

Sadly, the motion is a misguided attempt by the Liberal Party to rewrite its own sorry history on this issue. In fact, the motion would be a huge step backward for Canada. It would make us the laughingstock of other nations that long ago eliminated tax free treatment of income trusts or in fact banned them outright.

Indeed, the Liberal motion contains recommendations that if adopted would again create an unlevel playing field between income trusts and corporations. It would again cause federal and provincial governments to lose significant tax revenues to highly profitable Canadian corporations. It would again reintroduce unfairness into the Canadian tax system.

Who would be left holding the bag again? Ordinary hard-working Canadian taxpayers and families.

Let me refresh my colleague's memory. On March 19, 2007, Canada's new Conservative government presented its second budget. The budget was aimed at helping hard-working Canadian families, families that for far too many years have borne the burden of excessive Liberal taxes.

Our budget also took significant steps forward in helping our country achieve its full potential so that the world will see an aggressive, competitive and re-energized Canadian economy.

In the budget, our new government proposed bold new measures to preserve our environment. We also committed to delivering on what is important to Canadians, things like the quality of our health care system, making our communities safer and more secure, and supporting the men and women of our armed forces, including our veterans.

Budget 2007 also will implement major elements of Canada's long term economic plan, entitled Advantage Canada. Our plan creates greater opportunities for Canadians to fulfill their dreams of a good job, a world class education for their children, a home of their own, and a retirement they can count on.

In Advantage Canada, our government committed to reducing taxes to give Canada the lowest overall tax rate among the G-7 countries on new business investment. Our new government recognizes that in a global economy we need to establish a tax advantage to attract and retain business investment in our country. That is why Advantage Canada also includes a plan to create an entrepreneurial advantage by reducing the unnecessary regulation and red tape and lowering corporate taxes to unlock business investment.

By the building of a more competitive business environment, consumers will have access to goods at lower prices and Canadian businesses will compete more effectively in the global market. Advantage Canada will build a strong economy that not only competes in the 21st century but is equipped to lead the world in the 21st century.

*Private Members' Business*

Most importantly, our budget promised to proceed with the tax fairness plan that we announced on October 31 of last year. Unlike the motion by the Liberal member for Scarborough Centre, our plan will restore balance and fairness to the federal tax system by creating a level playing field between income trusts and corporations. There will be no more tax free treatment for wealthy corporations that earn millions and indeed billions of dollars in profits each year.

Under the old Liberal plan, more and more Canadian corporations were planning on converting to income trusts to avoid corporate tax. Let us consider this. At the time of our income trust announcement, Canada's well respected oil and gas company, EnCana, was considering a plan to convert to an income trust. We cannot blame it. Last year EnCana earned almost \$7 billion in profits. As an income trust it could legally earn these profits without paying a penny of corporate tax on the portion paid out as distributions to unitholders.

I am not one who considers profit a dirty word. Quite to the contrary, we want to see our Canadian companies being profitable, but it is difficult to find any Canadians who would agree that such wealthy companies should be able to avoid paying taxes, especially on millions and billions of dollars in profits.

• (1115)

Our Conservative government went even further to ensure tax fairness. We shut down certain offshore trusts, eliminated double-dipping investment writeoffs and closed other tax loopholes that have been used to shift the tax burden from wealthy corporations and individuals. Who was the burden being shifted to? We can guess: the Canadian moms and dads who work so hard to provide for their families, moms and dads who cannot take advantage of tax loopholes that are used by the wealthy corporations.

Those days of Liberal inaction and unfairness are over. From now on, all Canadian corporations again will pay their fair share of taxes.

Our tax fairness plan was the result of months of careful consideration and evaluation, and we came to the conclusion that the measures brought forth by our government are essential to ensure that our economy continues to grow and prosper. They bring Canada into line with other jurisdictions that have banned the tax free treatment of income trusts. Our Conservative government does not and will not support tax avoidance.

In short, our plan levels the playing field between corporations that pay their fair share of tax and those that do not.

Some members of the House, most notably the Liberals, cannot stand the thought of tax fairness. They cannot stand the thought of changing the rules so that Canadians are treated fairly and equally. In fact, the Liberal opposition has become vicious in its attack on our fairness plan.

I decided to look at what other people have to say about our plan. I looked at the words of the finance minister of British Columbia, Carole Taylor, who is very supportive of our plan. Then I looked to a person whom I admire very much, one of Canada's most successful business people, Jimmy Pattison, who has built a billion dollar empire, and did it the right way.

Apparently Mr. Pattison did have investments in income trusts. We would expect that he would be quite upset about our decision to again tax income trusts but we would be wrong. Here is what he said: "I think it was the right thing to do...fundamentally, it was the right thing for the country".

The article I am quoting from continued:

How could he say such a thing? Easy. Over time, he created a \$6-billion company by continually reinvesting its profits...But an income trust CEO [president] has no such option. "In my opinion, it's important to manage for the long term," Mr. Pattison said.

"And when the pressure is on management for distributions all the time, there's a tendency by some to not put the money into [research and development] or spending capital...because the pressure is the distribution."

The pressure is on distributing these tax free profits.

I have 10 pages of quotes from economists, business people, bankers and even Liberal politicians, and all of them support our tax fairness plan. I know time is short, Mr. Speaker, and I will have to forgo giving you some more quotes.

The motion before us does not in any way address the federal and provincial revenue losses caused by income trusts. We have estimated that the revenue loss to the federal government was about half a billion dollars in 2006 alone, and that was a conservative estimate. The same thing applies to the provinces across Canada. Some of the largest corporations in Canada were lining up to get similar tax free treatment. Failure to implement the tax fairness plan would harm our country's finances.

Sadly, the proposals in the Liberal motion before us would do nothing for those investors who have already sold their trust units. What the Liberals are doing is raising false hopes. Our government, on the other hand, is committed to levelling the playing field between corporations and income trusts. Our decision to tax income trusts is all about fairness, fairness for Canadian taxpayers and families, fairness within the corporate sector, and fairness for all Canadian governments, which includes the provinces.

As always, the proof is in the pudding. We, as a new Conservative government, are delivering for our taxpayers. We are delivering for Canadians.

In closing, I will say that the Liberals' position on income trusts, as reflected in the motion before us, has changed so many times that it is hard to keep up with it. First they wanted to shut down the tax free treatment. Then there was an RCMP investigation. Then they changed their minds and did not support taxation. Today the motion says they will support it but they only want a 10% tax.

• (1120)

This is all pure political posturing on the part of the Liberals. I would ask members of the House to do what is right for all Canadians and vote against this ill-advised motion.

[*Translation*]

**Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ):** Mr. Speaker, it gives me great pleasure today to speak to the member for Scarborough Centre's motion M-321. I will not read the motion because it is nearly half a page long, which is extremely long.

*Private Members' Business*

At the outset, I must say that for at least three reasons, the Bloc Québécois will vote against the motion. First, I think that bringing back income trusts would endanger the productivity of our economy. Second, income trusts cause a great deal of lost revenue for the federal government and all other levels of government. Third, I think that passing this motion would have the same effect as the government's decision to eliminate income trusts. It would send another shock wave through the financial markets.

From the very beginning, the Bloc Québécois has supported the notice of ways and means and the federal budget, which modified the tax regime so that after a four-year transition period, existing income trusts would be taxed like corporations. It also cancelled the creation of any new income trusts. I think that is an important part of it. Existing income trusts will be given a four-year transition period, and no new income trusts will be allowed.

Not long ago, the Department of Finance estimated that the income trust structure was responsible for annual losses to all levels of government averaging \$400 million. Before the Minister of Finance intervened, two big corporations, Bell and Telus, had announced their intention to convert to income trusts. These two corporations alone would have increased governments' loss of revenue significantly to \$1 million per year. We felt that we had to put a stop to this measure, which would have enabled companies to keep huge sums of money out of government coffers.

Of course, government revenue losses are a very serious matter. Regarding income trusts, what was even more worrisome and objectionable, however, was that the income trust structure meant that companies were practically forced to pay 100% of their profits to shareholders at the end of the year. Indeed, if the company retained part of the profits for an investment project, for instance, it had to pay the maximum amount of taxes on that non-distributed revenue. As a result, most companies that converted to income trusts were investing less and less, especially in the development of new technologies and so on. This structure did not allow companies to invest where and when they needed to invest.

In addition to the tax losses associated with the conversion of a growing number of income trusts for strictly tax-motivated reasons, we must also look at the potential loss of productivity in our businesses, in the context of a serious productivity crisis in the manufacturing sector of Quebec and Canada. It is important to remember that, in order to remain productive, more money must be invested in research and development, especially in the manufacturing sector. In recent years, that sector has suffered considerable losses: job losses, company closures and plant relocations.

To remain competitive, businesses in this sector must continue to invest in research and development. The creation of income trusts no longer allowed businesses to invest more in R and D. I would remind the House that, according to a report published earlier this year, in terms of global competitiveness, Canada ranked seventh in the world in 2005—since the analysis was retroactive. Only a year later, in 2006, Canada dropped to tenth place. Our businesses are increasingly less competitive and increasingly less productive, and that means they must invest more in productivity, especially in research and development.

•(1125)

Had the government not stepped in—this is one of the reasons the Bloc Québécois was in favour of government measures, even if we did not completely agree with the way things were done and with the four-year transition period provided by the government—a company such as Bell, for example, would have been forced to distribute all profits to its shareholders or be subject to substantial financial penalties.

This means that the company would have had to turn over almost all of its profits to its shareholders, leaving little leeway to invest in research and development.

It makes no sense for this structure to be applied to a company such as Bell. Bell would have been forced to cancel its investments in order to ensure its growth and would have been condemned to die a slow death. We will remember that Bell and Telus are very large companies that must be constantly investing. They are in a sector—telecommunications and communications—where research, development and the application of new technologies are extremely important. So these companies must continue to invest in order to remain competitive globally.

Shareholders' desire to maximize profits in the short term could have forced segments of our industrial sector to convert to income trusts strictly for tax reasons, thereby sacrificing the long-term growth of the entire sector.

It is also important to remember that, when the Liberals are calling on the government to reverse its surprise decision to raise the tax rate on income trusts, arguing that this measure has cost taxpayers huge sums of money and that returning to the old structure will restore the value of investments to previous levels, they are forgetting an extremely important point.

Since the Conservatives had promised during the most recent election campaign that they would not touch income trusts, investors put their faith in the government. We agree with the Liberals on this: because the Conservatives had promised that they would not touch income trusts, taxpayers kept on investing in income trusts. Unfortunately, the government did not keep its promise. It is therefore true that many investors were duped by the government, which suddenly announced a change in the tax treatment of income trusts.

In promising what they did during the election campaign, the Conservatives eliminated a risk factor associated with these investments, making them more attractive and artificially inflating their price.

As soon as the government—I am referring to the “government” but the Conservatives had not yet formed the government—announced its intention during the election campaign, income trust prices became artificially inflated. When the government announced that it had changed its mind, the stock market dropped dramatically.

*Private Members' Business*

I see that I have only a minute left, so in closing, I want to say that if we adopted the measure the Liberals are proposing, the result would be largely the same. There would be another dramatic drop in the stock market. And what might be the impact of the government's proposed transition period, which I believe is too short? We would likely find ourselves in the same situation, with the same problem.

There is one main reason why we are obviously opposed to this measure: maintaining income trusts is making our economy less and less competitive.

• (1130)

[English]

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, it is my pleasure to join others in this debate on the private member's motion introduced by the member for Scarborough Centre. However, I regret that we are using more time in the House to have yet another debate on an issue that the Liberals will not let go. This is another attempt by Liberals to save face on a matter that has been thoroughly debated by the House and has reached a conclusion that the Liberals will not accept.

We all acknowledge the fact that the Conservatives made an election promise and broke it. As was acknowledged in all the hearings on this issue from beginning to end, that was a stupid election promise. It was a promise made out of political expediency in the same way that the Liberals are now tied up with this issue from which they cannot break loose.

This issue is about political expediency that goes back to the fall of 2005 when in fact Liberals decided that this issue of income trusts had to be studied. It was seen as a problem in terms of an investment vehicle in Canada that had to be addressed and they proceeded to put in place a task force to study the issue. They learned from that study that income trusts have no place in our investment field today. Yet, they refuse to let go because the political mileage they think they can gain from this still runs supreme.

Let us be clear about this motion. It is from the member for Scarborough Centre who wants very clearly to turn back the clock, just as the Liberals proposed on numerous occasions at the finance committee and in the House. It is a wrong headed initiative. It does not make sense and it is time for the member for Scarborough Centre and all of his Liberal colleagues to let go and say yes, it is time for us to clear the deck on this issue to allow for a level playing field in terms of income trusts and to ensure that taxpayers are protected from future tax leakage.

The members on that side of the House want to dismiss the notion of tax leakage. They refused to accept the fact that there was every possibility of more and more corporations joining the bandwagon in order to be able to use the income trust vehicle as a tax avoidance measure.

Some in the House may think it is okay to have tax avoidance measures and like to differentiate time and time again between tax avoidance and tax evasion. We in the New Democratic Party in this corner of the House believe that we should be doing everything possible to close tax loopholes, end tax havens, eliminate tax avoidance schemes and certainly to make illegal any tax evasion initiatives.

It is time to end this debate. We have already spent numerous days, hours, money and resources revisiting this issue time and time again. The problem is that back in the fall of 2005 the Liberals were headed on this path to try to phase out income trusts. They were inclined to look very seriously at the use of an income trust tax. In fact, when this issue first emerged on the front page of every media outlet across this country, because of the potential for a breach in security and the huge spike in the income trust investment field, the member for Scarborough—Guildwood actually suggested in a press conference that the announcement made by the then finance minister was about introducing a tax on income trusts. The Liberals were on that course.

In the last election the Conservatives foolishly promised not to move any such motion. They recognized the error of their ways and have returned to the House determined to actually level the playing field, which is the right thing to do. They made a mistake in making the promise, but it is the right thing to do in terms of Canadian public policy.

• (1135)

The motion of the member for Scarborough Centre is an attempt to turn back the clock. It is just not possible and it does not make any sense. Time and time again we have heard from witnesses at our committee. They have clearly indicated to us the problems with trying to turn back the clock on the income trust file.

One of our most respected and credible witnesses before our committee has been Dianne Urquhart, who is an independent consulting analyst. She reminds us time and time again that such a motion, if implemented, would revitalize the income trust market by fully restoring the tax advantage for income trusts over corporations. Maybe the Liberals have had a change of heart and they want that. She said it would provide an irresponsible combined federal and provincial tax incentive for seniors and other unsophisticated retail investors to purchase more income trusts.

It would provide a particularly irresponsible significant combined federal and provincial tax incentive within the tax deferred plan, and that is a point that is shared by many Canadians, except for Liberals, who are prepared to condone or allow for continued tax leakage.

The Liberals in this debate and the Bloc as well today have tried to suggest that we have to do this because the sky is falling. It is true that some investors lost considerable money by investing much more than they ought to have in the income trust deals, probably because of very bad advice from investors who had a lot of money to make by convincing seniors to go in this direction.

Some people lost money. For that, all of us in the House are deeply sorry. We regret that had to happen. We wish the Conservatives had not played this game of political expediency and during the election period of 2005-06 had actually said, "Look, we will review this area, and if we need to introduce a tax on income trusts, we will". Unfortunately, they chose to go the other way, and as a result, some people were hurt very badly.

*Private Members' Business*

However, it is not correct to say that the sky is falling when in fact we have numerous reports showing how the value of income trusts has returned almost to where it was at the beginning.

I want to return to the report from Dianne Urquhart who told us at the finance committee that the income trust tax damage was relatively small. Upon announcement, the average capital loss in the 14 day post-announcement was 14%, or \$24 billion. The capital loss as of last night, and the date she was using was just a week or two ago, the average capital loss as at that time was a negative 3% or \$5 billion. She said that while income trusts have rallied from their worst prices they have, as she indicated earlier that morning, underperformed the common stock market, which has rallied 15% since October 31.

Those are the facts. Also, we have headlines from numerous newspapers saying "Trusts back from the Halloween Scare" and another, "Fury Over Tax Leakage Clouds Real Trust Issue". The editorial in the *Toronto Star* condemns the position by the leader of the Liberals and the Liberal Party. An editorial in the *Toronto Sun* said that the Conservatives had clearly embarked upon a dangerous course of promising one thing during an election and doing something else, however, they were right to do what they did, in the end.

Finally, I want to say on behalf of seniors everywhere, there is a mandate on our part to ensure that we stand up for those millions of seniors who do not stand to benefit from income trusts and who have actually been taken advantage of by players in this field.

I want to refer to the National Pensioners and Senior Citizens Federation, which has 450 clubs and chapters with a million members, who has stood from the very beginning saying that the government was right, even though some people took losses, to bring in the income trust tax. The Small Investors Protection Association has joined with that federation in referencing this whole area and also calling for a national inquiry on the malfunctioning of Canada's securities and accounting regulations and white collar crime enforcement team.

As well, the United Senior Citizens of Ontario organization has joined in calling for an investigation into what it considers the largest alleged fraud in Canadian history, based on the deceptive yields in income trusts. This alleged fraud is anticipated to reach \$40 billion, according to our volunteer consultants. This is an issue that must be dealt with. Income trusts must be phased out. The income trust tax issue must not be revisited.

• (1140)

**Mr. Anthony Rota (Nipissing—Timiskaming, Lib.):** Mr. Speaker, the NDP member said something that really disturbed me. She said to just let it go and let us get on with things.

I have seniors in my riding who invested money in income trusts, their savings, their retirement money. They were putting that money aside thinking they had the word of a party that was honourable and would keep its promise. They put their money into income trusts in good faith. The money is gone. They lost a big part of their retirement income.

It is hard for me to just say forget about it and get on with things. I find it very difficult to look a senior in the eye and say that the

money is gone, it is over, that the Conservatives did not tell people what they were going to do that they said one thing and did another. It would be very difficult for me to say to a senior that it is time to get on with life. It is very difficult for me to just forget about it.

Seniors are a large part of our community. They contribute a lot. They saved for their retirement. They had banked on that income and they were hoping it would continue. That is the main issue I look at. I look at those seniors who were left out in the cold without the income they had planned on, especially after having been given a promise. The promise was broken and they did not have that money anymore. They had banked on sincerity.

What comes to mind is the credibility not only of the Government of Canada which says one thing and does another, but also of our financial sector. It has to be kept in mind that the financial system in any country is based on stability and a government keeping its word. When we look at what happened here, the government gave its word about what was going to happen, that it was not going to tax income trusts or change anything, but it suddenly changed. That really hurts the markets. How can we have a financial system that is very solid and sure when things keep changing all the time? It is very difficult.

When we look at what has been lost, \$25 billion went out of people's savings overnight. When we look at the sector itself, what really worries me is Canadian ownership. We pride ourselves on being Canadians and owning our own resources. Suddenly we look at a market that fell down. The value fell out. It is more advantageous for international companies to come in and take over those companies. What was owned by Canadians is gone. It is now owned by foreign multinational companies. There was the concern of about \$500 million in tax revenue being lost. That is a serious concern and it is something that had to be looked at. Five hundred million dollars is a sizeable amount of money.

When we look at what happened in the income trust sector, there has been a takeover of 12 companies. Twelve income trusts are now held by foreign owners. They are no longer held by Canadians, no longer held by the Canadian people who owned income trust shares. Instead the companies were taken up by foreign companies and that \$500 million meant about a \$6 billion loss in tax revenue altogether.

We were worried about \$500 million, half a billion dollars. That is a lot of money, no question, and we had to be concerned about it. What ended up happening is we are losing \$6 billion in tax revenue because the companies that bought out the income trusts are foreign owned. They are paying taxes in their home countries. They are taking that from Canada and paying it in another jurisdiction. That is a nice gift to give to other countries, but I do not think it is really right and I do not think it is fair. Certainly not a lot of thought was put into the income trust ban.



*Private Members' Business*

We heard about Bell Canada. We heard about the banks. We heard about other companies wanting to become income trusts. I could not agree more that was not something we should allow as Canadians. When we look at these companies, they have to reinvest in the future, especially when we look at IT companies like Bell Canada. Those companies have to put money into research and development so that down the road they can have a better product and do more.

• (1145)

There should have been consultations, but that is unheard of with the Conservative government. The Conservatives just tell us what they think is right and what they want to do. There should have been consultations with the sector to find out what had to be done, where it had to go, what it needed and what we needed as a country. By doing that, we would have had a better idea rather than to ban income trusts outright.

There are some sectors where an income trust would not be a bad thing, for example, a mine or an oil well. When a resource is depleted, there is no need to invest a large amount of money in it. It is just a matter of getting the resource out and flowing it through to the individual investors. That is very important.

I come from northern Ontario. I know what flow through shares have done for mines and for the economy of northern Ontario. Obviously the government does not look at rural Canada with the same affection I do. There is something there, but it has to be realized there is some use to it.

When money starts flowing through to individuals, the money is not lost completely. The rate of return is higher for the end user, but the rate of income tax is higher at the lower end as well. The individual paying the tax will likely be paying more tax than the company itself.

When I look at this, I look at what has happened through the deception that has gone on and the broken promises. I look at what has happened within the income trust sector in Canada and I see a real flushing out of an industry that was truly Canadian. An industry that belonged to Canadian people is being completely destroyed. Why? The government broke a promise. A promise was just thrown away.

Today I think of our seniors, I think of investors who had banked on this based on a promise. Maybe we could make a change and make it worthwhile so that they could regain confidence and faith in the Canadian financial system, in the Canadian government, and in Canada itself.

• (1150)

**Mr. Gord Brown (Leeds—Grenville, CPC):** Mr. Speaker, in the life of a Parliament, especially a minority Parliament, private members, those members who are not ministers of the Crown or parliamentary secretaries, typically have only one opportunity to bring forward an issue, either through a bill or a motion, for debate. They have only one opportunity potentially to present a piece of legislation or motion that could change or suggest a change for the betterment of their constituents and indeed all Canadians.

That is why I am surprised with the selection of this motion by the member for Scarborough Centre. While I would not suggest that the income trust issue does not merit discussion, I believe we have had

ample opportunity to discuss and vote on the issue through the budget implementation bill, previous ways and means motions, and at the finance committee.

Moreover, not only do I believe this extensive and exhaustive debate has run its course both inside and outside the House, I believe the conclusion is clear and indisputable. Canada's Conservative government made the right decision when it levelled the playing field between income trusts and corporations and ended the growing drain of tax leakage on both federal and provincial coffers.

As a *National Post* editorial from early January stated so forcefully:

The NDP and the Bloc Québécois have said they will support the government's income-trust plan. Civil servants have implemented the necessary regulatory changes....

The issue is settled, in other words. It's time to move on. Everyone else has gotten the message. Why haven't...the Liberals?

Why indeed. Another interesting question that voters in Scarborough Centre should ask themselves is why their member of Parliament used this one direct opportunity to effect change in this Parliament to parade out the Liberal finance critic's ill-advised proposal on this largely settled issue of income trusts. The member is ignoring the issues that really matter in his riding, like safer communities, improved public transit, a cleaner environment, and the list goes on.

We, along with the overwhelming majority of the House, will defeat the Liberal income trust proposal. The proposal fails to level the playing field between income trusts and corporations, nor does it even try to address tax revenue losses experienced by the federal and provincial governments. It is a proposal that independent expert Finn Poschmann, director of research at the C.D. Howe Institute, has lambasted as politically funky stew.

We instead will support our government's tax fairness plan which, unlike the Liberal plan, will restore balance and fairness to the federal tax system by creating a level playing field between income trusts and corporations.

If the member does not agree with that principle, then perhaps he should talk to his Liberal colleague Senator Jerry Grafstein, the chair of the Senate banking, trade and commerce committee, who had publicly noted even prior to our plan "a pressing need to fix the gap between corporations and income trusts". Noting that, he said:

The most important thing is the tax system should be neutral between two firms in the same business.

Or maybe the member should talk to Ontario's Liberal provincial government which has heralded our plan. In the words of Ontario's Liberal finance minister, Greg Sobara:

—the Government of Ontario supports the federal government's efforts to ensure fair taxation through changes to the tax treatment of income trusts. We believe that these changes will protect federal and provincial revenue from significant tax leakage.

*Private Members' Business*

Moreover, our tax fairness plan will also deliver over a billion dollars in new tax relief annually through a corporate income tax rate reduction, an age credit amount increase, and of course, something that I had a lot of support for, the introduction of pension income splitting. I note for the member for Scarborough Centre, who has repeatedly voted against pension income splitting, that this measure will directly benefit countless pensioners and seniors in his riding.

Canada's Conservative government is committed to tax fairness, committed to ensuring businesses and individuals each pay their fair share. Had we not acted, the tax burden would have been unfairly shifted to hard-working Canadian individuals and families. We could not stand by and watch that happen.

We could also not stand by and watch the negative ramifications that the rapidly growing rate of conversions of corporations to income trusts was having on Canada's long term productivity and economic growth. This is a concern that was shared, as revealed in an April 2007 *Financial Post* poll, by a strong majority of Canadian business leaders who saw the rising trust conversions as:

—an increasing threat to economic growth because income trusts, unlike normal companies, were obliged to distribute their earnings and couldn't readily reinvest.

As we have heard before, Jim Pattison, the head of one of the largest private companies in Canada noted that ours was the right decision. As he put it, fundamentally it was the right thing for the country. Why? It is simple, Pattison, like all smart entrepreneurs, knows that a successful company is created for the long term by continually reinvesting profits.

● (1155)

However, an income trust CEO has no such opportunity. In his own words:

In my opinion, it's important to manage for the long term...

And when the pressure is on management for distributions all the time, there's a tendency by some to not put the money into R&D or spending capital...because the pressure is on the distribution.

Jeffrey Olin, investment banking head at Desjardins Securities, echoed those sentiments when he observed that prior to our government's action, many business models were not adaptable to the income trust structure were drawn to it solely on the promise of easy tax savings. In his analysis he notes:

As a result, trusts may have less internal capital available to pursue growth initiatives or reinvestment in capital expenditures. This could be quite detrimental to the long-term interests of the entity or the economy in general

Before I conclude, I will address a charge that has made by the Liberal members and their friends and a certain well funded lobby group that our tax fairness plan has killed businesses involved in the income trust sector.

To illustrate my point, I will read verbatim what Rudy Luukko, Investment funds editor of Morningstar Canada, had to say on the matter just a few short weeks ago on May 25:

From...the harsh reaction from the trust industry and trust investors, you might have thought that Finance Minister...had driven a stake through the heart of Canadian income trusts on Halloween night.

Six months after the Oct. 31 fright night, however, a much more benign picture emerges. To paraphrase Mark Twain, reports of the death of income trusts have been greatly exaggerated.

There's no question that the trust universe took a hit, and that there are some awful individual trusts whose prices have collapsed because of their lack of business merits.

But in the context of equity investing—where double-digit short-term losses are not at all unusual in the pursuit of higher long-term returns—the damage has on the whole been relatively light

In the six months ended April 30—whose Nov. 1 start date coincides with the first trading day after [Minister of Finance]'s surprise announcement—the S&P/TSX Capped Income Trust Index is down 3.6%.

Nevertheless, it was clear that income trusts had a special tax advantage that regular businesses and corporations did not and in the interests of fairness we were compelled to act.

As a respected Canadian commentator Andrew Coyne cleverly observed:

To listen to these trust-fund patriots, you'd think they were the only businesses in the country that were being taxed. Quite the opposite: before the change of policy, they were the only ones that weren't...

So all of this squawking...is over the loss of, in effect, a subsidy.

Clearly, a policy that levels the playing field between income trusts and corporations that makes them equal, not worse, was the right thing to do. Although the decision to act was not easy, it was absolutely necessary. It was a decision for the country for future generations of Canadians, our children and our grandchildren.

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I am pleased to wrap up the debate on a private member's bill that attempts to redress the impact of the government's budget measure, essentially penalizing income trust owners in a way that had not been envisaged before the budget.

The reason why the member for Scarborough Centre has introduced this bill is to propose implementation of measures, which had been generated within the Liberal opposition caucus, to redress these punitive tax measures introduced by the government in its budget.

The issue for many Canadians, who hold income trusts, is not only that there was a tax measure introduced, but the tax measure introduced reneged on a promise. It was not like the government was backed into a corner and did not do anything in relation to one of its promises. It actually promised these income trust holders that it would not tax them and then turned around and equivalent to a sucker punch proposed to tax these people in this tax measure. It was not only a broken promise, it was an obvious betrayal.

Arguably income trust owners are not the majority of Canadians, but they are a very identifiable segment of Canadians. The ones we are concerned about, and the reason for the bill, is the seniors group who have always paid taxes. They have done their savings and now they chose a tax measure that they thought would suit. The government has now changed the rules and punitively taxed them. This measure is intended to redress that.

● (1200)

[*Translation*]

**The Acting Speaker (Mr. Royal Galipeau):** It being 12:02 p.m., the time provided for debate has expired.

*Government Orders*

[English]

The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Royal Galipeau):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Royal Galipeau):** In my opinion the nays have it.

*And five or more members having risen:*

**The Acting Speaker (Mr. Royal Galipeau):** Pursuant to Standing Order 93 the division stands deferred until Wednesday, June 13, immediately before the time provided for private members' business.

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## GOVERNMENT ORDERS

[English]

### BUDGET IMPLEMENTATION ACT, 2007

The House resumed from June 8 consideration of the motion that Bill C-52, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, be read the third time and passed, and of the motion that this question be now put.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, I rise to speak to Bill C-52, the Conservative government's budget. I am unfortunately the first person to rise after the tawdry, cheap events of last Friday in the House, the unparalleled, unprecedented, tawdry events of a government that is so desperate now to get its budget through it had to go down into the bowels of the House of Commons to look through dusty books, looking back to the 1960s and the 1970s, to find some sort of procedural trick that would allow it to pass the budget when it knew that most Canadians are opposing it. In the last few days we have seen the budget self-destruct, as many of the Atlantic provinces, Saskatchewan and many Canadians from coast to coast to coast have said very clearly that the budget is manifestly not in the interests of Canada.

Last Friday, with two minutes to go in private members' business, the House leader stood to try to conjure a trick out of his pocket and try to force through, what he called "a national emergency", the budget, without a vote, not complete the debate only to force it through.

As members well know, the House refused that. However, the fact that the Conservatives would use such a cheap and tawdry trick to try to get their budget through I think belies the reality. The Conservatives acknowledge now that their budget does not have the

popular support of Canadians. As a result of that, they had to resort to this trick.

What they used was a procedural trick to try to declare this a national emergency. The only emergency is the rapid and constant fall of the Conservatives in public opinion polls. We have seen in places like British Columbia, Saskatchewan and Nova Scotia that the Conservative vote continues to erode. Why does it continue to erode? Not only because of tricks like that, the trick of last Friday, a trick that manifestly failed, but also because their budget simply does not have credibility.

I will talk a bit about the situation that Canadians are really living through while the Conservatives are playing their little political games here in Ottawa. From there, I will talk about how the budget does not address what are very clear concerns, crises that are occurring in main streets across the country.

Instead, very clearly what we have is a Conservative budget, a Bay Street budget, the same as the Liberal budgets were, oriented toward corporate tax cuts and huge handouts, shovelling money off the back of a truck through the oil and gas sector. That seems to be the Conservative priorities. Canadians are living a much different reality.

Let us talk about the reality of most Canadians. Let us talk about average family incomes. Since 1989, Statistics Canada tells us, since the signing of the Canada-U.S. free trade agreement, most Canadian families have seen their income fall. They are earning less money now than they were then.

What we have seen under now more than 15 years of Conservative and Liberal economic policies is the wealthy are fabulously so. They are able to buy their 15th or 16th Lamborghini without any problem. However, most Canadian families are earning less. It is not just that they are working harder and longer weeks, and I will come back to those statistics, the bottom line is Conservative and Liberal economic policies have manifestly failed.

Let us look at the figures. The poorest of Canadians, the family with an income of less than \$20,000 a year, those below the poverty line, have seen over this 15 year period the loss of about a month's income. What they used to earn in 12 months, they are living on 11 months' worth of income. We have seen a 10% fall in real income for the poorest of Canadian families.

The Conservative budget does absolutely nothing to address that catastrophic fall in Canadian income levels for the poorest of Canadian families. It is no secret, 300,000 Canadians will be sleeping in the parks and main streets of our country tonight, 300,000 Canadians who no longer even have the resources to have a roof over their heads. The Conservative budget does absolutely nothing to address the crisis in homelessness and the catastrophic fall in the incomes of the poorest of Canadians.

• (1205)

Let us go to the next group. Another 20% of Canadians, and let us call them the working class, are families earning less than \$36,000 a year. They are now earning two weeks' less income than they were in 1989.

*Government Orders*

In other words, after 15 years of Liberal and Conservative economic policies, they have seen their incomes fall so that they are now living on 50 weeks of income, whereas they used to live on 52 weeks of income. They have actually lost two weeks of income and are trying to make ends meet with far fewer financial resources.

Let us continue on to the middle class. It is the same thing for families earning less than \$56,000 year. They are now earning two weeks' less income than they were in 1989.

We now are talking about 60% of Canadian families who are struggling to get by on fewer and fewer financial resources. The Liberals did absolutely nothing to address this. They simply shovelled money at the wealthiest of Canadians. The Conservatives now are doing exactly the same thing.

Even higher income earners, the upper middle class, have actually seen no income improvement since 1989.

That is 80% of Canadian families who see stagnation or who have seen increasing impoverishment under the watch of those parties over the last more than 15 years.

Who has profited from the Canada-U.S. free trade agreement and NAFTA and from the Conservative and Liberal economic policies shovelling money at the corporate sector? There are unbelievable amounts of resources to give to the oil and gas industry and the banks, and to give in corporate tax cuts, but who has profited? Only one sector has: the wealthiest of Canadians. In fact, Statistics Canada tells us that it is the wealthiest 5% of Canadians who have seen their incomes skyrocket over this period.

What the people who are listening to us today or who read these remarks in *Hansard* say, what the people say certainly as we knock on doors in my neighbourhoods, is that they cannot understand why Ottawa does not get it. Why it is harder and harder to make ends meet, they say, and yet the government seems to want to favour the wealthiest of Canadians with corporate tax cuts? They say that the government does not seem concerned about ordinary, hard-working Canadian families. They ask that question.

We have seen the Conservative response. The Conservatives' response was a cheap conjuring trick to try to get their budget through before Canadians wake up to what an appallingly negative impact it will have on them.

The Conservative government erodes resources in health care. It does not do anything to open up doors to post-secondary education and training. It throws a few dollars here and there but does not address the underlying systemic problems in this Confederation, which has led to the fact that most Canadian families are falling further behind and most Conservative and Liberal economic policies are favouring that small proportion of Canadians who have everything they could possibly want.

What is wrong with this picture when the top 5% of Canadian income earners receive most of the attention of Conservative and Liberal governments? Those governments simply shovel money at them. What is wrong with this picture when ordinary working families are forgotten?

I have talked about the fact that income levels are actually falling while the Conservatives have this delusion that everything is just

peachy-keen. They say that because they look at the job figures. The job figures from Statistics Canada actually prove the point: the jobs that are created today are not sustainable manufacturing jobs or family-sustaining jobs. They are part time and temporary jobs. They are jobs paying the minimum wage.

Every time the finance minister stands up and says that we have full employment, what he is actually saying is that we have full employment like most third world countries have full employment. Canadians are scraping to get by on minimum wage, part time jobs and whatever temporary contracts they can get. They are struggling to keep a roof over their heads. The finance minister does not recognize that the economic policy of the past 15 years has actually led to a steady impoverishment.

It is not because Canadians are not working harder and harder. The Community Social Planning Council of Toronto produced a study just a few weeks ago which indicates that for the average family raising children the annual number of hours worked went up by 200 hours, that is, the average family worked 200 hours more in 2004 than in 1996.

● (1210)

What this means is that the average Canadian working family is working five weeks more. Those families are trying to jam another five weeks of work into a working year. They are struggling. They are putting in an unprecedented number of overtime hours, yet their revenue levels are lower than they were in 1989. What a destruction of our quality of life. What a failure on the bottom line.

Canadian families have seen their incomes tank, yet they are putting in five weeks more of labour in a 52 week year. It is an annual average of 200 hours more worked in 2004 than in 1996. It would be even higher today. Overtime hours have gone up by over 30% and yet most Canadian families are earning less now than in 1989.

That is what is fundamentally wrong with how the Liberals and Conservatives have addressed economic policy for the past more than 15 and nearly 20 years. They simply do not understand the impact of their policies. They are economic illiterates. They cannot check the bottom line to see if the economic policies have actually made sense. They are shovelling money at the corporate sector with more and more corporate tax cuts when we already subsidize the corporate sector to an unparalleled extent through the subsidies we provide to medicare.

Our medical system now in place offers a competitive advantage that no American corporation can match, yet the corporate sector is continuing to request lower and lower tax rates when our subsidies already give them a very clear competitive advantage. What is wrong with this picture when the corporate sector fails to acknowledge that the hard work of Canadians from coast to coast to coast gives the sector a competitive advantage but that corporations have to pay their fair share of taxes in order for that competitive advantage to be sustained?

*Government Orders*

They cannot have their cake and eat it too. Corporate leaders need to be told that. They need to be told that they have to be responsible, and that since we are already subsidizing them to an unparalleled extent, with study after study showing that medicare is a huge competitive advantage when Canadian companies compete with American ones, they cannot at the same time have lower corporate tax levels than they have in the United States. They cannot have both. They have to make clear and responsible choices.

We have not seen those responsible choices from the Liberals. We certainly have not seen them from the Conservatives, and last Friday in particular attests to that, but things have to change and that is certainly why more and more Canadians are looking to park their votes with another political entity. We certainly are seeing a greater interest in new ideas. The NDP, of course, since its inception, has always been the birthplace of new and responsible ideas, whether they are economic or financial in nature or in terms of social policies.

Before I move on to the next portion of my presentation, I do want to say one thing. The ministry of finance actually charted NDP, Liberal, Conservative and even the Parti Québécois governments over a 20 year period. It charted and compared the actual year-end fiscal returns to the budgetary promises of each of those governments.

This was done by the federal ministry of finance, which we certainly could not say is an NDP ally in any way, but that long term study, the only long term study that has ever been undertaken on this phenomenon of what the actual fiscal period returns show, clearly proved that the NDP as a party and NDP elected officials as individuals are the best fiscal managers. The worst were the Liberals. No matter what their promises are, 86% of the time the Liberals actually run a deficit. The Conservatives were a little better, actually running deficits 66% of the time over that 20 year period.

The NDP projected surplus or balanced budgets most of the time, and most of the time we actually achieved that. There is no difference between the spin and the results, between the rhetoric and the reality. We actually perform better in terms of fiscal management than Conservatives or Liberals. No wonder Canadians are looking around now and taking a hard look at what political parties promise and what they actually deliver.

● (1215)

The NDP is the only party that actually addresses the economic reality of most Canadian working families and we are the best financial managers. Those are two reasons why we are seeing increasing interest in our party.

Before I move on to B.C. issues, I want to mention the catastrophic collapse of our manufacturing sector. We have trade policies from the government, like we did from the previous government, which do not address the fact that value added and manufacturing production is collapsing across this country. A quarter of a million family-sustaining jobs have been lost in the last few years under the Liberal watch and under the Conservative watch.

Let us look at some of the impacts of that manufacturing loss. In Nova Scotia, 20% of manufacturing jobs have been lost. In Quebec, 18% of manufacturing jobs have been lost. In Windsor, and we have had very eloquent testimony to this effect from the member for

Windsor—Tecumseh and the member for Windsor West, we have actually seen 35% of manufacturing jobs lost.

Windsor is in crisis. Southern Ontario is in crisis. The minimum wage, part time jobs that the finance minister is offering do not in any way compensate for this hemorrhaging of manufacturing jobs.

In Toronto, over 100,000 manufacturing jobs have been lost. That is 21% of manufacturing jobs in Toronto. In Oshawa, it is 21%. In Thunder Bay, it is over 20%. We are seeing a hemorrhaging of manufacturing jobs across this country and there is nothing in the budget that addresses this crisis.

We have a variety of crises that have developed over the past 15 years under the Liberal watch. The Conservatives said they would take a completely new approach. Instead, they have taken exactly the same do nothing approach, a shovel money at the corporate sector approach, which has not addressed the catastrophic fall in manufacturing jobs. It has not addressed the very real erosion of family income since 1989 and the signing of the Canada-U.S. free trade agreement.

This approach does not address the homelessness crisis. It does not address the inability of most families to have their kids or adults move on to post-secondary education, apprenticeship and training. It does not address that crisis. It does not address the health care crisis. Instead of dealing with the underfunding of our public health care system, we have seen the Conservatives take exactly the same road as the Liberals and look to more privatization.

We know that in the United States more privatization means more costs and fewer benefits. The United States health care system costs twice the amount per capita that the Canadian system does and yet 60 million Americans at any point in one year will have absolutely no health care coverage whatsoever. It is a failed American model that the Conservatives are pushing, as the Liberals did before them.

As I come from British Columbia, I would like to move on now to the budget and what it does not do for British Columbia. The finance minister rose in this House and said that his Canada went from the Alberta Rockies to Newfoundland and Labrador. He completely excluded British Columbia.

I admire his honesty, because there is nothing in the budget that addresses clear Conservative promises to B.C. The Conservatives said they would deal with the leaky condo crisis. The Conservatives promised they would take action on that. Instead, they have left 60,000 British Columbia families with absolutely no support in the leaky condo crisis.

With softwood lumber, we have seen the complete disregard for softwood communities in British Columbia and elsewhere.

*Government Orders*

Regarding the pine beetle issue, the Conservatives promised and spun but they did not provide the funding. The *Kamloops Daily News* said the following just last Friday on the pine beetle, "When will [the government] come to the table and be a part of the solution?" For whatever reason, the feds just do not get it on the pine beetle. We have seen devastation throughout the interior of British Columbia. The government has done absolutely nothing to address that.

I could go on, with the World Police & Fire Games and a whole host of other issues such as the flooding in the Fraser River and the Skeena district of British Columbia. We have seen only \$16 million offered up for the flooding even though we know that \$22 million is required just to protect the city of Chilliwack alone.

• (1220)

I could go on and on but the reality is that the Conservative government just does not get it, which is why it tried to force this budget through by a conjuring trick last Friday.

**The Acting Speaker (Mr. Royal Galipeau):** It is with regret that I must interrupt the hon. member but he cannot go on and on because his time is up.

Questions and comments, the hon. member for Yukon.

**Hon. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I would like the member to finish his last thought.

Does the member know why the government conjured up that trick last Friday? Why would it do those types of tricks? There are two weeks left in the session. Speakers like my colleague and others had not had a chance to speak to the budget. Does the government not want honesty and transparency? Does the government not want people to speak and provide their opinions on the budget? Why would the government do that on a Friday when most MPs are working with their constituents in their ridings except those on House duty? Does the government not want members working with their constituents?

Did the government do that because the budget is falling apart with respect to income trusts and interest deductibility? Was it because the budget is falling apart as far as the provinces are concerned with respect to the Atlantic accord? In fact, the Canadian Press reported this morning that the Prime Minister told Saskatchewan and Nova Scotia to sue him.

Did the Conservative government not say that it was elected on accountability? Does doing something like this not fly in the face of that philosophy?

• (1225)

**Mr. Peter Julian:** Mr. Speaker, the reality is that the government is now facing a perfect storm on its budget. A member of its caucus has already been kicked out. Other members of the Conservative government are under pressure from their constituents to leave the party.

With the collapse of the Atlantic accord, the government is facing a storm because the premiers across Atlantic Canada are now coming out against the budget. The premier of Saskatchewan, who has a tremendous reputation and a great deal of credibility, has also been speaking against this appalling budget. We have not heard a peep

from any of the Conservative members from Saskatchewan in support of their province. Not a single member of the Conservative Party from Saskatchewan is actually willing to stand up for the province of Saskatchewan.

In British Columbia we have a proud tradition of standing up for our constituents. There used to be Saskatchewan members in this House who would stand up proudly for Saskatchewan. Now we have a troop of sheep, none of whom, not a single Conservative member, will stand up for their province or their constituents. It is unbelievable. Not a single Conservative member from Saskatchewan has dared say anything about the farm crisis or the destruction of the Canadian Wheat Board. Not a single Conservative member from Saskatchewan has dared say anything against the talking points they are getting from the Prime Minister's Office.

With that crisis in confidence from Saskatchewan and Atlantic Canada, the Conservative government is clearly in trouble. It knows its budget is in trouble. However, rather than consenting to honest debate so each of the issues, which it has failed to address, would be out in the public domain, which is our responsibility as parliamentarians, it tried to get the budget adopted by using a cheap and tawdry trick. However, it did not work because members of the New Democratic Party and other parties were here and we simply stopped the government in its tracks from what was a conjuring trick to try to get a budget passed that no longer has any legitimacy whatsoever.

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, I was really impressed by the breadth of my colleague's knowledge about the impact of this budget on his home province of British Columbia and on his own riding.

My home riding is Hamilton Mountain in Ontario. Our province has been absolutely decimated by the loss of manufacturing sector jobs. In my home town alone, 11,000 of those jobs have been lost.

When people look to this budget and to the government, they want real help. What they had hoped for, at a minimum, was some real investment in employment insurance and some real access to retraining so they could get jobs in new fields because the manufacturing sector is being decimated in part because of the trade policies that were started under former Conservative prime minister, Brian Mulroney, but the same environment exists now for trade and for the economy in this country today.

I know the member does not have the same manufacturing base that I have in my riding but I would think that issues like EI and retraining would be equally important to the forestry sector. He has been an eloquent spokesperson against the softwood sellout that was so readily supported by other parties in the House but which has devastated many workers and their families in my colleague's province.

I just wonder whether my colleague could comment on whether he is getting the same groundswell of outcry because the government failed to do anything for working families in this country.

*Government Orders*

• (1230)

**Mr. Peter Julian:** Mr. Speaker, the member for Hamilton Mountain has been a passionate advocate of advancing through Parliament the quality of life of ordinary working families and, as has all the NDP caucus, has been pushing forward an end to this economic disillusion that somehow just continuing to give to the wealthiest in the country will somehow, through some magical, mystical trickle down theory, bring prosperity for all Canadians. Clearly, that has not worked.

We also have the failure of the budget to deal with employment insurance, retraining, access to apprenticeship programs and post-secondary education programs. What we have seen instead is an incredibly short-sighted, misguided trade policy that continues down the same road that the Liberals took. The definition of insanity is doing the same thing over and over again and expecting a different result.

We see the Canada-U.S. Free Trade Agreement and NAFTA, because we capitulated on all points, are leading to an actual fall in the income of most Canadian working families. They certainly understand it. When we ask families whether they are doing better now than they were 15 years ago, most say that they are not. Most families say that they are struggling to make ends meet. They said that they are working harder and longer hours and yet they have fewer and fewer financial resources.

After the government capitulated on NAFTA, it moved forward with the softwood lumber capitulation. Now we are seeing the trade minister, as a renegade because the Prime Minister has no understanding of trade policy whatsoever, moving forward to sign free trade agreements that will lead to more catastrophic job losses. The FTA will gut our shipbuilding industry. The trade minister, who has betrayed his constituents and who is now betraying the whole country, which makes him consistent, is now trying to sign a trade agreement with South Korea which will devastate our auto sector. What is next?

Time and time again we have seen the government capitulate and give away everything. The results for most working families from coast to coast to coast are lower incomes and part time, temporary minimum wage jobs, such as burger flipping because that is all that is left when the auto sector is gutted, the shipbuilding sector is gutted, the textile industry is gutted and the softwood lumber industry is gutted. When, in every sector, our value added manufacturing is simply tossed away so that some banker in Toronto can make another million dollars then we can understand why we are seeing greater and greater frustration arising across the country.

The government is off the rails. It said that it would be different than the previous Liberal government and yet we now see the exact same inability to grasp economic fundamentals. It does not understand that when most working families are earning less it must change the policies in order to address the fundamental income crisis. It is same old, same old.

The NDP will continue to push and say that the emperor has no clothes and that the government needs to start taking action on these issues. We will continue to press because we are the only voice for ordinary working families who have seen their incomes erode, their

manufacturing jobs taken away, the doors to post-secondary education and apprenticeship training closed and access to health care when they need it no longer there. Alberta and Saskatchewan are experiencing an agricultural crisis but the Alberta and Saskatchewan Conservative MPs will not say a whit about that. We are here to stand up for Canadians and we will continue to do so. We know there will be a lot more of us in the House after the next election.

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Mr. Speaker, I am pleased to speak today to Bill C-52, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007.

As vice-chairman of the Standing Committee on Finance, the committee and I had the opportunity to study the bill in detail and we heard from numerous witnesses on some of the bill's more contentious issues.

For the past 16 months, one of my major grievances with the government has been its lack of vision. Since my time on Parliament Hill, I have never seen a government anger and disappoint all sides of the political spectrum the way this Conservative government has. It has not only managed to alienate its former supporters but it has also failed to endear itself to its adversaries.

At several points during its mandate, the Conservative government enacted piecemeal legislation that had not been well researched, developed or consulted upon. It has botched several files, most recently the Canada summer jobs program where hundreds of community organizations were left without funding. Even worse was the fact that these groups had no contacts and could not receive straight answers from the ministry because of government mismanagement.

First the Conservatives cut the program and then they reintroduced it but with less money. They received thousands of complaints and put more money into the program. At this point we still do not know which group is getting funding and how much. This is just another example of how far removed Conservative values are from the values of most Canadians. It took intense pressure from this side of the House, as well as protests from groups across the country, to get the government to backtrack on its ill-conceived plan and to reinstate funding to non-profit community groups across Canada.

I have spoken to the budget on several occasions and have highlighted all my preoccupations with the Conservatives, mainly that they lack any vision whatsoever and look only to immediate, political gain instead of long term goals for Canada. A perfect example of this are the green levy and the auto eco-rebate. Those are the only green initiatives contained in the budget and they were developed without any consultation with the automotive industry.

*Government Orders*

Encouraging Canadians to purchase fuel efficient vehicles is a step in the right direction, but an additional tax on certain vehicles is not the answer. In fact, it is a simplistic solution to a complex situation that instead requires a multi-pronged and careful approach.

According to testimony the committee heard from both industry and environmental groups, the proposed green levy and auto ecorebate will fail to produce any meaningful change in reducing carbon emissions. These programs damage domestic automakers by placing \$67 million worth of levies on domestic vehicles, which is about 80% of all the levies that will be collected. The transfer of \$47 million in benefits to one company, which is 75%, for one vehicle that is produced offshore.

We should remember that when Canada imports foreign cars, greenhouse gases are produced by ships that cross the ocean to get them here. The more cars Canada imports, the more emissions the ships produce. Therefore, when the government offers a feebate benefit to only one foreign produced car, not only is it discouraging people from buying cars made in Canada, it is also encouraging increased emissions from a greater volume of imports which essentially cancels out the emissions difference the rebated cars produce.

Only three of the twenty-one eligible cars under the feebate program are made in Canada. While I do not want to give cars that are not fuel efficient an easy pass, I do think the government should not be punishing Canadian automakers at a time when our industry has suffered so many job losses in the last decade.

2006 marked the first time in 18 years that Canada had an automotive trade deficit. This was down from a \$15 billion trade surplus only seven years earlier. In those seven years, Canada has gone from being ranked number four in auto assembly worldwide to being ranked number nine in 2006.

Companies such as Ford, Chrysler and GM account for eight out of every ten auto workers in Canada. However, with these measures in the budget, Canadian workers are being punished. These measures also damage the Canadian economy segment in vehicles. The \$1,000 rebate for one vehicle, which makes up half of all rebates, undermines the ability of other dealers and manufacturers to sell equally beneficial subcompacts competitively on the same basis. Perhaps the biggest failure of these measures is that they fail to help get older cars off the road.

●(1235)

The majority of greenhouse gas emissions produced by Canada's on road fleet of cars are produced by older vehicles. There are significant differences between the amounts of emissions a 1990 model creates as compared to its 2007 counterpart. The Conservatives were better off putting more money and more energy into getting older cars off the road than they were by punishing new cars.

Recently, the finance minister has been quoted on committing another flip-flop by announcing that he would reconsider the way that the green levy and the auto ecorebate would function. This is a good sign, but it is too vague to have much meaning.

During the clause by clause of this bill in committee I put forward a motion to remove the clause dealing with these measures in order that the government would be able to rethink its policy on this issue,

but without success. I only hope that the minister will stay true to his word and look at alternative measures to deal with the auto industry. These measures should not punish Canadian automakers which is currently the case, and should emphasize getting older cars off the road.

As I mentioned earlier, these vehicle feebates were some of the only green initiatives contained in the budget. The Conservative government is failing to protect the environment and Canadians are getting fed up.

The environment minister has attempted to douse the fires by putting together more piecemeal legislation but, guess what? That has also failed. By not consulting environmental groups the government demonstrated its arrogance and its ignorance on the issues of climate change and the environment.

One specific example that was raised during the finance committee study of this bill was in the crucial area of ocean conservation. The government has reduced the budget of the Department of Fisheries and Oceans by \$105 million and has only allocated \$18 million over two years to the conservation of oceans in our economic zones.

It is a sad statement when experts agree that it will take over \$100 million per year to get Canada on track to meeting its international commitments in ocean conservation.

In 2005 the Liberal government announced the Canada's oceans action plan and had begun allocating money when a premature election was called. Since coming into power the Conservatives have mismanaged all environmental files, but perhaps they have done the most horrendous job of protecting Canada's oceans.

Canada has only protected less than 1% of our economic zone and with the Conservatives in power that figure will surely not improve. I cannot understand how the Conservatives can spend millions of dollars buying military equipment to protect Canada's Arctic region, but allocate practically nothing to protect the Arctic Ocean.

They can spend millions on patrol boats, but refuse to allocate money into protecting our oceans, which directly employ approximately 98,000 Canadians. Seafood exports account for about \$5.5 billion of our economy, yet the government does not deem the oceans important enough to properly fund their conservation.

These measures contained in the budget have not endeared the government to environmentalists and we can forgive climate change experts for doubting the Prime Minister's new found devotion to the environment. We can also forgive these same experts for going one step further and calling the government's environmental plan a fraud and sellout.



*Government Orders*

● (1240)

[*Translation*]

As I was saying, the Conservatives have not only raised the ire of the left, but they have turned their backs on their allies on the right. I am talking of course about the energy sector in Alberta and its dissatisfaction with the government's decision to tax income trusts. I suppose that when he came into power in 2006, the Prime Minister never imagined that the Liberal Party would come to the defence of so many energy corporations in Alberta and the way in which they want to structure themselves.

The Prime Minister and the Minister of Finance delivered a low blow to investors and corporations when they blindsided them on Hallowe'en with a 31.5% tax rate on income trusts.

Several months ago, the Standing Committee on Finance tried to understand how the government calculated the so-called tax leakage in the income trust sector. After the committee was repeatedly denied access to these documents, it came to the conclusion that the government's decision to tax income trusts was based on imprecise data and was another case of mismanagement. Unfortunately, the Conservatives' mismanagement of the income trust matter cost Canadian workers \$25 billion. These working people had found a high performance investment mechanism for their retirement. From one day to the next, the Minister of Finance destroyed years of savings. And the government has the audacity to claim that this measure is part of its tax fairness plan. I do not see what is so fair about liquidating Canadians' savings or the consequences of this decision to the energy sector in Alberta.

Small oil companies are having trouble because of reduced access to capital. These companies are using all of their resources just to stay afloat. That means that they have less to invest in reducing greenhouse gas emissions and making their production systems more environmentally friendly. Moreover, the income trust decision is threatening our energy corporations. They are at risk of being taken over by foreign interests. Recently, we have seen a number of takeovers and takeover attempts by foreign companies, which will weaken the Canadian economy and reduce the government's tax revenues. Rather than help Canadian companies, the government has hurt our industry and has made an unprecedented number of foreign takeovers possible.

The Liberal Party proposed a fair solution to income trust taxation. It was a solution that experts, businesses and investors agreed on. Unfortunately, the government ignored our proposal, which was rejected by the Standing Committee on Finance. Then the Liberal members proposed adopting the Bloc Québécois' income trust amendment. The amendment would have extended the grace period from four years to 10. Thanks to Liberal support, that amendment would have been passed had the Bloc members not changed their minds and voted against their own proposal. This proves that the Bloc Québécois has no useful solutions to offer to Quebeckers and that it is not protecting Quebec's interests.

During a meeting of the Standing Committee on Finance, a Bloc member said:

Let's not forget that when we examined the report, the bill had not been submitted to us. We wanted to find the best possible solution. However, in the present context,

what we really hope for is speedy passage of the bill so that the budget can be implemented as soon as possible.

In other words, the Bloc members are here for the sole purpose of protecting their own interests. An amendment could easily have been adopted to allow Quebeckers and all Canadians to benefit from a four- to 10-year grace period. After speaking out so vigorously against taxing income trusts, the Bloc members changed their minds. Moreover, they lack courage when real changes have to be made.

● (1245)

I doubt that the many people who have invested in income trusts in Quebec and Canada are pleased with the Bloc's about-face.

[*English*]

Another area where Canadians will be feeling the crunch from Conservative mismanagement is set to begin as the summer gets underway. With Canada's tourist season in full swing, a thriving section of our economy must deal with the elimination of one of its greatest selling tools, the visitor rebate program.

The program gave Canada's tourism industry a valuable tool to help it compete for global tourists. Once again, without any consultation with the tourism industry, the government eliminated the program. Only a small handful of developed nations do not have a federal sales tax rebate program for tourists. Thanks to the Conservatives Canada can count itself among these few. It is difficult to understand why the government wants to weaken Canada's tourism industry since so many Canadians are dependent on this industry.

After the special finance committee's hearing requested by Liberal MPs to study the visitors rebate program, and along with the help of industry stakeholders, the continued pounding of the government on its ill-developed decision finally convinced the finance minister to announce a federal foreign convention and tourist incentive program in Bill C-52. That measure in the budget partially corrects the mistake made by the government when it first eliminated the GST rebate program, but it does not go far enough.

Why was the government determined to destroy a program that worked as it did with the Canada summers job program? The argument surrounding the GST rebate could not be timelier as summer is now upon us. I am glad to see some reversal by the government on this matter, but there is another set of seasonal problems for which the government must account.

As we know, summertime is also a season of festivals in Canada. My hometown of Montreal is host to an endless number of world renowned festivals which draw millions of visitors each year. Anyone who has seen the international jazz festival and the just for laughs festival understands how important festivals are to Montreal's economy. I wonder if the current Minister of Canadian Heritage and Status of Women has been to Montreal during festival season because her actions have led us to believe otherwise.

*Government Orders*

Just a few weeks ago, the presidents of Montreal's two largest festivals spoke out against the minister's lack of action to secure funding in time for the summer. Festivals are a huge economic boost to local economies across the country and the minister's inability to assure funding for these festivals is a complete failure on her part and on the part of the government. I cannot understand how the Conservatives can mismanage such an obvious and crucial file such as this one.

Art groups across the country have been criticizing the government for months about the disastrous underfunding of the arts. Cultural groups in the country have felt insulted and ignored by the government and it has caused well-known authors and artists to speak out. We cannot allow Canada's vibrant arts community to suffer under the Conservatives' ideological program cuts and mismanagement.

We have already seen them mismanage countless files by closing Liberal programs and then reopening them only a few months later under a new or different name, whether they wanted to take credit for these supposedly new programs or whether they just thought that no one would notice that they were gone remains unclear.

This began in September 2006 when the Conservatives cut a number of effective Liberal programs. The Liberal Party protested these ideological cuts, as did the public. Since then we have seen the government re-announce these programs under new names and pretend as if the Liberal initiated programs never existed.

Canadians deserve better than what the government has given them, ill-conceived, piecemeal programs that will not help Canada advance into the 21st century. The government is much better at photo ops and slander than it is at governing and our country is not any better for it.

● (1250)

**Mr. Lloyd St. Amand (Brant, Lib.):** Mr. Speaker, my colleague's very thoughtful speech reflected a depth of knowledge and understanding of financial issues that I know he certainly possesses.

Members of the Conservative government were arguably the last group of Canadians to understand the issue of climate change and to understand the necessity for the federal government to actually do something about climate change or global warming.

It was not, for instance, one of its much vaunted five priorities. There was nary a mention made by anybody on the Conservative benches in 2006 about climate change or global warming, but it is funny that a couple of public opinion polls published in December 2006 sort of coached, cajoled or finally led the government into doing something about climate change.

A couple of years ago a budget was introduced by the then Liberal government. It talked about project green. I would ask my hon. colleague how the measures contained in project green in 2005, and the half measures contained in the most recent budget from the Conservative government, stack up?

**Mr. Massimo Pacetti:** Mr. Speaker, I did not get a chance to talk much about environmental issues, nor am I an expert on those matters. There are hon. members in my party who are much better at it than I am, but I could provide a couple of numbers and some information on what the Liberals did in 2005.

Some of the facts have changed because we have lost two years in advancing on project green which the Liberal government announced in 2005. The federal government's action to implement the Kyoto protocol peaked with the release in 2005 of a climate change plan which set up a series of funds and initiatives designed to assist with the costs of achieving them. It also set sector by sector targets and a mix of voluntary and regulatory measures.

In budget 2005 the Liberal government had committed \$10 billion by 2012 to meet all those targets. That spending included a climate change fund of \$1 billion over five years which was booked to create a permanent institution for the purchase of emissions reduction and removal credits on behalf of the Government of Canada. The focus of this program was by and large to encourage and fund domestic projects that would qualify under the Kyoto protocol.

We also introduced a partnership fund that was created to work with provincial governments on the reduction of greenhouse gases and a role in combating global warming. Budget 2005 also booked \$250 million for large projects to be undertaken in conjunction with the provincial governments toward national objectives. Funding was scheduled to increase to \$1 billion and would have provided \$538 million to support closing coal fired electricity production in Ontario and a further \$328 million to support Quebec's Kyoto plan.

We also introduced a one tonne challenge and the EnerGuide retrofit program, which I mentioned in passing in my speech. The Conservative government decided to cancel that and reintroduce it with less money. This program had been assigned \$120 million to reduce emissions. The EnerGuide retrofit program included EnerGuide for low income housing. It was designed to help Canadians save energy and money by making their homes and buildings more energy efficient.

There was also a wind power production incentive and renewable power production incentive. The Liberal government set aside \$1.8 billion in funding over 15 years for that initiative. There were some other initiatives for sustainable energy and science and technology strategies in budget 2005. Some \$200 million was dedicated for that.

When we hear that there was no plan and no moneys put aside, I am not sure what members of the Conservative government are thinking about when they make those statements.

*Government Orders*

•(1255)

**Hon. Vic Toews (President of the Treasury Board, CPC):** Mr. Speaker, I note the member said that money was set aside for this and that. In fact, when the Conservatives came to government there was no money set aside for any of those things.

I want to bring the issue back to my home province of Manitoba. The Liberal government had promised money for the floodway. Manitoba is deluged from time to time by the flood waters of the Red River, the Assiniboine and other bodies of water. The Liberals were good at promising money. Indeed, they made the promise publicly over and over again.

When the Conservatives came to government, the promise the Liberals had made of cost sharing the floodway, which was a \$650 million project, the outstanding money was simply not there despite public assurances by former Treasury Board president, Reg Alcock, that the government was onside.

It took the Conservative government nine months of trying to ensure it had money and not take it out of local infrastructure money. In trying to find the amount of money that I was looking for in terms of the \$171 million that was outstanding from the federal government, we could not take it out of local infrastructure money. We had to go to a national infrastructure program. Despite the assurances that the money had been set aside, that money had not been set aside. It simply was not there. We had to identify it.

With regard to the numbers that the member has pointed out, where were the moneys set aside specifically in terms of money that had been appropriated by any budget, a budget that had in fact been passed?

**Mr. Massimo Pacetti:** Mr. Speaker, I find it odd that a Conservative member, a cabinet minister, would ask me a question that is specific to his own riding and how moneys are spent.

In the budget book there are some comparative numbers. I hope, especially since the member is the President of the Treasury Board, he understands where money is being spent. In this budget book there are comparative numbers where the government has said it spent between \$130 billion to \$140 billion on programs. I am hoping some of that money is accounted for reasonably and there are some controls in place.

I stated that most of the money was committed for programs. I do not think I have to tell the hon. member how that works, but the programs are developed. These are some of the arguments that we hear from the heritage minister when she says that the details for allocating the money for festivals have not been finalized yet and that is why the money cannot be allocated.

I am not sure where the hon. member is going with this, but in answer to his question, the money had been allocated for project green. The criteria on how the money was going to be spent were to be developed with the industry, environmental groups and stakeholders across Canada.

•(1300)

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, I will be very brief because I am so surprised that I am actually in agreement with something that one of the government cabinet ministers would say that I really do not quite know what to do. I am

in agreement that the Liberal record is not actually anything to crow about.

In particular, I want to take the member back to Bill C-55. I have spoken in the House about how the manufacturing sector in my community is being decimated and I will talk about that again later when I get my own turn to speak. Members will recall that we hoped that at a minimum the Liberal government would address wage and pension protections in cases where companies went bankrupt.

The member will want to speak about the Liberal government's record some more, but the Liberals introduced Bill C-55. The bill did not do enough on pensions but at least the Liberals started to move forward on wage protection. That bill passed through the House. It passed through the Senate. It received royal assent, but when push came to shove, that bill was never proclaimed. Once again the Liberal government let down workers right across the country.

**The Acting Speaker (Mr. Andrew Scheer):** I am going to have to end the question there to allow the hon. member for Saint-Léonard—Saint-Michel about 30 seconds or so to respond.

**Mr. Massimo Pacetti:** Mr. Speaker, I find it curious that the NDP is now worried about workers' retirement money when that party was not in favour of the Liberal amendment to no longer tax income trusts. We know that a high percentage of retirement funds and retirees who invest in income trust funds were hit with a \$25 billion shot overnight on Halloween. Therefore, the NDP should not be asking questions about the retirement money of Canadians.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I am very pleased to have the opportunity to raise a matter that remains extremely contentious about the budget that has yet to be voted on and which presumably will be voted on within a short period of time.

It would not surprise anybody that I am rising on my feet to take this opportunity yet again to express the strongest possible feelings about the betrayal so far, and I underline so far, of the government in the current budget. This is about the promise made in the Atlantic accord which is most important and most advantageous to the people of Newfoundland and Labrador and of Nova Scotia. However, it is not missed on all Atlantic Canadians that the impact would affect the whole Atlantic region. The impact of this broken promise, of even the threat of the government cancelling the deal that was sealed in the Atlantic accord, is one that would be felt negatively if the government persists in cancelling the deal, or positively if the Atlantic accord is respected and upheld by the federal government. It is something that would impact on the whole of the Atlantic region.

One might ask why I would raise this yet again today. I have raised it again and again. The other New Democratic Party members from Atlantic Canada have raised it again and again. My leader has done so. A great many people who are in the public domain but not necessarily as partisan as we are have spoken out on the subject and have been of one view, which is that a very definite commitment was made in that accord in 2005. No matter how many different constructions the Prime Minister, the finance minister and the ACOA minister, the so-called political minister for Nova Scotia, put on it, it is actually, by the provisions in this budget, a deal that is broken, period, full stop.

*Government Orders*

The reason I rise on it again today is, as I have said every other time, it is never too late to fix something that every indication simply reinforces is something that has to be fixed. It has to be fixed because it is immensely important to the people of Atlantic Canada. I think there is some indication that Conservatives are beginning to understand that it needs to be fixed as well. It is seen as an astounding breach of faith, an obscene breaking of a promise that was in black and white, that was sealed in a deal, for which the government can offer no excuse or no acceptable explanation.

One dramatic moment in this saga was the decision of the member for Cumberland—Colchester—Musquodoboit Valley to actually incur the wrath of his party to kick him out for indicating that he would be voting against the budget in its final form unless it fully honoured the Atlantic accord.

I see this as a moment of opportunity, another dramatic moment in this saga. I want to stand in my place and unreservedly thank the Premier of Nova Scotia for coming off the fence. I do not want to say that in a pejorative sense but rather to acknowledge that he made a decision. Holding his nose, he made it clear that he was very unhappy with what this budget did to Nova Scotia and to Atlantic Canada. I do not think any of us could totally fault him for saying that he was going to continue to try from the inside, in the back rooms, in the wheeling and dealing and negotiating back and forth between the Prime Minister, the Minister of Finance and the premier, as well as their senior officials, to see that it is fixed. The premier also signalled, and I noted it here in the House, that he would be making a very different decision if he reached the point that he felt that there was no good faith, that there was no real attempt taking place to move toward a satisfactory resolution of this broken deal. That moment has clearly arrived.

● (1305)

We have made repeated attempts to say to the premier that we want to work across party lines to fix this broken promise. We have pleaded with Nova Scotia politicians of all political stripes to work across jurisdictions to fix this. I respect the fact that Premier MacDonald has now reached the point where he has felt compelled, and I am sure he did not arrive at this lightly, to publicly announce there is no movement or no resolution in sight. The moment has arrived where he recognizes that giving leadership to the people of Nova Scotia, in the tradition of his predecessor, former premier John Hamm, requires and demands he stand up, be counted and make it clear that he is pressing for every Conservative member in the House, representing a constituency in Nova Scotia, to vote against the budget unless it can be fixed.

My plea, once again, to the government and my words to the members on all sides are these. By working together, we can fix this, and it is in everybody's interests to fix this. This is one of those episodes. Some people may say that it is only Atlantic Canada, that they are four provinces, but they do not make up a huge population. They may say that they do not have as many people in all Atlantic Canada, despite the four provinces, as there are in the province of Quebec, or Ontario, or Alberta, or British Columbia. That is true, but we live in a federation. We have four provinces on the Atlantic side of the country that are very upset about this broken promise.

Some of us have hurled some harsh words to say that we understand what is going on. First, we understand that the Prime Minister made a very definite commitment, and he is breaking it with this budget. We understand that the Minister of Finance is aware of that. He is from Ontario. We also understand that there has been a cynical, crass decision made that there are more votes to be courted, as we say in Atlantic Canada, more fish to be fried, by going after the more prosperous and populous provinces where there are more votes. Therefore, the decision was made to throw the Atlantic provinces overboard.

However, that is not good for the federation and it is not good for what plagues this land today, and that is a lot of disillusionment and cynicism about politicians and governments breaking their promises. This is one reason so much appreciation and respect has been expressed, within my own province but across the country, for the member for Cumberland—Colchester—Musquodoboit Valley. He knew he would incur the wrath of his party by standing tall, standing firm, and if necessary, putting himself in that position. Even though he was told he would not be thrown out, within moments of standing up and being counted in the House last week, he was informed by his whip that he was out on his ear. I watched it happen behind the curtain.

The issue is, what needs to happen to fix this? As the member for Cumberland—Colchester—Musquodoboit Valley has said so many times, it is quite simple. Just honour the deal. What is the problem? It is a legal deal. It is a negotiated agreement that has the effect of law, unless the government brings in this final budget measure, which tears it up and throws it away.

As Darrell Dexter, the official opposition leader in Nova Scotia, has again and again proposed that all of us need to pull together, all parties, all elected members, provincially and federally, to say that we stand in unison and in solidarity for the future of Atlantic Canada. To do that, we need to stand together and insist this deal be honoured.

The premier today indicated that he read the statement of the finance minister, which made it perfectly clear that the government was not working to fix it, despite a lot of talk by Conservative members of Parliament from Atlantic Canada, especially by the Nova Scotia Conservatives, who could not bring themselves to stand together with the member for Cumberland—Colchester—Musquodoboit Valley.

● (1310)

Everyone was working hard to fix it, but what kept coming back from the Minister of Finance, the Prime Minister and the officials was there was nothing wrong with what was happening. They have said that the deal is fully honoured by the budget, even though it is perfectly obvious that is not the case. On that side, it really seemed to be a case of one hand clapping.

Now the jig is up and the truth is out. I suppose I should applaud the fact the Minister of Finance saw fit to tell the truth and acknowledge that, as far as he was concerned, for the sake of a few votes, he would not honour this deal. If we turn that around and look at the other side of that coin, what he is really saying is there are more votes to be had in other parts of Canada by throwing this deal overboard.

*Government Orders*

He wrote an op ed article, and applaud the fact that he actually told the truth. There is no interest and no indication that the government is serious about fixing the deal. In fact, the it does not even consider it a broken deal.

In part, here is what he said in his op ed article, which is a direct quote:

Our government is not in the process of making any side deals for a few extra votes. You cannot run a country on side deals. Equalization has been restored to a principles-based program for the first time in many years. That's what all premiers asked us to do and that's what all Canadians expect us to do.

The problem with that is a new equalization formula was brought in and in defiance of the Atlantic accord, the decision was made to bring that after the fact equalization deal down hard on the Atlantic accord, tear it apart and toss it aside.

It is true that the equalization formula is immensely complex and it hard for Canadians to fully understand. Let us be honest, it is hard for every member of Parliament to have a full grasp of all the complexities of that formula. However, what is absolutely clear is the Prime Minister, the Minister of Finance and the Nova Scotia Conservative members and all Conservative members in Atlantic Canada, except the member for Cumberland—Colchester—Musquodoboit Valley, hope the complexities of the equalization formula are such that Atlantic Canadians, and all Canadians, can be bamboozled into thinking that there is not a problem with the Atlantic accord being tossed overboard. The real problem is that we do not understand the equalization deal.

I think people understand the fundamental principles of the equalization deal. I think they also, with no difficulty whatsoever, can understand what is wrong with this picture. In the process of bringing in an equalization formula in the budget, on which we are about to vote, the government has decided to violate clause 4, which says that notwithstanding any new equalization formulas, the Atlantic accord shall be honoured.

One thing is for sure, no Canadian anywhere, with any sense of fairness, cannot understand what it means to decide to scrap the whole deal, in defiance of clause 4, and clawback funds that it was promised would not happen. Some will say, "There go the four Atlantic premiers, what's their problem". Let me remind the House that it is not only Nova Scotia and Newfoundland and Labrador that have a problem with the budget and with the broken deals.

I will quote directly from an article that appeared this morning in CanWest News Service, which leads me to believe it probably landed in a lot of places across the country. The Premier of Saskatchewan has equally and eloquently argued the case for his province and his constituents province-wide. The premier said that he received a letter from the Prime Minister saying "there will be no more side deals". Referring to the Minister of Finance's weekend letter saying there would be no deal with Nova Scotia, he said "It's becoming like Alice in Wonderland. It gets curiouser and curiouser".

● (1315)

The reality is a similar deal was made, a promise was made, on the eve of an election. At the time, a lot of us thought, perhaps a bit cynically, that there was probably not much of a guarantee that the government would honour the deal. However, the government made the commitment in the light of day and in black and white. It is

absolutely understandable that the people of Saskatchewan and the premier and the government of Saskatchewan are equally outraged that the Conservative government has ignored the commitment made with respect to the treatment of the revenues from Saskatchewan's resources as well.

What is not understandable is the fact that Conservative members in the House, knowing what the negative impact both economically and politically would be, could entertain the possibility of supporting the budget. This is causing a lot of anguish on the part of a lot of people not just from Atlantic Canada or Saskatchewan, but in all parts of the country. Further than entertaining the possibility of supporting this budget, Conservative members have made it quite clear they have no intentions of standing against the budget. At the end of the day, this causes a serious problem. This feeds into the sense of disillusionment that people feel. It is hard to perhaps imagine the degree of fury, the sense of wrath, being expressed in Atlantic Canada.

I do not think polling is a good basis for making public policy. However, I do think that when a dramatic number of people say they are outraged at what the federal government has done in the budget with respect to the Atlantic accord and promises made to the people of Saskatchewan, that it behooves the government of the day to consider this. All those people cannot be imagining that this is a grievance.

People are surprisingly forgiving, and I say that as a member of a party, which at the federal level, has never made huge breakthroughs. Sometimes it is disappointing that people are so forgiving of governments that break their promises. Again and again this has come up for mention in this debate over the last many months. It is amazing how people are sometimes prepared to be fairly forgiving and how that is sometimes detrimental to other political parties or politicians trying to earn people's confidence and their support and hopefully retain it.

This is very pertinent to the debate today. The last time the Liberal government, in a major shift of policies and with an absolutely devastating budget affecting Atlantic Canada, turned its back on Nova Scotia, the 11 Liberals representing Nova Scotia's interests in the House of Commons were defeated in the 1997 election. None of the members were prepared to stand up against a very harsh, punitive budget. I would have hoped people would have a bit longer memory and not opened the door for some of those very same members to come back in, but that is the democratic process and I accept this.

● (1320)

In wrapping up let me again appeal, through the premier of Nova Scotia, to all politicians of all stripes, provincial and federal, to stand together to get this job done.

What is the job? It is to fix the budget by honouring this simple, straightforward agreement, the Atlantic accord, and honouring the commitment made to the people of Saskatchewan, though not identical but along the same lines. Let us be able at the end of the day to say that Atlantic Canadians and the people of Saskatchewan are not second class citizens, and that this is a government that honours its commitments.

*Government Orders*

**Hon. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, the member might want to get her pencil because I have four quick questions and she can write them down. I know that in her speech she outlined how this budget has devastated Atlantic Canada and indeed Saskatchewan, and that is in chaos now for the government. I want to ask questions in regard to other areas.

First, search and rescue planes were high on the agenda of the government. It should have put a contract out. If Canadians are now going to be at risk because of the old planes or if our soldiers die, Canadians will hold all Conservative members accountable. Would the member comment on why that has not gone ahead and what other spending has taken place?

Second, what do the Conservatives have against the north? Why did the government break its only promise to the north which included icebreakers and a northern port? The government got people all excited about a northern port, but that has now disappeared.

Museums across the country are in an uproar today because of insufficient funding. Does this affect the member's riding? Does she have a comment on that?

Finally, does it hurt her riding as much as it does mine that the government cancelled the GST rebate for individual tourists? That has not been reinstated. It is certainly hurting my riding as are other cuts to tourism.

**Ms. Alexa McDonough:** Mr. Speaker, the one thing I would have to do is not so much write down the questions, although I want to say I did and I thank the member for his suggestion, but appeal to the Speaker for more time to answer all the questions.

Let me give the member the short answer; yes, yes, yes and yes. These are all problems. That is the most consistent and shortest answer I have ever given to a question in this House and please let the record show that.

Very specifically and very briefly, before I am cut off by the Speaker, with respect to search and rescue planes, it is an absolute disgrace that the contracts have not been let. Let me say I feel proud when I can stand in my place and mention that the very first press conference that I held, together with my three other New Democrat colleagues in Nova Scotia after we were elected to represent our people in the House of Commons in 1997, was around demanding that the Sea Kings be addressed. This was a very serious issue. I have no hesitation at all about reaffirming the position of our party on the question that has been raised.

Second, with respect to the north and the icebreakers. There could be a whole day's debate on why this is so important. Let me say not everybody makes the connection between the icebreakers and what is happening in the north and climate change, and what is going to happen with respect to Canadian sovereignty in the north. We need to be hearing a lot more about that.

Third, the museums are absolutely a problem. Wendy Lill, the former member from the Dartmouth riding was a huge champion of this. She actually spoke on my behalf when I was required to be here for a budget vote on this issue at a large meeting. We all stand together.

Finally, yes, the GST rebate for individual tourists absolutely should have been retained. It is more serious for some of the smaller areas and the less affluent areas, such as Yukon, the northern territories and the have-not provinces.

But then, what this whole debate is about is whether the government understands that have-not provinces are either going to stay in that status forever or have-not provinces are going to be given the kind of support, the kind of stimulus that will actually allow them to get out of that seemingly permanent entrapment of a have-not province, largely as a result of ill-conceived Tory and Liberal government policies over a very long time.

● (1325)

**Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, I would like to thank the member of the NDP for her salient comments on the issue of the budget. I would like to know what she thinks about a Nova Scotia MP who represents Central Nova who also happens to be the Minister of Foreign Affairs and the minister responsible for the region of Nova Scotia who said on May 15:

We won't throw a member out of caucus for voting his conscience. There will be no whipping, flipping, hiring or firing on budget votes, as we saw with the Liberal government.

As we know, the member of Parliament for Cumberland—Colchester—Musquodoboit Valley did in fact vote against the budget. He did in fact vote his conscience and he was in fact thrown out of the Conservative caucus.

What does she think of the member for Central Nova who said that would not happen and who had the audacity to actually vote in favour of the budget which harms Nova Scotia and the other Atlantic provinces so badly?

**Ms. Alexa McDonough:** Mr. Speaker, it is really hard, in response to such a straightforward, sensible question, for me to restrain myself from just letting rip at the member for Central Nova, but I will not take the opportunity to do that this morning, although I have to say there is a problem with the statement made because it clearly was not a spontaneous statement.

It was not one made without consideration. No one can tell me that whipping, flipping, hiring and firing was not a kind of a cute term that was worked into an answer all ready to throw out there in response to the question that would be asked.

I think that in itself was really pretty reprehensible. We are sort of left wondering, actually what does it mean? Does it mean that he actually thought that this expulsion would not take place? In which case he was pretty out of touch with his leader, but it would not be the first time. Did he actually know otherwise and was quite prepared to see a member with that kind of principles, guts and integrity, stand up and vote on the wrong side and then get punished for it? I am not sure how he would think that would be a positive thing.

I want to appeal to the member for Central Nova today and the member for South Shore—St. Margaret's to say that they can yet play a role in fixing this. Their minds have very likely been cleared over the weekend by seeing what is going on in their ridings.

*Government Orders*

The same is true, not only in Newfoundland and Labrador but Atlantic province-wide. People are furious at this because it is an injury to all of Atlantic Canada.

I want to appeal to the member for Central Nova by saying that he is in the position as the political minister for Nova Scotia and Prince Edward Island, as the ACOA minister, who understands better than probably anybody else in his riding what the Atlantic regional impact is of this broken promise. I say to him, show some leadership, show some backbone, show some integrity, and if none of those are good enough reasons, show that he is willing to respond to his own constituents and the people of his region in his riding. He should reverse his position and put the pressure on to have this fixed.

At the very least, the hon. member should show that he is prepared to work with—

**The Acting Speaker (Mr. Andrew Scheer):** Questions and comments? Resuming debate, the hon. member for Mississauga South.

• (1330)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I understand that the member for Scarborough—Rouge River is seeking to rise on a question of privilege at about 1:55, so I am going to cut my comments off so that he will have the opportunity to do that before question period.

First of all, I am absolutely astounded that last week the government put a motion forward that “the question be now put”. In other words, let us close down debate on the budget. It must be understood that Canadians want to know what their parliamentarians have to say about important elements of the budget. We must consider the last round of controversy in this place having to do with the Atlantic accord and indeed not just Atlantic Canada but Saskatchewan as well.

Promises made, promises broken. This is a very disturbing pattern on behalf of the government wanting to shut down debate so that we do not have an opportunity to confirm to Canadians what the facts are. The Auditor General once said Parliamentarians have to have fact-based information on matters related to the taxation of Canadians. There are a number of examples touching on the budget which show frankly that the government has done absolutely everything to frustrate the tabling of factual information it continues to deny. There is no credibility here. There is no trust. The government is trying to shut down debate because it does not want Canadians to know.

When the finance minister did a poll about the budget and asked the question “Are you receiving a benefit from the current budget?” The last time I spoke at an earlier legislative stage of the budget the poll showed that 93% of the respondents said that the budget did not benefit them. What happened the very next day? The finance minister yanked the poll off his website. He did not want Canadians to see exactly what other Canadians were thinking. There has to be something about it when 93% of respondents to the finance minister's website said they would receive no benefit from the budget.

There are some Canadians who not only did not receive a benefit, but they received cuts, serious cuts. I do not have to go into the

Atlantic accord or the Saskatchewan agreement. I know what it means to those provinces.

Some hon. members have stood up and laid it on the table and what does the government do? It says that is not the case, they have their choice, they can do this, or this, trying somehow to explain away what the premiers of those provinces have clearly said to the Government of Canada, that it broke its promise, a written agreement. Remember the line “broke your promise”. The Prime Minister, during the last election, put out a piece of literature which said, “There is no greater fraud than a promise not kept”.

I assume that the Prime Minister now is beginning to accept that he has committed a fraud because he has broken a promise. He said he would not raise taxes, but in the first budget he raised taxes. He denies that he raised taxes, but we all know that the taxes on the first tax bracket went from 15% to 15.5%. It is on the tax returns. Conservatives are arguing that the budget implementation did not pass, but every Canadian who filed a tax return for that year knows exactly what the tax rate was on the tax return.

I assume that the tax return provided by the finance minister himself is correct in terms of what the real rate is. So why would the Conservatives come in the House and deny that they raised taxes? It is a fact. They should say they did, but they had to do it to pay for the GST cut that they also promised.

• (1335)

Apparently, the value of the increased taxes that a taxpayer would pay through the increase in the tax rate from 15% to 15.5% on the first bracket works out to \$400. Do we know how much we would have to spend to save on or to offset the \$400 increase? For that 1% in GST, it would be \$40,000. We actually have to spend \$40,000 on GST taxable goods and services to save the \$400 tax increase.

Who in Canada spends \$40,000 on GST taxable goods and services? They are people who buy very expensive cars and houses, the major things. What does this do for someone who is living from paycheque to paycheque? What does it do for someone like that?

Obviously this is a very regressive move that the government has made. I would love to reduce the income taxes of Canadians rather than reduce the GST. It is a fairer way to do it. People who have a lot of money have more disposable income. They have greater latitude and control over what they have to spend it on, but not with regard to GST.

Deny, deny, deny: the credibility is not there. I do not trust the government. I do not believe that Canadians trust the government. Its word is not good. Credibility is the issue. The Atlantic accord shows it.

There is another thing. The Conservatives said they were going to have a good, responsible government that is open and transparent. Let us look at income trusts. My goodness, here is another broken promise.

*Government Orders*

Let me stop here and simply indicate that the Canadian Association of Income Trust Investors and their president, Mr. Brent Fullard, have been very active in representing the interests of those who are income trust investors. I have to say that I do not agree with absolutely everything that they have said and written. They have been getting very involved in the communications process with members of Parliament.

However, I can tell members that with regard to the broken promise of the government on income trusts they are 100% correct. They have given parliamentarians every opportunity to see that the decision taken to break that promise, to impose a punitive 31.5% tax increase on income trusts, which led to a \$25 billion meltdown of the marketplace, means that people who owned income trusts lost \$25 billion of their investment value. These are people who were saving for their retirement or who are in retirement. They were depending on the cashflow.

I have to say that this was so enormous that we could not believe it actually happened. I went to the finance committee and participated in the hearings in which the finance minister came before committee to explain the tax leakage. The government was saying that the corporation that pays dividends pays a certain amount of tax and an income trust does not pay any tax so it is awful.

The previous speaker, during private members' business, said that corporations pay taxes and income trusts do not pay taxes. We have to look at the tax burden of everyone involved in that transaction. When the corporation makes money, it pays corporate income tax, yes, and corporations also pay dividends, and those dividends are taxable in the hands of the investor. As well, there is a dividend tax credit to lower the burden of the double taxation. Thus, a corporation and the individual investors pay a certain amount of tax.

Income trusts as an instrument do not. An income trust organization does not pay tax at the so-called corporate level. The earnings are distributed to the investors. It is the investors who pay tax on the full amount at their own personal rate. Someone who already makes an awful lot of money is paying 47% on every distribution from an income trust. There is no corporation that is paying 47% tax to compare it to, so I do not know how the government ever figured this out. In fact, I would bet that the finance minister does not even know how it was figured out, because he could not even explain to the finance committee how he did it.

• (1340)

With regard to the finance minister's presentation, he showed a nice little chart that looked like a kindergarten chart and concluded that there was \$500 million of tax leakage in 2006. Over six years, that would be \$3 billion; if we multiply that one year by six, we get \$3 billion. This is a terrible amount of money that we are losing on tax leakage.

The finance minister was the first to speak. All the people who spoke with him, the people the Conservatives brought in to pat him on the back, were all going on the basis of the information provided by the finance minister himself. However, on the second day, there were witnesses who wanted to bring another perspective to this.

The Canadian Association of Income Trust Investors, CAITI, was there, but there was one I really liked because it raised a very

important challenge for all members of Parliament. That was HDR/HLB Decision. Its representatives came before us and said they had worked with the finance department step by step on all of the factors that one would take into account to determine what the leakage was or was not, but they found that there were three or four areas in which the government did something a little different.

Number one was that Parliament passed some legislative changes for tax law effective in 2007 and related to corporate taxation. The finance minister did not include those tax changes in his computations. The calculation is therefore wrong. The finance minister simply should have said that he made a mistake and that he should have incorporated the legislative tax changes in the determination of the tax leakage. Did he do that? No. He is still saying the same stuff. He is denying it. He will not admit it. He is not believable and he is not truthful on these matters.

The Auditor General says we need to have true, full and plain disclosure. We need to have openness so that we can debate these things honestly and make decisions based on information. The finance minister is playing some game with the House. Those are facts. They are not even debatable. This is objectively determinable. Legislative tax changes were not included in his calculation. He made an error. He should admit it and he should change it, but he did not and he will not and the Conservatives are trying to shut down debate because they do not want us to talk about it any more.

The last time I raised this in the House the finance minister was in his place and started to yell at me. He started to shout me down. He wanted me to shut up. That is not the way this place operates. If the finance minister is agitated by the truth, I am sorry, but he should also say that he is sorry for making calculations based on incorrect information.

What else did HDR/HLB bring out? It said the finance department does not include any tax revenue from income trust distributions where the holder of the income trust is a pension plan, an RRSP or a RRIF, a registered retirement income fund. The reason is that when an income trust makes a distribution to a person in a registered retirement savings plan or a pension plan, there are no taxes paid immediately. They are payable only when the money ultimately comes out and passes on to the investor. Thus, the government excluded any revenue component whatsoever with regard to distributions of income trusts to pension plans.

If we take that to its logical extreme, we would say that if every income trust was owned by a pension plan, the Government of Canada, according to the finance minister, receives zero revenue. He never receives a penny from day one to infinity. That is ludicrous. Obviously the money eventually comes. That has to be taken into account and the government did not.

At the finance committee meeting, members would have seen another chart by the minister in which he actually stated that the effective taxation rate of corporate energy companies was 6.2%. In the calculations, the government assumed that it was at the full corporate rate. It did not take into account all of the other machinations by which corporations that are capital spenders, et cetera, can defer taxes on all these other things. There is one other point, which I have forgotten. I think it had to do with exempt investors.



*Government Orders*

• (1345)

Those are three or four very good examples of where the finance minister's calculation of the tax leakage was erroneous or absolutely had false assumptions. As a consequence, I would say, because I want to finish now to make sure that the member for Scarborough—Rouge River gets his opportunity, that in regard to the income trust thing, I believe the government has made a very serious mistake. Two and a half million Canadians, most of them seniors, have lost \$25 billion of their hard-earned savings for retirement.

There is another way to do it. The Liberals have proposed a 10% tax refundable to Canadians so that ultimately the tax is only paid by foreign investors, which is where the major leakage actually occurs and which the finance minister also denies.

I cannot believe this. We need the Auditor General to do a full enquiry into the lack of information and what the truth is with regard to income trusts so that parliamentarians can make the best decision possible.

**Mr. Laurie Hawn (Edmonton Centre, CPC):** As always, Mr. Speaker, I listened with interest to my colleague.

Speaking of erroneous, he talked about the tax revenue that comes to the government through income trusts. It is just another example of the way he continuously misleads the House. He talks about distributions being 47% taxable at the highest rate. That is just simply not true. Distributions can be in the form of capital gains, dividend interest or return of capital, all of which are taxed differently, and I think the hon. member knows that.

If he does not know that, then his lack of understanding is simply regrettable and leads to misinformation in the House. If he does understand it, and I think he does, then it is a case of deliberately misleading the House, and that is inexcusable. That is a—

**The Acting Speaker (Mr. Andrew Scheer):** I am sorry, but I am going to stop the member. There have been a few comments made about members and truthfulness and being deliberately misleading. I did not hear “deliberately misleading” until now and that is definitely an unparliamentary term, so I would ask the hon. member for Edmonton Centre not to use that phrase when describing a colleague.

**Mr. Laurie Hawn:** Mr. Speaker, I withdraw the unparliamentary language if that is your ruling. I seem to have heard those words in the House otherwise, but I will refrain from using them.

Let us just say, if it is acceptable, that the member lacks some credibility in what he is saying to the House. I wish that he would just simply acknowledge, which I know he will not, that the figure of a \$25 billion loss is simply also lacking credibility and was generated by the fearmongering and the inflammatory language from that side of the House and in large part from that member.

**Mr. Paul Szabo:** Mr. Speaker, the member referred to the 47%. I think if he checks the transcripts he will see that I specifically said that if a taxpayer is already at the highest marginal rate and receives an additional distribution from an income trust as income then it is automatically at the highest marginal rate.

The member also mentioned capital gains, so I suppose I could throw this one in as well. The finance minister failed to take into account that if \$25 billion of appreciation of investments is wiped off

the books, the Government of Canada just lost the capital gains tax on \$25 billion or increased the loss for people. One way or another, \$25 billion at the capital gains rate also has been lost, which should have been included in the tax leakage calculation and was not.

This is incompetence on behalf of the Government of Canada, particularly the finance department for misleading Canadians and misleading parliamentarians.

**Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, I would just like to ask my learned colleague how he would qualify a government led by the Prime Minister, the leader of the Conservative Party—I cannot call them Tories because they are definitely not Tories—

• (1350)

**Hon. Robert Thibault:** Neo-cons.

**Hon. Marlene Jennings:** —neo-cons—makes a promise with regard to income trusts and clearly breaks it, makes a promise in a signed deal with regard to the Atlantic accord and breaks it, and misleads the House continually on the issues of the Afghan detainees. In fact, the Minister of National Defence had to stand in the House and apologize for misleading the House. I believe he is the only member of cabinet I have actually heard admit to misleading and apologize for it.

I have yet to hear the Prime Minister apologize for breaking a promise to Canadians on income trusts. I have yet to hear the Minister of Foreign Affairs, who is also the political minister for Nova Scotia and who represents Central Nova in Nova Scotia, apologize for misleading the House on the budget and the Atlantic accord and voting in favour of breaking the Atlantic accord through that budget, and literally harming thousands of Nova Scotians.

How can the member qualify such a party and such a government? It appears to me that being members of the Conservative government means getting their facts wrong, never admitting that they are wrong and never saying they are sorry when they are wrong about something.

**Mr. Paul Szabo:** Mr. Speaker, the member has given the answer in her question.

The thing that keeps coming back to me is that piece of literature from the Prime Minister during the last election in which he said that the greatest fraud was a promise not kept. We cannot take these things lightly. Canadians now are more attentive, more alert and more unforgiving for those who do not apologize when they make mistakes or do not correct errors.

A very strange occurrence happened concurrently with the announcement of the taxation of income trusts which was the announcement that there would be pension income splitting. When we look at the calculations, which I would be happy to table or provide to any member would who like them, only about 12% to 14% of seniors actually have pension plans. Income trusts are an instrument that are meant to emulate pension plans so that people get a reasonable stream of income to pay bills. Therefore, offering pension income splitting to 12% to 14% of seniors who are not income trust holders does not offset the damage that was done to these seniors.

*Privilege*

That is why the Liberal Party has promised to include in its platform in the next election, whenever that is, that we will remediate the situation with a 10% tax, ultimately only payable by foreign investors in income trusts. It is estimated that two-thirds of the losses of those seniors will be recouped. I believe that is responsible governing.

**Hon. Robert Thibault (West Nova, Lib.):** Mr. Speaker, as my colleague has become one of the foremost authorities on parliamentary procedure, history and tradition in this House, he would understand, as I do, that traditionally a budget vote or a vote on the Speech from the Throne are matters of confidence.

However, in this instance we had a senior member of the government, no less than the Minister of Foreign Affairs, somebody who the entire world must trust, must understand and take at his word, stand in this House and say that the budget in this instance would not be a matter of confidence, that members could stand and vote their conscience, that Atlantic ministers, to protect the Atlantic accord, could vote against the budget and that there would be no retribution, no whipping, no flipping, no firing, no expulsion from caucus, that they could remain in the caucus.

However, a few days later, the member for Cumberland—Colchester—Musquodoboit Valley, when he had the courage to defend Nova Scotians, did not have time, after he voted against the budget, to make it to the curtains before the member for Central Nova's word was completely broken.

Does he know that as anything else but hypocrisy?

**Mr. Paul Szabo:** Mr. Speaker, I think we have another situation where the member has given the answer in a question.

It is regrettable when members of the Conservative Party on all of these matters cannot be taken at their word. Credibility in this place is something we, as members of Parliament, all hold very high in terms of protection. Our credibility is what makes us good members of Parliament.

I am sorry that a lot of this has happened but the government is doing it knowingly. What concerns me is that Conservatives do not care whether or not their credibility is damaged.

I see the member for Scarborough—Rouge River is ready to rise.

\* \* \*

● (1355)

**PRIVILEGE**

ALLEGED CONDUCT OF MEMBER FOR CALGARY EAST

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I am rising on a question of privilege in my own attempt to be helpful to the Chair in connection with a matter of privilege raised by the member for Brampton—Springdale last week. I rise principally because of reports that the member for Calgary East, who had been mentioned, indicated publicly that he would not be attending and rising in the House to deal with it.

The first question I would put to the Chair is whether or not that was a question of privilege. I know the Chair must determine that in the matter of parliamentary friendship groups but this, I would urge

upon the Chair, is a matter of participation in a parliamentary activity and related to parliamentary responsibilities.

I would point out that these groups have a membership of MPs and senators. The executives are often chosen based on membership of the House and Senate. The meetings take place on parliamentary premises almost all of the time and both governments and diplomats make use of these groups for bilateral relations with Canada and Parliament.

I am urging that you accept that these parliamentary friendship groups are a crystallized and manifest accretion to the working context of members of the House, perhaps one that did not exist 100 or 200 years ago when the foundations of parliamentary privilege were born.

Second, was the member intimidated? I would put to the Chair that if the member felt intimidated then she was intimidated.

I draw reference here to what is sometimes called the thin skull theory in Tort law. You will be the best judge, Mr. Speaker, of whether or not the words and the body language constituted an intimidation of the member. However, there were words used right before and right after the formal meeting in question and I urge upon the Chair to recognize that the issue may not be the words, it may be the intimidation that is the issue.

Last, these things occur between members from time to time. They occur actually in a lot of different places, including on hockey teams, in offices and in churches between people and their day to day activities. I think it would be very helpful if the member for Calgary East would attend, rise and help us all, including the Chair, to sort this out in the proper way so that we can deal with it and move on.

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, just in response, I would note that on a question of privilege I believe it is the requirement that it be the member whose privileges are said to be breached who should be raising that point, and that is not the case in this circumstance.

In terms of whether the Speaker should involve himself, I think it is obviously not the case that the Speaker should involve himself in the resolution of these kinds of disputes at parliamentary friendship or other associations, otherwise that would be a full time job for the Speaker, running the elections, refereeing them and dealing with all the issues there. That is clearly beyond anybody's conception of the role of the Speaker of the House.

As for the suggestion of the thin skull principle, if conduct in the House is any example, I suggest that the individual in question has a thick skin, among other things, and certainly if what one dishes out is any measure of what one can take oneself, then that is hardly a concern.

**The Acting Speaker (Mr. Andrew Scheer):** I thank members for their interventions on this point. I know the Chair is taking these arguments under advisement and I am sure he will come back to the House.

At this moment, though, we will move on to statements by members.

*Statements by Members***STATEMENTS BY MEMBERS***[English]***VOLUNTEERISM**

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, my riding will be the host of two very significant sport and cultural events this summer. These are always fun for the participants and spectators and offer the people in our community an opportunity to demonstrate their wonderful spirit of volunteerism.

First, we have the Seniors' Games in the City of Fort Saskatchewan from July 26 to 29. This is a time when people my age and older compete and show that they are superior in mind and body. There will be about 1,200 participants and we are all looking forward to this time of challenge for mind and muscle.

Then we have the Western Canada Summer Games in Strathcona county from August 3 to 11. This will involve over 2,300 athletes, coaches, officials and performers, plus about 3,000 volunteers.

I offer my congratulations and thanks to all the volunteers and their leaders, people like Margaret Marciak the team leader, because without them such events just could not happen.

I say way to go to Sherwood Park and Fort Saskatchewan.

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• (1400)

**SCLERODERMA AWARENESS MONTH**

**Mr. Omar Alhabra (Mississauga—Erindale, Lib.):** Mr. Speaker, members of the Scleroderma Society of Canada are here in Ottawa to meet with officials from Health Canada.

They have designated June as Scleroderma Awareness Month and are working hard to inform Canadians and the government about its seriousness.

Scleroderma is a progressive and chronic connective tissue disorder that causes the thickening, hardening and scarring of the skin and other organs. It is a highly individualized disorder and symptoms and severity can range from mild to potentially life-threatening.

Scleroderma affects women four to five times as frequently as men and its exact cause is still unknown. While many symptoms can be improved with medication and lifestyle changes, there is still no known cure. There is a need for more research and studies.

I would like to thank the Scleroderma Society's president, Shirley Haslam, and its regional support groups and volunteers for their dedication to raising awareness about this disease.

I also call upon the government to increase investment in research that would find a cure for this debilitating disease.

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*[Translation]***MARTINE PAIEMENT**

**Ms. Johanne Deschamps (Laurentides—Labelle, BQ):** Mr. Speaker, as Bloc Québécois critic on the status of women and

member for Laurentides—Labelle, today I would like to pay tribute to the remarkable work of a woman in my riding.

Martine Paiement, a resident of the municipality of Piedmont, recently went to Africa as part of the international cooperation program of the Canadian Executive Service Organization. The purpose of her trip was to develop the “African woman entrepreneur”.

African society is very dependent on the work of women. Whether they are working to bring home food or to support families, they are often the last thing standing between survival and extreme poverty.

Her trip was productive. Canada's African trade commissioner, Jude Bijingsi, visited the Upper Laurentians and had the opportunity to take a closer look at our region's trade potential.

Congratulations once again, Ms. Paiement, for your excellent work.

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*[English]***MANUFACTURING INDUSTRY**

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, in question period I recently challenged the government to act on real solutions to stem the flood of job losses in the manufacturing sector; 11,000 in Hamilton alone and over one-quarter million nationwide.

The minister's answer was, in essence, that he was “taking care of business”. That line has not made workers happy since Bachman-Turner Overdrive took that song to the top of the charts in 1974.

Working families deserve more than song and dance from their government. It is time for government to be at the table when companies like Stelco in Hamilton contemplate mergers, partnerships, acquisitions or sales.

The government needs to ensure that no action is taken on the backs of workers and retirees. It is time to stand up for working families, demand that collective agreements be respected, ensure that all pension and benefit obligations for active and retired workers are honoured and ensure that jobs will be protected.

Workers need those decent paying jobs to sustain their families, small businesses need them to stay afloat and our city needs them for the tax base that supports community centres, hospitals and schools.

During the election, the Prime Minister promised he would stand up for Canada. The time to deliver is now.

*Statements by Members***PHILIPPINES**

**Mr. Deepak Obhrai (Calgary East, CPC):** Mr. Speaker, the Philippines faces serious human rights challenges. Foremost among those is the large number of extrajudicial killings that have been reported. These killings have targeted political activists, journalists and others. Many of them have gone unresolved.

Canada has expressed our concerns on numerous occasions to the Philippine government about extrajudicial killings and the apparent culture of impunity that is undermining law and order.

Canadian officials continue to meet and consult with groups most affected by the violence. We support building a capacity of expertise in the Philippine government institutions that are mandated to improve the human rights situation.

I would also like to take this opportunity to acknowledge the important steps the Philippines have taken to address this problem, including Task Force USIG, the Melo Commission and the invitation of the UN Special Rapporteur. Further, President Macapagal-Arroyo has stated her intention to implement new measures, including the creation of special courts to investigate the killings and the strengthening of witness protection to address the issue.

\* \* \*

● (1405)

[Translation]

**THE ENVIRONMENT**

**Mr. Anthony Rota (Nipissing—Timiskaming, Lib.):** Mr. Speaker, today I want to pay tribute to 26 students and 15 adults who spent Saturday, May 27, picking up garbage along the highway between New Liskeard and Haileybury.

The driving force behind this initiative was Nathalie Lessard, an educator who recognized the importance of beautifying the area and decided to put out a call for help. The participants filled more than 100 bags with garbage. This simple yet effective initiative is an excellent example of how each one of us can help protect the environment.

I hope that, one day, it will no longer be necessary to organize such clean-up campaigns, because more and more people are aware of the importance of a clean and healthy environment. I want to again thank Nathalie Lessard and the many volunteers who pitched in and who have certainly inspired others to do the same.

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**THE ENVIRONMENT**

**Mr. Luc Harvey (Louis-Hébert, CPC):** Mr. Speaker, last week, the Prime Minister filled Canadians with pride when he helped achieve a global consensus on an agreement to fight climate change.

The leaders of Germany, France, Italy, the United Kingdom, Russia and Japan welcomed the climate change agreement reached at the G-8 summit, calling it a great success.

Ban Ki-moon, Secretary General of the United Nations, has said that he is very encouraged by the commitment the G-8 members have made to establish a multilateral process under the auspices of the United Nations.

My question is this: if the true leaders of the world are welcoming this major agreement, why can the Leader of the Opposition, the champion of inaction, not do the same? Leaders take action. The Prime Minister took steps at the G-8 summit to combat climate change. Unfortunately, the president of the “laissez-faire” club, the Leader of the Opposition, is more interested in partisan squabbling than in taking real steps to help the environment.

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**FRANÇOIS BOYER**

**Mrs. Claude DeBellefeuille (Beauharnois—Salaberry, BQ):** Mr. Speaker, I would like to pay tribute today to François Boyer, an admirable man who played an important role in developing ties between the Mohawk community of Akwesasne and Quebeckers. I was deeply saddened to hear of Mr. Boyer's passing.

He was a dedicated, jovial man whose positive outlook was simply infectious. He was also very kind and sincere. His memory will live on in his community and in the hearts of all his friends and family.

François was very well known in the Mohawk community of Akwesasne, although somewhat less so outside it. There is no doubt that the bridges he built constitute an important accomplishment for our two cultures, both for today and for years to come.

Our thoughts at this time are with his family, friends and loved ones in particular, those he loved and those who loved him. May his memory inspire us to be better people and more open to others.

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[English]

**NORTHWEST TERRITORIES**

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Mr. Speaker, the hard-working people of the Northwest Territories have only one representative in Ottawa. The member for Western Arctic is here to stand up for them and their interests, not to play political games that threaten the important funding that brings significant benefits to the territories.

Unfortunately, the current NDP member for Western Arctic does not see it that way. Shamefully, he voted against a budget that his own premier called good news. Now he is supporting his leader's efforts to delay the budget bill that will cost the Northwest Territories over \$54 million in funding.

The people of Yellowknife, Hay River, Inuvik, Fort Smith and all communities in between sent the member for Western Arctic here to make Parliament work for them, not to take part in his leader's political games.

*Statements by Members*

It is time for the member for Western Arctic to stand up for his constituents and to stand up to his leader and tell him that the \$54 million that will be lost is too important for his constituents and that it is time to pass the budget implementation bill. It is time to stand up for the people of the Northwest Territories.

**The Speaker:** I remind hon. members that we have to be careful not to do attacks on other hon. members in the course of Standing Order 31 statements.

The hon. member for Thornhill.

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**SANATAN MANDIR CULTURAL CENTRE**

**Mrs. Susan Kadis (Thornhill, Lib.):** Mr. Speaker, recently I had the pleasure of joining members of the Sanatan Mandir Cultural Centre on their walkathon fundraiser.

The centre is a self-sustaining community organization which benefits many members of Thornhill and York region. Proceeds from the walkathon will be used for renovations to their temple. Members of the centre also have future plans to build a seniors residence.

The walkathon is only one of the many events that I have attended. I have seen so many seniors, some of them with heart conditions, at these events. It is very poignant and inspiring.

The centre has a thriving seniors club that meets regularly, and free Sunday school for children. It provides settlement programs to help newcomers and also assists battered women. The centre's tireless efforts never cease to amaze me.

It was a pleasure to walk with community members of all ages. I have visited the centre many times over the years and am continuously impressed by its members' unwavering commitment to community building.

I wish the members of the Sanatan Mandir Cultural Centre continued great success in all their endeavours.

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• (1410)

**RESEARCH AND DEVELOPMENT**

**Mr. Colin Carrie (Oshawa, CPC):** Mr. Speaker, all members have a responsibility to make Parliament work. Canada's Conservative government is attempting to do its best to make this minority Parliament work doing what Canadians sent us here to do, like supporting cutting edge world-class research that would help Canada acquire the expertise and generate the knowledge that would ensure future economic growth and job creation.

In budget 2007 Canada's Conservative government made major investments in talented Canadians and their ideas, but because of the petty, partisan antics of the Liberal and NDP members, nearly \$300 million in support to world-class institutions such as CANARIE, Genome Canada, the Perimeter Institute and the Rick Hansen Foundation is in peril.

Why are the Liberals and NDP ready to punish Canada's researchers and Canada's future so they can play their pathetic—

**The Speaker:** The hon. member for Hamilton East—Stoney Creek.

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**COMMUNITY BEACH PONDS**

**Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP):** Mr. Speaker, the Community Beach Ponds, also known as the Turtle Ponds, are one of the best remaining examples of diverse urban biospheres and are found in the Stoney Creek portion of my riding. Sadly, Turtle Ponds are at risk of being sold to housing developers.

The current land owners, our two school boards, cannot be faulted for wanting to sell and make money. We all know the shameful state of education financing in this country where the Conservative government and past Liberal governments have wiped their hands of providing adequate funding for our schools.

The government failed to take any steps to assist the other levels of government interested in protecting the Turtle Ponds.

There is historical proof of the presence of two turtles that are species at risk in this area, but no recent studies have been done to see if those at risk species are still present. A blue-spotted salamander species is present and is considered a rare and ecologically valuable wetland species.

The Conservative government needs to act now to help preserve this natural area and ensure that it is safe from development and remains a protected area of biodiversity for the community and future generations.

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[*Translation*]

**ALPHONSE-PESANT SCHOOL**

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Mr. Speaker, on May 31, 2007, I was pleased to attend the closing ceremonies of the “Phonse dans la lecture” project organized by teachers and volunteers at the Alphonse-Pesant school in Saint-Léonard.

I was delighted to tour the exhibition and admire the remarkably creative and varied projects designed to encourage students and visitors to read more. The projects were created by students at this elementary school, which is known for encouraging such programs. Events like these make me proud to represent the riding of Saint-Léonard—Saint-Michel.

I would like to take this opportunity to congratulate all participants, staff members, the principal and volunteers for this wonderful initiative.

I would also like to thank all our teachers, who are never given the recognition they deserve for stimulating a desire for learning among our young people.

*Oral Questions***DOUGLAS JUNG**

**Ms. Meili Faille (Vaudreuil-Soulanges, BQ):** Mr. Speaker, yesterday was the 50th anniversary of the election of Douglas Jung, the first Canadian of Chinese origin to be elected to the House of Commons for the riding of Vancouver Centre.

Every step of Mr. Jung's career set a precedent in relations to improve racial tension. Mr. Jung was the first member of Chinese origin to sit in the House of Commons and to represent Canada at the United Nations and he was also the first Chinese lawyer to argue before the British Columbia Court of Appeals.

This anniversary gives us an opportunity to reflect on the contribution of Mr. Jung and Canadians of Chinese origin of his generation who managed to have the Chinese Exclusion Act repealed and who successfully advocated for the creation of a special immigration program, inviting people of Chinese origin who had entered Canada illegally to come forward and have their status regularized.

My colleagues in the Bloc Québécois join with me in calling on this 50th anniversary to continue to guide our actions toward harmonious relations between parliamentarians of all origins.

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• (1415)

**MEHRNOSH SOLOUKI**

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, once again we have serious concerns about a Canadian national who is having difficulties with Iranian authorities.

I rise today to call on the government to pay particular attention to the case of Mehrnosh Solouki, who is currently free on bail without a passport in Iran.

Ms. Solouki is a documentary filmmaker and a member of the Fédération professionnelle des journalistes du Québec.

We all remember the tragic events surrounding the unfortunate death of Zahra Kazemi and we have a duty to ensure that such a thing does not happen again.

Ms. Solouki has permanent resident status in Canada. I call on every elected member of this House to join me in sending a clear message to the Iranian authorities: all Canadians are concerned about the fate of Ms. Solouki and want her to return to us immediately, safe and sound.

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*[English]***AFGHANISTAN**

**Mr. Wajid Khan (Mississauga—Streetsville, CPC):** Mr. Speaker, Canadians are proud of our continued support and aid to the beleaguered country of Afghanistan. As the Afghani people work toward a better future, valiantly continuing the struggle against terrorism, Canada's contribution has been measured both in monetary terms and in the ultimate sacrifices by our men and women in uniform.

However, the sacrifice of Canada's armed forces is undermined without a substantial developmental aid component to complement

the work of our military. In budget 2007, Canada's Conservative government outlined such aid for the Afghan people.

Shockingly though, the leaders of the Liberal Party and the NDP are playing political games that threaten \$135 million in developmental aid to Afghanistan. What do the NDP and Liberals have against helping the poorest of nations? It is time to put petty partisanship aside and make this Parliament—

**The Speaker:** The hon. member for Rimouski-Neigette—Témiscouata—Les Basques.

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*[Translation]***QUEBEC NATIONAL HOLIDAY**

**Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, Ind.):** Mr. Speaker, on June 24, more than seven million Quebecers will show their pride and their solidarity.

With pride in our beautiful language and our strength recognized the world over and in solidarity with Quebecers who have achieved success around the world, Quebec will thrill to the sound of Québécois and international music and, in the glow of the bonfires, we will say loud and clear that it is good to come from Quebec.

I want to wish the men and women of Quebec a national day filled with humanity, openness and altruism. I hope that this special time will be filled with the well-being that we all feel when we know we have truly succeeded.

May you all enjoy the Quebec national holiday.

**ORAL QUESTIONS***[English]***THE BUDGET**

**Hon. Stéphane Dion (Leader of the Opposition, Lib.):** Mr. Speaker, now the Prime Minister wants to take the premiers to court, but there is no need to go to court to know that the Prime Minister broke his electoral promise to Saskatchewan, Nova Scotia and Newfoundland and Labrador when he committed “no caps, no clawbacks, no limitations, no conditions, no big exceptions in the fine print”.

Will the Prime Minister admit his budget is just that: a cap, fine print, limitations, conditions, a broken promise?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the government committed to bring in a new equalization formula that would be based on clear principles and treat everyone equally. We accepted, in large measure, the recommendations of the O'Brien commission, but at the same time we left in place the existing side deals, the Atlantic accords, which this party had supported, and continues to support.

I will point out that on May 5, 2006, on *Mike Duffy Live*, the Leader of the Opposition said that he believed there should be caps except on the existing accords, which is exactly the same position as the government.

*Oral Questions*

**Hon. Stéphane Dion (Leader of the Opposition, Lib.):** Mr. Speaker, when the finance minister announced the end of federal-provincial bickering, he did not say that meant “we will sue you if you disagree with us”.

[*Translation*]

Can the Prime Minister tell this House what is in clauses 80, 81 and 82 of Bill C-52?

• (1420)

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, once again, this government has introduced a new equalization formula that respects the existence of the Atlantic accords and includes equitable criteria for all the provinces and an option for Nova Scotia and Newfoundland.

I think that this position is fair, and the Government of Quebec supports it.

[*English*]

**Hon. Stéphane Dion (Leader of the Opposition, Lib.):** Mr. Speaker, since the Prime Minister does not want to or cannot answer, I will answer.

In these three sections the government unilaterally imposed a cap on the Atlantic accords, forced provinces to choose between a new equalization formula or the Atlantic accords. However, the accords are very clear. The agreement says that the provinces will receive a payment “under the equalization formula as it exists at the time”.

Will the Prime Minister learn that Canadians want sincerity and honesty, not more manipulation and legal threats?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Once again, Mr. Speaker, the government has introduced a new equalization formula that treats every province equally. It does have a cap, but that cap is not applied in Nova Scotia and Newfoundland and Labrador. Nova Scotia and Newfoundland and Labrador have the right to exactly the deal they signed in 2005. That is the choice.

What we will not do is provide a new, enhanced side deal for any province. That would not be fair. We are respecting existing deals, but we are bringing in one fair formula for everyone who opts into it. That is the only fair way to proceed, not new side deals.

**Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, less than three months after the finance minister declared the “bickering between provincial and federal governments is over”, a hilarious quotation, we have a Prime Minister at war with the provinces, at war with Nova Scotia, Newfoundland and Labrador and Saskatchewan. This is no way to run a country. A prime minister should call meetings with premiers, not threaten them with lawsuits.

Why does the Prime Minister run attack ads and threaten lawsuits, instead of working with people who are partners in the federation?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Once again, Mr. Speaker, while I was in Europe, I know that both the Minister of Foreign Affairs and the Minister of Finance were having discussions with the Government of Nova Scotia. I know they want those discussions to continue. Those discussions were not broken off by the federal government.

It is a very serious allegation to say that the federal government has broken a legal contract. We have done no such thing. This party fought for the Atlantic accords. We want to keep the Atlantic accords. If someone is going to make an allegation that we broke the law, I would think the individual would have the decency to act upon that allegation or withdraw it.

[*Translation*]

**Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I think he has chosen war. I know the Prime Minister hates to admit he is wrong. I know he is prepared to go to great lengths to cover up his mistakes, but Canadians should not have to pay the price for his stubbornness.

Why does the Prime Minister not admit that his new formula does not honour the Atlantic accords, and why is he refusing to do the honourable thing and keep his promise?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the Minister of Foreign Affairs and the Minister of Finance had discussions with Nova Scotia. They listened to the legitimate concerns of the provinces and made proposals to address those concerns while honouring the principles of the budget. This government is prepared to go back to the table anytime.

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**THE ENVIRONMENT**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Prime Minister left the G-8 summit proclaiming himself the new champion of the environment. The truth is that the G-8 concluded a sellout agreement without absolute targets and without firm commitments.

The Prime Minister nonetheless praised the territorial approach—which is the European Union approach—by saying that a green plan should take into account the specifics of each country for achieving the Kyoto protocol targets.

Will the Prime Minister follow through on the statements he made in Europe and apply the territorial approach?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the federal government is prepared to cooperate with the provinces on implementing its plan to regulate industry on greenhouse gas emissions. We are prepared to enter into equivalency agreements with the provinces. Nonetheless the principle is clear: the federal targets are minimum targets.

• (1425)

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, if that is true, can the Prime Minister tell us whether he will ensure that Quebec can achieve its greenhouse gas reduction targets from 1990 levels, or a 6% reduction, in order to promote the polluter-pay principle?

Quebec has made an effort and that should be recognized. If the oil companies have not done anything, then the oil companies should pay. Is that what the Prime Minister is saying?

*Oral Questions*

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, our targets are applicable on a national scale. These targets apply to every province and the targets are greater for economies experiencing greater growth. We are also committed to respecting the polluter pay principle. This principle is part of our plan.

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, let us talk about economic growth. Since 1990, the Cascades paper company has cut its greenhouse gas emissions by 25% while increasing production by 20%. That is a good example of absolute reduction. Cascades is an example of the work that the Quebec paper and manufacturing industries have done over the past two decades.

Can the Minister of the Environment explain why his plan penalizes Cascades and the Quebec manufacturing industry by failing to take into account the work they have done in the past?

**Hon. John Baird (Minister of the Environment, CPC):** Mr. Speaker, that is not the case at all. Recognizing the work that industries have done over the past 13 years is an important part of our efforts to reduce greenhouse gases. It is worth noting that the previous government did nothing for 13 years. Some companies have worked very hard. Recognizing their efforts is an essential part of our plan.

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, last week, Hubert Bolduc, the vice-president of Cascades, said, “It is just as unfortunate that the federal government has not done anything to speed up the opening of a carbon exchange”.

When will the minister finally recognize the importance of a Montreal carbon exchange to the environment and to industry and the absolute greenhouse gas reduction targets that such an exchange requires?

**Hon. John Baird (Minister of the Environment, CPC):** Mr. Speaker, I would like my colleague from Quebec to know that we support opening a carbon exchange. It is an essential part of our efforts to reduce greenhouse gases. It is also important that our targets be absolute targets.

For the first time in Canada's history, we have a Prime Minister and a government with a real plan to reduce greenhouse gases by more than 20% over the next 13 years. That is an absolute target for this country.

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[English]

**THE BUDGET**

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, today the government's broken promise fiasco on the Atlantic accord and equalization has reached a new low. So far what we have seen is the Premier of Newfoundland and Labrador having to take out ads to call for a promise to be kept. The Premier of Saskatchewan was snubbed. The Prime Minister would not even meet with him when he went to the province. Then we saw a Conservative member of Parliament, who decided to try to keep his promise to his constituents, thrown out by the government. Now we see the Premier of Nova Scotia weighing in.

What is the Prime Minister's response? “I'll sue you.” That is his response. What kind of way to run a federation is that? Why does he not keep his promise—

**The Speaker:** The right hon. the Prime Minister.

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the promise was to keep the Atlantic accords exactly as they were signed. That is exactly what this government has done.

What we are being asked to do by some provinces is to sign new side deals. This government will not sign new side deals. That is not the way we are running this federation.

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, the Prime Minister could do the right thing. He could honour his promise. He could agree to sit down and make this federation work the way it should.

Instead, the moment that people start to stand up for the people of their province, he hauls out the court documents. He is ready to lay them on the table. It is a tactic of intimidation and it will not work to make our country strong.

When will the Prime Minister do the right thing, honour his promise and deliver to the people of Atlantic Canada and Saskatchewan what they have every right to expect because he told them he would?

● (1430)

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, once again, that is exactly what we have done. As I said, the Minister of Finance and the Minister of Foreign Affairs were having good discussions with Nova Scotia. They are anxious to continue those discussions. They certainly have the full support of the government if that is what the Government of Nova Scotia wants to do.

The fact is equalization is an issue on which the provinces are divided. The NDP government of Manitoba wanted the inclusion of natural resources. The NDP government of Saskatchewan wanted the exclusion.

What is the position of the federal NDP? It has no position on this or any other important issue because it knows it will never run the country.

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**ATLANTIC ACCORD**

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, first, we had the finance minister declaring peace in our time, even as he betrayed three provinces with his budget. Then we had the foreign affairs minister telling Nova Scotians, “We'll see you in court over the Atlantic accord”.

Now, today, we have the Prime Minister himself threatening Atlantic Canadians with court action. That is his answer to provinces that only ask that he keep his promises and honour a signed contract.

Why should Atlantic Canadians have to go to court to get the Prime Minister to keep his promise?



*Oral Questions*

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the history of this is fairly well known. The member who has asked the question is a member of a party whose leader says that fiscal balance between governments does not exist in Canada. Yet he has the nerve to say that what is being done to redress fiscal imbalance between governments in Canada is somehow wrong.

Those members do not even believe, in the first place, that there is a fiscal imbalance in Canada. Therefore, how does one redress it? There was the O'Brien committee, appointed by the former Liberal government opposite, an expert panel that made recommendations to government, which we—

**The Speaker:** The hon. member for Halifax West.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, the member for Cumberland—Colchester—Musquodoboit Valley does not believe the Minister of Finance. The Premier of Saskatchewan and the Premier of Newfoundland and Labrador do not believe the Minister of Finance. Even the premier of my province does not believe this flim-flam act any more.

If the accord has not changed, how can he explain the 12 paragraphs of amendments in clause 80, 81 and 82 of his budget bill? Why will he not be honest with Canadians and honour the accord?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, as I am sure the member opposite knows, Nova Scotia and Newfoundland and Labrador are in a unique position, together, because they had accords.

Newfoundland and Labrador and Nova Scotia can operate under the previous equalization system until their agreements expire, but can permanently opt into the new system at any time. That is the reason for the provision in Bill C-52, to create that option for those two provinces.

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**CORPORATE TAKEOVERS**

**Hon. John McCallum (Markham—Unionville, Lib.):** Mr. Speaker, he does not answer questions, so let us try another tact.

[*Translation*]

Recently, the Prime Minister declared that he did not want to interfere with the market and say that one transaction would be allowed and that another would not, since this would be a disaster. So the Prime Minister must have been surprised when his Minister of Finance announced a review of such transactions.

Could the Minister of Finance and the Prime Minister consult one another just a little before imposing their disastrous economic policies on Canadians?

[*English*]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the member opposite asks about the economy. We have created 450,000 new jobs since this government was elected, a great record for this government. We have the strongest economic fundamentals in the G-7.

We have the best unemployment rate in about 33 years in Canada. We have the highest level of participation in the workforce in the

history of Canada. All of this is since the election of this party to government just 16 months ago.

**Hon. John McCallum (Markham—Unionville, Lib.):** Mr. Speaker, I guess it was lost in translation, or as usual he is lost on the economy, but the issue is foreign takeovers.

These are important and that is why, in deference to the Prime Minister, we offered to stop calling it the Liberal plan on foreign takeovers and instead call it the Gwyn Morgan plan. There is a broad consensus across the land that what we need is not a return to protectionism but an urgent review of the Investment Canada Act to make sure we have the best tools to do what is best for Canada in the 21st century.

Will the government adopt the Gwyn Morgan plan for an urgent review of the Investment Canada Act?

• (1435)

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I could understand if the member opposite did not read the budget after it was presented, but it is now more than two months since March 19. If he bothers to read the budget, he will see that the government is appointing a committee to report to the Minister of Industry on competitiveness, including the issue to which he makes reference. He should get with the program and read the budget.

\* \* \*

[*Translation*]

**AFRICA**

**Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ):** Mr. Speaker, as with the Kyoto protocol, the Prime Minister is repudiating Canada's signature by not honouring the commitments made for humanitarian aid in Africa.

The Prime Minister may boast that his government is on track towards keeping its promises, but we know that Canada's contribution for 2010 should double the current amounts, which means it should be \$2 billion instead of \$1 billion. Oxfam Canada said this is just not enough, and so have all international observers.

Will the Prime Minister honour the commitments he has already made concerning aid to Africa?

**Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC):** Mr. Speaker, as the Prime Minister clearly indicated last week, Canada is on track to honouring its commitment to doubling aid to Africa by 2008-09. No matter what the hon. member says, the *Financial Times* recently reported that Canada is the only G-8 country that is on track to meet its Gleneagles commitments.

**Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ):** Mr. Speaker, despite the minister's remarks, there is still a long way to go. According to Oxfam Canada, Canada spends less on AIDS than the average of the other countries, in relation to the size of our economy. We are talking about people who really need our help.

Will the federal government keep its word and reach the targeted 0.7% of its GDP in international assistance, as it promised for the achievement of the millennium development goals?

*Oral Questions*

**Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC):** Mr. Speaker, I have good news for the hon. member. Our government always honours its commitments. The Prime Minister—

**Some hon. members:** Oh, oh!

**The Speaker:** Order, please. The hon. Minister of International Cooperation has the floor. We have to be able to hear her response.

**Hon. Josée Verner:** Mr. Speaker, as I was saying, we are doubling aid to Africa by 2008-09 and we will be doubling all international aid by 2010-11. We have taken these measures and included them in the budget.

As for HIV-AIDS, the government already announced a number of initiatives, including a partnership with the Bill and Melinda Gates Foundation and another partnership worth \$120 million, announced last December.

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**NATIONAL DEFENCE**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, the media have been reporting that 40% of the contracts awarded by the Department of National Defence are awarded without competitive bidding. This is twice as many as two years ago. Despite claims by the government, emergencies and Afghanistan do not justify this way of doing things. We know that the Minister of National Defence is a former lobbyist, so one has to wonder to whom the minister is looking to give an advantage.

Should such a questionable choice for awarding defence contracts be blamed on favouritism or the incompetence of the minister?

[*English*]

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, I am pleased that the member brought up the subject of procurement because we are quite proud of our procurement. Our government is committed to rebuilding the armed forces and day by day we are doing that.

Since we have been in power we have acquired additional guns for the artillery and additional Nyala armoured vehicles for the infantry. We have ordered strategic airlift. We have ordered tactical airlift and medium to heavy helicopters. We have ordered 2,300 commercial and military trucks. We have ordered supply ships and tanks.

[*Translation*]

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, they are always in a hurry to help out their buddies, but when it comes to, for example, respecting Quebec's 55% share of the aerospace industry, we are handed a line about the free market.

If the minister really wants to leave things to the market, why does he not accept the offer of Airbus, which says it can invest 55% of the spin-offs in Quebec and which would also save taxpayers \$2 billion?

• (1440)

**Mr. James Moore (Parliamentary Secretary to the Minister of Public Works and Government Services and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, we are in the process of re-equipping our military

because it is needed, after 13 long years of Liberal government cuts. We needed to re-equip our military. We are in the process of doing just that, using open procedures that respect all the jurisdictions and accountability legislation.

Everything we are doing is in the best interests of Canadians and our military.

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**AFGHANISTAN**

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, this weekend the Minister of Foreign Affairs was once again forced to admit that his testimony before a joint committee on the Afghan detainee scandal was not entirely accurate.

The minister claimed that I was confused last week when I told him that the number of alleged cases of torture did not correspond to what he was saying. It is clear that he is the one who was confused. He now admits that not four, but indeed six alleged cases of torture were identified.

How many times have the three amigos of defence, foreign affairs and public safety misled the House without facing the consequences?

[*English*]

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I was crystal clear then, as I will be now, in stating that there were four complaints that were received by Canadian officials after the enhanced agreement of May 3. There were two prior to that. There is no misunderstanding whatsoever. The only confusion that exists on this file is in the mind of the member opposite.

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, it seems he is the only one who thinks that.

The deception, cover-ups and misinformation that come from the government are a slap in the face to our soldiers who are serving in Afghanistan. The time has come to stop misleading and come clean with the Canadian people.

Between 2002 and April 2006 we know that Canadian troops transferred 40 detainees. How many of these Afghan detainees alleged torture and abuse by the Afghan authorities, and how many since?

What is the government's plan to deal with the Afghan detainees captured and transferred by our troops if they allege that they were tortured by the Afghan authorities? Canadians deserve the truth. Where is the plan?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, the plan obviously consists of improving upon the shortcomings that were left by the government opposite.

We signed a new enhanced agreement. There have been since that time four allegations which we have passed on to Afghan authorities. We have involved the Afghanistan Independent Human Rights Commission as well as the Red Cross. Prior to that we had received two.

*Oral Questions*

We are following this improved process that provides for greater transparency and openness. This is exactly what we have attempted to do from the very beginning, unlike the member opposite who is continuing to spin out misinformation that is not in keeping with the truth. That is what the hon. member opposite is doing. We are dealing with it in a truthful fashion.

**Hon. Ujjal Dosanjh (Vancouver South, Lib.):** Mr. Speaker, let me repeat, last week the Minister of Public Safety said that four allegations of detainee torture had come to light in Afghanistan. The Minister of Foreign Affairs said there were six in total. His staff had to clarify it twice later on.

Is any one of them right? Do they even know which one of them is correct, if at all? Which of these ministers is actually in charge of this important issue of detainee torture?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I will speak slowly so the member opposite will understand. There were four, plus two, which equals six.

I would like to point out that since the signing of the new enhanced agreement just a month ago, in addition to the visits, Canada has worked with the Afghanistan Independent Human Rights Commission. We have worked with the government of Afghanistan, including conducting workshops on human rights as well as working with the Afghanistan Independent Human Rights Commission to set up a human rights mandate for Afghanistan organizations.

We are making great progress in that regard. The member opposite is trying to cast aspersions and trying to bring some kind of misunderstanding. He is not helping our efforts in Afghanistan.

**Hon. Ujjal Dosanjh (Vancouver South, Lib.):** Mr. Speaker, as we have seen in the bungling on the detainee torture issue, no minister appears to be in charge of this file. We know from the foreign affairs department's own report that torture is all too common in Afghanistan and corruption is rampant in that country. TV stations are raided by the attorney general for being critical of him.

Under these circumstances, could the Prime Minister guarantee that detainee torture allegations will be vigorously and independently investigated?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Well of course, Mr. Speaker, that is exactly what we are doing in working closely with Afghan officials. We have our ambassador to Afghanistan, Arif Lalani, working explicitly on issues such as this with the Afghanistan government.

We have taken steps to deal with these allegations. We are continuing to work closely with the Afghanistan Independent Human Rights Commission as well as the Red Cross. Unlike the members opposite, we are not just talking about these things, we are actually doing something to improve the lives of Afghans.

• (1445)

**THE ENVIRONMENT**

**Mr. Jeff Watson (Essex, CPC):** Mr. Speaker, day after day the Liberals and the NDP feign indignation and pretend to care about action on climate change and the environment. But here is an inconvenient truth. While Liberals and the NDP talk about action on climate change, their irresponsible actions in the House speak louder. Those very same Liberal and NDP members are actively delaying the budget implementation bill and billions of dollars to clean and protect the environment.

Could the Minister of the Environment tell Canadians what critical environmental funding is endangered because of silly Liberal and NDP political games? What environmental action are they trying to delay?

**Hon. John Baird (Minister of the Environment, CPC):** Mr. Speaker, as usual I will just give the facts.

**Some hon. members:** Oh, oh!

**The Speaker:** Order, order. I know there is a lot of enthusiasm for facts in question period and if we are going to get some from the Minister of the Environment we have to have some order so that we can hear. The hon. Minister of the Environment has the floor.

**Hon. John Baird:** Mr. Speaker, the environment is not a laughing matter. We have \$30 million for the Great Bear Rainforest in the riding of the NDP member for Skeena—Bulkley Valley. This is one of the few coastal temperate rainforests that the government is taking solid action to preserve.

There is \$225 million for the nature conservancy of Canada to help protect ecologically sensitive lands. The opposition should stand up, support a great budget, and support a budget that will support the environment and not let these important investments slide.

\* \* \*

**JUSTICE**

**Ms. Peggy Nash (Parkdale—High Park, NDP):** Mr. Speaker, just weeks after the senseless killing of Jordan Manners and hours after a rally in his honour, another Toronto neighbourhood this weekend was rocked with gun violence.

The Conservative strategy is not working because the government does not keep its word. It broke its promise to fund 2,500 police officers, to invest \$50 million for youth at risk programming, and all the while the illegal guns continue to flood across our border from the U.S.

When is the government going to get serious about stopping the flow of guns across the border and when is it going to fulfill its promise on youth crime prevention?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, first, our hearts go out to those who have been impacted with the loss recently as a result of gun crime in Toronto.

*Oral Questions*

Along with that, it is important to congratulate the city of Toronto and its police forces there because they have taken the strategy of having more police officers on the street, being more aggressive about gun crime, and using the approach on gun smuggling to which we have increased resources.

We want to see gun crime reduced. That is why we are getting aggressive on it and in Toronto, notwithstanding these tragic incidents, gun crimes have been reduced because of the aggressive action of the Toronto police.

**Ms. Peggy Nash (Parkdale—High Park, NDP):** Mr. Speaker, with no thanks to the government, the numbers are still far too high. Our children are being shot and are dying on Toronto streets.

We need action now by investing in youth programming, child care and housing. These are all part of Toronto's community safety plan. The city has invested \$35 million. The Conservatives have invested virtually nothing. There are broken promises on youth programming and child care spaces, and there is no money for housing.

Is it that Toronto families just cannot trust the government to keep its word because it never intended to keep its promises or is it that it just does not care?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, most people realize we have significantly increased resources when it comes to reducing crime. We have followed through with our commitment to see 1,000 more RCMP officers from coast to coast.

I am in discussions and getting good feedback from attorneys general and ministers of justice relating to our commitment on the 2,500 police officers.

We have a \$64 million drug strategy. We have put millions more into the whole issue of youth gangs and youth at risk. I was able to announce that in a significant way again on Friday in Halifax. It was well received by the local communities and the groups that are working hard with us to reduce—

**The Speaker:** The hon. member for Sydney—Victoria.

\* \* \*

**AFRICA**

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Mr. Speaker, the Prime Minister's trip to the G-8 meeting last week was a major failure. Foreign aid advocates, whom he refused to meet, have singled out the government and the Prime Minister for failing Africa.

**Some hon. members:** Oh, oh!

• (1450)

**Hon. Mark Eyking:** Mr. Speaker, order here.

**The Speaker:** I thank the hon. member for his assistance. I have said it several times.

**Hon. Mark Eyking:** Mr. Speaker, the Prime Minister has reduced Canada's pledge, refused any progress and shifted his focus away from Africa.

With our country being one of the richest, why are we showing the poorest results? When is the Prime Minister going to stop this

embarrassment and keep Canada's promise to the poorest of the poor?

[*Translation*]

**Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC):** Mr. Speaker, that is indeed what the Prime Minister did last week. He ensured that Canada was on the right path to meeting its commitments to Africa for development. The Prime Minister also joined his G-8 colleagues in making an announcement concerning the future of Africa.

[*English*]

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Mr. Speaker, when the Prime Minister was questioned in Germany about his failing record in Africa, he said that “in the case of Canada, we have a different neighbourhood than Europe”.

What an embarrassment. The Prime Minister is implying that because Africa is not in our neighbourhood we should neglect its plight. This is a disgrace.

Canada was once a leader in aid to Africa. Why is the government letting the Africans down?

[*Translation*]

**Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC):** Mr. Speaker, it is quite the contrary. The Prime Minister said that Canada would be committed to Africa. He also said that developing countries in our neighbourhood need help too and that Canada was prepared to help them as well.

\* \* \*

[*English*]

**CRIME PREVENTION**

**Hon. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, the community safety and crime prevention program focuses on the root causes of gang violence in communities. The Kitchener-Waterloo Multicultural Centre was devastated after passing three levels for approval in its project and then last Friday finding out that no money was coming. This is a program that works in my community.

Because of the indifference of the Minister of Canadian Heritage, its good work of integrating and empowering new Canadians is now at risk, but the minister thinks everything is just great. How many crime prevention groups does the minister plan to victimize this year?

**Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC):** Mr. Speaker, we as a government are working toward improving communities and making them safer. We have just heard from the Minister of Public Safety about all the initiatives we have undertaken in the 16 months that we have been in office.

*Oral Questions*

We are looking at it multilaterally, with multi-aspects of all the responsibilities of all the ministers. We will continue to do so because Canadians want their communities to be safer and stronger.

**Hon. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, these are agencies with proven track records and partnerships in a Community Safety and Crime Prevention Council that has been working in Waterloo region for years.

Unfortunately, nobody can believe what the Minister of Canadian Heritage is saying, so now, when the Minister of Public Safety announces his so-called focused approach to crime prevention funding, alarm bells go off.

If that is true, when can Kitchener Waterloo Counselling Services, the Kitchener Downtown Community Health Centre and the multicultural program in my riding expect to hear about their funding? Are these crime prevention groups being “refocused” right into the Conservative garbage can?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, in the last few months my colleagues and I have been involved in announcing crime prevention programs right across the country. We do not think it is the part of the federal government to impose a certain type of program. We want to know what works. We want to see groups with proven records. They are coming forward in a very positive way.

I will tell the House what we are wondering about. We are wondering why the Liberals will not support us in other areas also, in terms of legislation, for instance, legislation that would require mandatory jail time for those who commit crimes with firearms. Why will the Liberals not support us on that?

\* \* \*

[Translation]

**OLDER WORKERS**

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Speaker, the Minister of Labour is once again using smoke and mirrors. His announcement yesterday completely ignores workers who spend their lives with a company and lose their jobs at 55. Since it is difficult for them to retrain, they are left with nothing.

What is the Minister of Human Resources and Social Development waiting for to introduce a real income support program for older workers who have been the victims of mass layoffs, to make it possible for them to live a decent life until retirement?

• (1455)

[English]

**Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC):** Mr. Speaker, I think it is very important that the member has asked this question. As the member may know, Canada has established an agreement with the government of Quebec regarding a targeted initiative for older workers. A number of discussions are under way right now with various companies and sectors around the province of Quebec regarding this issue. I will be happy to say a little more about this in the days ahead.

[Translation]

**BANKRUPTCY ACT**

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I would like to ask the Minister of Labour whether, as we have been informed, he plans on tabling a notice of ways and means to amend the Bankruptcy Act, with the changes requested by the National Assembly.

I would also like to seek the unanimous consent of this House to fast-track the adoption of this bill.

**Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC):** Mr. Speaker, there comes a point when we must settle an impasse, and that time has come. We must think of the workers who risk losing their income if a company goes bankrupt.

Yes, we will table a new notice of ways and means which will take into account the desired changes and which will also ask the Senate to look at the old content and the new wording.

\* \* \*

[English]

**CANADIAN HERITAGE**

**Hon. Diane Marleau (Sudbury, Lib.):** Mr. Speaker, smaller museums that contribute to a community's vitality are being completely neglected. The government throws out big numbers, but those are for national museums. What about local museums? They are being starved by meanspirited Conservative cuts.

Funding for the museums assistance program is at its lowest level ever. Will the Minister of Canadian Heritage commit to reinstate and then increase funding for the museums assistance program?

**Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC):** Mr. Speaker, we have been very consistent. We do support our museums. We recognize our responsibility not only to our national museums but to museums right across the country. As I have indicated, there are 2,500 of those museums and we are providing the help where it is most needed.

In fact, under the previous government, less than 30% of the requests for summer student help were met. This is why we increased that amount by \$10 million over the next two years. That is going to help the museums where they need it.

*Oral Questions***THE BUDGET**

**Mr. Patrick Brown (Barrie, CPC):** Mr. Speaker, budget 2007 was a great budget for the people of Ontario. In fact, countless prominent Ontario provincial Liberals have praised it. Premier Dalton McGuinty said it “represents real progress for Ontarians”. The finance minister said there were “real positives for Ontario”. The intergovernmental affairs minister said it delivered “real results for the people of Ontario”.

The federal Liberals do not agree and are delaying the budget implementation bill. Can the Minister of Finance reveal to Ontarians what these silly Liberal political games will cost our province of Ontario?

**Hon. Jim Flaherty (Minister of Finance, CPC):** What a great question, Mr. Speaker. There is substantial support for the budget in the Liberal government of Ontario and no wonder, with \$1.4 billion and more in benefits for the people of Ontario.

For the environment, there is \$586 million to reduce greenhouse gas emissions and air pollution. In skills training, there is \$574 million for labour market training. In health, which is important to all of the people of Ontario, there is more than \$200 million to help reduce patient wait times. In science and technology, we are moving ahead with \$50 million to Waterloo's Perimeter Institute for Theoretical Physics. Not only that, but almost \$1 billion—

**The Speaker:** The hon. member for Ottawa Centre.

\* \* \*

**NATIONAL DEFENCE**

**Mr. Paul Dewar (Ottawa Centre, NDP):** Mr. Speaker, the Conservatives took Ed Broadbent's ethics package and tried to rebrand it as theirs. Ordinary Canadians were told they could expect a new way of doing business, with both accountability and transparency. Instead what we have is business as usual: nearly half of all military contracts to firms are awarded without any type of competition.

Will the Prime Minister tell Canadians when the government expects to begin doing business in an open and fair way? When will he bring his own accountability act into force? When will we get accountability?

**Mr. James Moore (Parliamentary Secretary to the Minister of Public Works and Government Services and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, we are doing things in an open and transparent way. We are getting value for taxpayers' dollars.

After 13 years of Liberal cuts to our armed forces, we think it is time to have a federal government that stands by its forces. That is what Canadians voted for when they elected a Conservative government and that is what we are delivering. In fact, I have a quote here that states:

Over the past thirteen years Liberal governments have cut back resources to the Canadian Forces...because a philosophical choice was made to diminish the military's place in Canadian society...

Who said that? Former Liberal defence minister David Collenette.

● (1500)

**Mr. Paul Dewar (Ottawa Centre, NDP):** Mr. Speaker, we wanted a government that was open and accountable. What we have is a defence minister who continues to lead by mistake. Now, without any competition, he is giving away contracts paid for by hard-working Canadians.

Who is checking his homework? The Minister of Public Works, the unelected minister who is not accountable to anyone.

The government does not get it. Rebranding government is not the same as actually changing government. Will the Prime Minister bring in the accountability act and apply the rules to all members of his party, to all members of his cabinet, so we can have—

**The Speaker:** The hon. Parliamentary Secretary to the Minister of Public Works and Government Services.

**Mr. James Moore (Parliamentary Secretary to the Minister of Public Works and Government Services and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, re-equipping our armed forces and getting them the tools and resources they need to fulfill the good work they do for the Canadian people is being done through a competitive process.

There are of course times when contracts have to be sole-sourced because only one person or one company can provide the equipment that our troops ask the government to provide them. At every opportunity for a competitive process, a competitive process is used. When there has to be a process through sole-sourcing, it is always done in order to get the best value for taxpayers' dollars.

We are following all measures of accountability. We are re-equipping our forces. We are doing what Canadians elected us to do.

\* \* \*

[Translation]

**MUSEUMS ASSISTANCE PROGRAM**

**Ms. Raymonde Folco (Laval—Les Îles, Lib.):** Mr. Speaker, the Minister of Canadian Heritage and Status of Women is trying to hide the museums problems under a pile of figures, but the cuts to the museums assistance program are having a serious impact. Even in the smallest communities, jobs have been lost and numerous projects and exhibitions cancelled because of the cuts this government has made.

Will the minister wake up to the disastrous impact her cuts are having on small communities? Will she promise to restore and increase funding for the museums assistance program?

[English]

**Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC):** Mr. Speaker, as I reiterated, we are committed to museums. In fact, we will be spending \$267 million this year for museums right across this country. That is a \$31 million increase over previous spending by the previous government.

## HEALTH

**Mr. Laurie Hawn (Edmonton Centre, CPC):** Mr. Speaker, my constituents do not care about political games. My constituents do not care for excuses. My constituents care about the things that affect their daily lives, such as a better health care system.

[Translation]

In its 2007 budget, the government invested heavily in improving our health care system by reducing wait times, improving electronic health records and helping people with spinal cord injuries.

[English]

However, the Liberals and NDP just do not care as they delay the budget bill. Can the Minister of Health reveal to Canadians what health funding will be lost because of cheap Liberal and NDP partisanship?

[Translation]

**Mr. Steven Fletcher (Parliamentary Secretary to the Minister of Health, CPC):** Mr. Speaker, in fact, the actions of the Liberals and the NDP are threatening some projects. Here are some examples: \$600 million for wait times guarantees, \$400 million for the Canada Health Infoway, \$100 million for Genome Canada and \$30 million for the Rick Hansen Foundation. The Liberals and the NDP are showing their true colours.

**The Speaker:** The time for question period has expired.

## ROUTINE PROCEEDINGS

• (1505)

[English]

## COMMITTEES OF THE HOUSE

## JUSTICE AND HUMAN RIGHTS

**Mr. Art Hanger (Calgary Northeast, CPC):** Mr. Speaker, I have the honour to present, in both official languages, the 16th report of the Standing Committee on Justice and Human Rights in relation to Bill S-211, An Act to amend the Criminal Code (lottery schemes).

Given the workload of the past few weeks, the committee has been unable to give the bill the consideration it requires and therefore requests an extension of 30 sitting days.

**The Speaker:** Pursuant to Standing Order 97.1(3)(a) a motion to concur in the report is deemed moved, the question deemed put and a recorded division deemed demanded and deferred until Wednesday, June 13, 2007, immediately before the time provided for private members' business.

## CITIZENSHIP AND IMMIGRATION

**Mr. Norman Doyle (St. John's East, CPC):** Mr. Speaker, I have the honour to present, in both official languages, the 17th, 18th and 19th reports of the Standing Committee on Citizenship and Immigration entitled, "Citizenship Revocation: A Question of Due Process and Respecting Charter Rights", "Updating Canada's Citizenship Laws", "Immigration applications from areas affected by war, civil strife, or natural disaster".

## Routine Proceedings

## GOVERNMENT OPERATIONS AND ESTIMATES

**Hon. Diane Marleau (Sudbury, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the eighth report of the Standing Committee on Government Operations and Estimates.

The committee has considered the matter of government real estate and heritage buildings, the sale thereof and lease back and has agreed to table the report.

## PROCEDURE AND HOUSE AFFAIRS

**Mr. Gary Goodyear (Cambridge, CPC):** Mr. Speaker, I too have the honour to present a report today, in both official languages. This is the 54th report of the Standing Committee on Procedure and House Affairs concerning the Conflict of Interest Code for Members.

The report is the result of extensive work by a subcommittee charged with reviewing the code and the disclosure forms of members. I would like to take this opportunity to thank the members of that subcommittee, led by the chair of the subcommittee, the hon. member for Lanark—Frontenac—Lennox and Addington, for their hard work.

I would also like to point out the extensive amount of work done by the research analysts of the Library of Parliament in their assistance to the members, as well as the clerk and the committee staff who patiently sat through numerous and lengthy meetings.

If the House gives its consent, I would like to ask for concurrence in the 54th report later this day.

**Mr. Paul Szabo:** Mr. Speaker, on a point of order, with regard to the 54th report of the Standing Committee on Procedure and House Affairs, the chair of the committee will be asking for concurrence immediately without the House being aware of whether there is a change being proposed to the conflict of interest guidelines or indeed to the Standing Orders.

It would be helpful to know before voting on something which may affect members of Parliament.

**The Speaker:** Copies of the report, I am sure, are available. The member can see them. They have been tabled.

Is the hon. member for Cambridge seeking consent?

**Mr. Gary Goodyear (Cambridge, CPC):** Yes, Mr. Speaker, I am seeking consent. I think if you ask you will find that all the whips in the House have spoken and agreed. This is a report that was done by an all party committee. Other members from the House participated as well. There were a number of committee meetings where other members participated in this. If the member wants to do a bit of work, he might be able to find that report.

However, I have discussed this with the leaders of all parties, not all members because there are 308 of them, as well as the independents, and I am asking for unanimous consent that the 54th report of the Standing Committee on Procedure and House Affairs concerning proposed changes to the Conflict of Interest Code for Members presented to the House earlier this day be concurred in.

*Routine Proceedings*

● (1510)

**The Speaker:** Does the hon. parliamentary secretary have the unanimous consent of the House to propose this motion?

**Some hon. members:** Agreed.

**The Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

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**EXTENSION OF SITTING HOURS**

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I move:

That, pursuant to Standing Order 27(1), commencing on Wednesday June 13, 2007, and concluding on June 21, 2007, the House shall continue to sit until 10 p.m.

He said: Mr. Speaker, this is a motion that can be made one day a year, not on Christmas Day or Ground Hog Day, but this day, the 10th sitting day before June 23. It is a motion that can be made to allow the House to sit late into the evening.

I know that many members, when they look at that portion of the calendar and they see possible extension of sitting hours, they think that means we get to leave early for summer vacation, but that is not what it means. What it means is that under the Standing Orders of the House we can potentially sit and work late to get as much of the people's business done as possible because there are very important priorities for Canadians.

I will bear my soul here and say that it was not always my intention to move this motion. It was my hope that it would not be necessary. I was hoping that we would be making good progress.

For example, Bill C-52 in particular, the budget implementation bill was a bill which we believed we had an understanding with the other parties; in fact it had been shaken on by the member for St. Catharines, the member of the Liberal Party for Scarborough and others that it would be over to the Senate by June 6. Somewhere along the way the Liberal Party sought to treat it a little bit differently and as a result we are still debating it here almost a week later than the date we thought it would be over at the Senate. As a result of course we have lost considerable time to deal with other priorities for Canadians.

I want to talk about what those other priorities for Canadians might be, but first I want to focus on that number one priority which is Bill C-52, the budget implementation bill. As we have heard from many people in the House today, if that bill does not pass by the time the House rises for the summer, if that bill has not been dealt with, there are a number of financial priorities on issues that are very important to Canadians that will be lost, because it is a bill that reaches back to the previous fiscal year to spend funds. Those funds have to be allocated. The bill has to be passed and receive royal assent in order for those funds to be available in that fashion. If not, they are lost.

Some of those examples are ones which we have heard about today. The one that is at the top of my personal list is the \$620 million in the budget for the patient wait times guarantee trust. This is money that is allocated to assist provinces in addressing what is one of our number one priorities—actually one of our top five priorities; I should put it that way—from the last election. That priority is to achieve a patient wait times guarantee, to help people get the kind of health care they need on a basis that is reasonable, that is practical, that is clinically sound.

For too long we saw patient wait times under the previous government actually double in length. We have this much vaunted Canadian health care system that we all purport to believe in, but if we really believe in it, we have to see that it works. An important part of it working is that Canadians should receive the health care that they need on a timely basis. That is what the \$612 million is specifically aimed at.

The provinces are very anxious to receive these funds. It means a great deal for a lot of provinces. In my own province of Ontario that means \$200 million plus of real money that Ontario needs for its health care system. The same thing, together with other elements, will mean for the province of Nova Scotia for health care \$639 million including the transfer there. There is similar money throughout the country.

We are talking of significant funds. There are other elements in the budget. Much of that transfer will not be lost, as I said, because it is in the main budget funds, but the patient wait times guarantee money, that \$612 million, is money that will be lost if we do not deal with that on a timely basis.

Another one that is very important is the \$1.5 billion for the clean air and climate change trust. That is to help the provinces implement their plans to reduce greenhouse gases. It is very important.

On January 4 of this year, the Prime Minister addressed Canadians and identified what our priorities would be in government this year. One of those major priorities was to take real action on the environment. We have just seen that at the G-8 summit. In the summit declaration Canada's approach is an approach that is drastically different than it was for 13 years under the previous government when greenhouse gas emissions rose dramatically regardless of the commitments it took on. Now we have a national plan that results in real reductions, an actual plan that does that in both the short and medium term but also very importantly in the long term.



*Routine Proceedings*

•(1515)

It is that approach by the Canadian government that was hailed as an example not just by world leaders, by other G-8 leaders, but by journalists from around the world, by special interest groups. The World Wildlife Fund, for example, issued a statement heralding Canada's approach as a model. The reason it is held out as a model and an example is it is an approach that can be used regardless of how lousy one's track record may be. This is important for a lot of the major emitters that had not been part of the arrangements up until now or did not have obligations under Kyoto to implement, major emitters like China, India, Brazil and the United States, to get them to the table and realize that if we are going to take on the challenges of addressing greenhouse gas emissions and turning around the risk of climate change and what it can potentially do to our world, we are going to have to take action in the long term. That is the approach of Canada that is being held as a model.

An important critical component of that approach is to engage and involve the provinces and ensure that they have in their hands the resources they need to be able to deliver. A big part of that is that \$1.5 billion of ecotrust money, the clean air and climate change trust money. I underline that if we do not get Bill C-52 passed in time, that money will be lost.

This is where the delay and obstruction that the Liberal Party in particular has been conducting has been very harmful to the interests of Canadians who care about the environment, and in fact even those who do not care about the environment, because even if people do not care about it, it does affect them. It is important for all Canadians that they have that healthy environment.

Another example of the money that could be lost if Bill C-52 is not approved, if the Liberal obstruction is successful, is the \$400 million for the Canada Health Infoway project. This is state of the art technology so that people can have better health care, taking advantage of technology to improve our health care system. This is something that is very important for the provinces to be able to deliver on the health care for Canadians, for their residents. Again if the Liberals are successful in their delay and obstruction plan this is something that will be lost if the bill is not dealt with and does not receive royal assent in the near future.

There is another one that is of particular of interest to me because it does affect residents in my part of Ontario. In fact the announcement was made in York region where I live and where my constituency is. That is the \$225 million to protect endangered spaces, working in conjunction with groups like the Nature Conservancy of Canada to acquire sensitive lands that otherwise might be lost to development, or if not to acquire them, to put in place the kinds of conservation easements to ensure that they will be protected in their natural state for the foreseeable future, for as long as our legal regime remains in place, which is basically for as long as life continues as we know it. That money is very important but that money and the potential to protect those endangered lands will be lost if we cannot get the budget implementation bill passed in the appropriate time.

I also want to talk about the \$30 million going to the Rick Hansen Foundation. Rick Hansen is the man in motion, a great Canadian who rolled his wheelchair around the world. He is a very strong

personality and a great activist for his cause of spinal cord research. He suffered an injury but he showed that it did not hold him back and he did his around the world tour. I think it was in 1984 when he started his tour, which was an inspiration to all of us. The ongoing work of the foundation from the money he raised then is important. There is \$30 million that we would like to see dedicated to that foundation. That \$30 million would be lost if the Liberals have their way and they delay and obstruct this bill past the deadline we are dealing with.

For all of those reasons, the budget implementation bill is very important, not just because we want to see it passed, and that is a good reason, but there are actual, real consequences with a ticking clock, because of the fact that a significant amount of the funds are anchored in the previous fiscal year before March 31. That means we have to pass it before the books are closed. Basically we have to get royal assent. We have to get it all the way through before the folks here on Parliament Hill go home to their ridings for the summer. In order to do that, we want to see the potential to deal with this bill for as long as we need to.

•(1520)

I might add that we had hoped to be debating many other bills but the Liberals have chosen to delay this budget implementation bill in every way possible and for as long as they can, as we have seen in the House today and as we saw last Friday and so on. We have tried other measures to speed things along but they have stepped in to block them every time.

The other important bill that we need to deal with is Bill C-23, a Criminal Code amendment. Our justice agenda is very important, and Bill C-23 is a bill to update the Criminal Code provisions. It has come back to the House from committee and it is now at report stage. We would like to deal with that quickly but we will need some time in the House.

Similarly, we are expecting to see Bill C-11 on transport come back from the Senate with amendments. We will need to see whether this House agrees with those amendments or not. Bill C-11 is an important bill that has been around a long time, as members can see by the number, and we have been waiting for about a year to deal with it.

We also have Bill C-31, the election integrity bill. It is in the Senate and the Senate has indicated a desire to make some amendments to the bill. We and, I think, all parties would like to see that bill in this place, or at least three of the parties in the House would. The bill was amended at committee and we, as the government, accepted the amendments proposed by the Liberals and the Bloc.

Unfortunately, the Liberals in the Senate had a very different view of how the bill should work from the Liberals in the House of Commons. The Liberals in the Senate are actually getting rid of the House of Commons Liberal amendment on how to deal with the lists and the disclosure of information to political parties. They actually changed it to a position that was identical to what the Conservatives had originally proposed at committee.

*Routine Proceedings*

As a result of the Liberals in the Senate deciding that they do not agree with the Liberals in the House of Commons, it means that we as the House of Commons need to deal with that bill one more time once the Senate has dealt with it.

We are waiting for that little ping-pong game between the Liberals in the Senate and the Liberals in the House of Commons to come to an end. When it does end, hopefully we can achieve a resolution on which we can all agree to ensure that future elections will proceed with a greater degree of integrity and probity, something that is very important to all parties and all members of this House.

Another bill that has come back after a long stay at committee is Bill C-42, the Quarantine Act, a very important bill on health matters and something we would like to deal with.

I know of one bill that the opposition House leader, the member for Wascana, has been very generous in showing a willingness to fast track and deal with very quickly and we are hoping to have it at report stage in the House very soon. I think we are in a position where we can do that very soon. I know other parties want some level of scrutiny so the very generous offer of the opposition House leader was one that we took up, but not everybody did. We can seek to get it passed through as many stages as possible in the House as quickly as possible. The bill I am talking about is the one dealing with Olympic symbols. I would like to see it dealt with on the House of Commons side and then go to the Senate.

That is an important bill for the folks who are putting together the 2010 Olympic Games in Whistler and Vancouver. It is important because it deals with copyright, trademarks and the like. We all know how challenging it is to put on these kind of games in this day and age and the ability to protect copyrights, to deal with merchandise and to generate that revenue to support the athletes, the games and the legacy venues that will be constructed as a result of that is important to the people who are involved, whether it be the athletes, the organizers or the people in those communities who will benefit from the legacies.

We are also waiting on other bills, such as Bill C-51, the Nunavik Inuit land claims, and Bill C-59 on video piracy. Bill C-59 was just introduced but the newspapers are saying that it is an important bill because it would create some meaningful consequences for people who engage in the illegal video taping of major films with the ultimate objective of putting them on the black market to sell them illegally without the copyright rights to it. That is something that has been hurting the film industry.

In places like Vancouver and Toronto, in fact all across the country, the film industry has become very important, but those places in particular. It is important that Canada maintains its credibility within that industry and that we support our artists and the people who give value to that intellectual property and that we show leadership as a country in protecting it.

• (1525)

In the future, as we move away from manufactured goods and products to the kinds of services that have more to do with intellectual property, we need to be seen as real leaders in that regard. As I said, media reports are suggesting that all parties actually support Bill C-59, which is why we would like to move it quickly.

Another bill that we recently introduced would support the Red Cross/Red Crescent in the adoption of a new symbol. We need to do that here in Canada through legislation because of a charter that exists. The bill would create an additional non-denominational symbol, which is the Red Crystal, that can be used through ratification of a treaty. If the Red Crescent symbol or the Red Cross symbol creates some discomfort with the local population, the Red Cross/Red Crescent Society would be able to use the Red Crystal symbol as an alternate symbol, which is why as a country we need to recognize and ratify that it would have all the protections under the Geneva convention so that anyone would respect it. However, there would be consequences if people misused the symbol in trying to conduct an offensive military operation. The symbol would need to be used for the purpose intended, which is to protect and save lives in difficult scenes around the world.

All of the bills I have spoken about are on the House calendar. Some are in front of us and we would like to deal with them but others are still at committee.

I did not even speak to the first nations land management, which is a bill that was launched in the Senate.

We would like to see the passage of some bills that are still in committee and which we would like to see back from committee. We thought some would come back a little bit sooner, such as Bill C-6, the amendments to the Aeronautics Act. The committee has been doing clause by clause on Bill C-6 for almost a month now. I am glad to see that the committee is being that attentive but it is a bill that is important and we would like to see it.

The bill that I hope the committee deals with soon is Bill C-32 on impaired driving. I have spoken about the importance of justice and making our streets and communities safer. It was one of the five cornerstone priorities of the Conservatives when we ran in the last election. It was restated on January 4 by the Prime Minister as another priority.

I should acknowledge that we have had some good progress on getting some of those justice bills through the House but it was not easy. Some of them, like Bill C-10 dealing with mandatory penalties for gun crimes, stayed at committee. If one were to listen to politicians speak, one would think there is a consensus on the importance of mandatory penalties for gun crimes. Even the Liberal Party in the last election had that as one of its key elements in its platform.

*Routine Proceedings*

However, when it came to committee, things were a little bit different. The Liberal Party actually gutted the meaningful parts of the legislation and it held up the legislation at committee for 252 days. Fortunately, that time is past and, thanks to the support of the New Democratic Party, we were able to put some teeth back into that legislation and make it meaningful. The legislation now contains some meaningful mandatory penalties for those gang members and crooks who want to terrorize our communities with guns and commit violent acts. They will face real consequences. When they commit an offence like that they will go to jail. There will be no more “get out of jail free” card and no more house arrest as a solution. They will actually serve real jail time for some of those offences. Where there already were mandatory penalties, they will be tougher and stronger mandatory penalties so that we can take real action.

I know these are important justice issues for Canadians, and that the gun legislation is a part of it, but the other bill that we are waiting for from committee is Bill C-32 on impaired driving. It is very easy to deal with impaired driving on alcohol right now because we have breathalyzers and standards. However, a much more difficult element is driving impaired through the use of other illegal substances, such as controlled or narcotic substances, or, in simple terms, drugs. People who use and abuse drugs and then proceed to drive a vehicle are just as impaired, if not more impaired, as someone who has consumed excessive alcohol. The consequences in terms of the risk to other drivers on the road are just as great. It can change the lives of a family if someone were to die or become injured. The lives of a family could be absolutely shattered when an accident occurs because of that kind of behaviour.

● (1530)

**The Acting Speaker (Mr. Royal Galipeau):** It is with regret that I must interrupt the government House leader but we have questions and comments. The hon. member for Vancouver East has the floor.

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, the government does have the prerogative, on this particular day, to move Standing Order 27(1) for extended hours, but we need to question the government's sincerity and genuineness in what it is doing here today. We just heard a 15 or 20 minutes speech from the government House leader, I think the longest I have heard him give, outlining a whole list of government bills, but when we really look at the legislative agenda here, we see that if there is an urgency, if there is a crisis, it is something that is actually being manufactured by the government in terms of the lack of management of its own agenda. I will certainly go into that when it is my turn to speak.

If the government House leader is truly committed to dealing with all of the business that he has listed, why would he not commit to having the House sit until when the calendar tells us, which is June 22, the regular hours, dealing with business, allowing the committees to function and to have question period? It seems just a tad curious that he is using this Standing Order today allegedly to force through all of this business when the calendar already tells us that we have adequate time to do not only that, but all of the other business that is very legitimate in this place.

Why would the member not make a commitment to not use Standing Order 56(1), which is a procedure whereby he would try to overrule members if the government wanted the House to adjourn early? We have been expecting that too because I think the real game

plan here is that the government would actually like to get away from Parliament and away from public scrutiny and, therefore, this becomes a bit of a ruse.

Why will the member not make a commitment to have us sit, do the regular business, all of the business, not just what he chooses to do, rather than what is really a tactic to get out of Ottawa and out of Parliament as quickly as they can?

**Hon. Peter Van Loan:** Mr. Speaker, we have absolutely no intention of trying to get out of here early. The hon. member may have misinterpreted part of the wording of the motion. The motion actually says that we would sit every day until 10 p.m. up to June 21, and that hour is a substitute for the regular closing hour. June 22 is to be our last day.

The reason the motion is worded that way is not so that we leave one day early, but rather that we do not have a late sitting on that very last day to 10 p.m. The intention would be that the House would sit, barring any other agreement of the parties, until the normal closing hour on that last day. There is no truth in the member's interpretation.

It is very simple and my record on this is very clear. When we say something it is really easy to tell what we mean: listen to the words that we say. All spring we kept saying that we did not want an election and that we would not call an election. Whether it be the member for Vancouver East, the member for Wascana or others, they were always saying that the Conservatives would pull the plug and have an early election early and that is what they were up to. However, it was really simple. When we said that we did not want to have an election and we wanted to continue to govern because we had a lot of work to do, it is because we wanted to continue to govern and we have a lot of work to do.

The same is the case with our motion today. We have a lot of work to do, and unfortunately more work than we would have liked, because of the approaches of some of the other parties at committee and in the House in recent days, but that is what we want to do. We want to stay here and get our work done.

● (1535)

**Hon. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, my question will be on consultation, but I have comments to make first.

I am glad the House leader outlined a number of things that would be lost. It is because of Conservative mismanagement of the budget process that has put us in this position. Why did the Conservatives bring forward the budget so late in the year? If they might lose all these important things, why, from April 23 to May 14, did they not call the budget forward? Why did they bring it back so slowly at each reading? Why did they try their silly manoeuvre on Friday to end the debate, which failed? A number of people wanted to speak to the budget and they made important points today.

Canadians are happy that we are still debating the budget because it is falling apart at the seams. Taxing income trusts took a lot of money from seniors, and the government promised it would never tax them. This cost Canadian seniors billions of dollars. The government broke its promise on icebreakers. Its only promise to the north has suddenly vanished. There will be no icebreakers and no northern ports.

*Routine Proceedings*

Then there is the income tax increase, heaven forbid. The Conservative government raised the income tax rate from 15% to 15.5%, and has not done anything about it in this budget.

Museums are in an uproar today. Do members think they are not happy we are still debating the budget? They want their say. They do not want the budget to go through with all of these problems in it.

What about interest deductibility on foreign investments? Canadians are happy we pushed on this issue and had the decision reversed.

People in Atlantic Canada and Saskatchewan are in an uproar over the Atlantic accord. They are happy that we are still debating this.

The other reason the Conservatives have called for this is because of the poor legislation that has come forward and caused so much debate. The House leader himself talked about one bill that was so bad it took 252 days.

A few days ago the Minister of Indian Affairs said that another bill was bad. There are only nine operative words in the bill and it has taken 20 days.

A lot of people have complained because of the bad legislation and there has been no consultation. Many groups across Canada have said that the government's bills are bad. They were never consulted. That is why the process has taken a long time. That is why everything has been held up in committee.

Why does the member not change the government's way of operating committees and start consulting so bills come to Parliament having been better prepared?

**Hon. Peter Van Loan:** Mr. Speaker, our way of operating is very simple. We are trying to deliver results for Canadians on the things we committed to do in the last election. Unfortunately, some other parties are more interested in political gamesmanship, or advantage, or delay or obstruction.

The hon. member for Yukon referenced Bill C-44, which has an operative clause of nine words. The bill's real effect is to give human rights to our first nations people, human rights they have been denied under the Canadian Human Rights Act. We are ready to proceed with that, we want to proceed with it and we would love to proceed with it. Opposition parties are intent on delaying the bill at committee. They would rather go on a summer vacation than give first nations human rights, and that is a shocking thing to me.

I cannot share the member's sentiment at all. We are determined. We are trying to get things done. We made commitments to Canadians in the last election, and now we are delivering on those commitments. The budget implementation bill is an important part of that.

The overall budget does great things for Canadians. In two budgets, in two years, we are paying down \$13 billion and \$9 billion on the debt, \$22 billion paid down on the debt. That is a real benefit for every Canadian.

Canadians elected us to do these things. They elected us to keep spending under control, to help families make ends meet on the things—

**The Acting Speaker (Mr. Royal Galipeau):** The hon. member for Abitibi—Témiscamingue.

[*Translation*]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Mr. Speaker, I will not play politics. I will quickly ask my question.

I am very surprised to hear the Leader of the Government in the House of Commons talk to me about Bill C-44 when he is not familiar with the file. In fact, he is talking about Bill C-34 instead of Bill C-44. He should come to committee to see the work we are doing.

I have a very specific question. We have an all-party agreement on Bill C-51 on lands in the far north claimed by the Inuit, who have been waiting for 10 years. There is also an agreement on Bill S-6. We have an agreement among all parties, including the government party.

Why not put these two bills to a vote tomorrow? It would be done and resolved. There is no need for a study, especially since everyone agrees on fast-tracking these two bills.

● (1540)

**Hon. Peter Van Loan:** Mr. Speaker, if the hon. member had looked in the notice paper, he could have found last week's responses. That is exactly what we intend to do, but first Bill C-52, Budget Implementation Act, 2007, needs to be passed. That is the priority. Then I truly hope for the passage of Bill C-51.

[*English*]

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, it is unfortunate that the government, in proposing this motion today, has chosen once again to maintain its habitual lack of consultation and reluctance to attempt a collaborative approach to organizing the business of the House.

On more than one occasion, as I think the Chair will remember, I asked directly whether the government intended to make use of Standing Order 27. As other House leaders can confirm, the reply was, "probably not". I do not think we would be off base in the opposition in expecting that if that were no longer the case, if the government had in fact changed its mind, that it would have decently given us a heads-up that it was going to propose this motion today, at least given us that notice some time earlier than around one o'clock this afternoon.

Frankly, as we saw the government House leader making his travels across the floor of the House, I will not say where he went, the heckling and yelling as he departed the chamber obviously indicates the kind of demeanour of which we have to deal.

I do not see what there is on the order paper at present that this motion will get through the House any more quickly than would have otherwise been the case. I presume, judging by the government House leader's remarks, that the government is principally concerned with Bill C-52, the budget bill.

*Routine Proceedings*

It has represented to the House and to the public that the government is now extremely concerned the bill will not receive royal assent in time for certain expenditures to be booked in the appropriate fiscal year. Let us be clear. The fiscal year the Conservatives are talking about is 2006-07, and that is the point.

The issue is retroactive fiscal bookings for the last fiscal year, not the future fiscal year, as members would have gathered from the remarks of the government House leader. If there is concern about the lateness of the date, the government really has only itself to blame.

Usually federal budgets are delivered in or about the third week of February, which then permits the introduction of a budget implementation bill by the end of that month. If things are properly managed, this would permit the bill to be in committee before the end of March and to be passed at all stages by the end of May or, at the very latest, the beginning of June.

This year the government chose, for its own partisan reasons, to delay the budget until the third week of March. We did not even see it until then. Then it unilaterally interrupted the budget debate. Then having finished that, belatedly, it interrupted, again, the second reading debate on the budget implementation Bill C-52. That interruption lasted for three full weeks, getting the bill to committee only in the middle of May.

As a consequence, the government then bulldozed the bill through the committee, breaking procedural agreements, denying many interested and informed citizens and groups the right to testify on the bill. Let it be clearly understood that any procedural issue on Bill C-52 is a direct result of government breaking the agreement on the process, which had been fully settled by members of the committee.

Nevertheless, the bill is now only in its third day of debate at third reading and there is every indication that the third reading and final stage would come to an end in debate in the House by the end of business tomorrow at the latest.

It is important to underscore what these dates are with respect to the budget. Remember that the House resumed in the final week of January. The budget was not presented to the House until March 19, fully eight weeks into the parliamentary sitting. That was followed by a ways and means motion and the introduction of the budget bill, but that was delayed because the government interrupted its own budget debate on the financial principles of the government.

Its budget was late, the budget debate was unilaterally delayed by itself and then it finally got around to introducing the budget bill on March 29, which was debated at second reading for the first time on March 30. It was then debated in a haphazard, sporadic fashion, brought forward to the floor by the government, until April 23, and then it was hoisted altogether. The House did not see it again until May 14, full three weeks later.

• (1545)

Finally, it went to the committee, not as a result of any filibuster by the opposition or any party in the opposition. The delay was entirely the procedural mismanagement of the government. It was there for less than two weeks and one of those weeks was a break week when Parliament was not even sitting.

It finally passed through the committee, rather expeditiously, thanks to the cooperation of the opposition, and it was brought back to be debated at report stage on June 4. For how long? One day, that is all the report stage took. Now it is at third reading where there have been three days of debate, and probably a conclusion could have been arrived at very easily by the end of the day tomorrow.

This is why I made the point at the beginning of my remarks that there really is nothing on this order paper that could not be dealt with in the ordinary course of business without the measure the government House leader has introduced. Obviously it is a tactic to blame the opposition for the delays that lie entirely within the control of the government.

What is it then? If it is not Bill C-52, what is it that causes the government to move the motion today? Despite frequent requests for the government to outline its realistic legislative priorities before the summer, all we have heard repeatedly from the government House leader and from others on the government's side is a flow of partisan rhetoric. Legislation has in fact been moving along through the House and through committees, despite the government's erratic management of its agenda.

In fact, the most controversial bill on the order paper, and this is what gives me perhaps a little hope here, is probably Bill C-30, the clean air act, as it has been revised by members of Parliament. Significantly, only the government has been stalling it up to now. However, now we will have some extra time, some extra hours of sitting every day beginning on Wednesday.

Can we then conclude that the extra time the government is seeking is to facilitate the work of the House in consideration of Bill C-30? I certainly hope so. It is in this fervent hope that I indicate to the House that my party, the official Liberal opposition, will support the minister's motion for the extension of hours.

In the time available, in addition to Bill C-52, which will probably be done tomorrow, and in addition to Bill C-30, which I hope the government has the courage to recall and put before the House once again, the official opposition also looks forward to making progress on Bill C-11, lowering freight rates for farmers, on Bill C-14, dealing with foreign adoptions, on Bill C-23, dealing with criminal procedure, on Bill C-29, dealing with Air Canada and the use of official languages, on Bill C-35, dealing with bail reform, on Bill C-47, dealing with the Olympic, on Bill S-6 and Bill C-51, dealing with land claims and on Bill C-40, the private member's legislation that would provide free postage for mail from Canada to our troops in Afghanistan.

Then there is an item that was referred to in question period today. This is the bill we are anxiously awaiting to see, the one dealing with wage earner protection. I hope the government will follow through on the commitment given in question period, that it will table the bill in amended form so it can be passed at all stages and brought into law before Parliament adjourns for the summer recess.

*Routine Proceedings*

Let me mention one other matter, which is outstanding and which should be dealt with by the House, or at least dealt with by the government when the House is sitting. This is the examination undertaken a few weeks ago by Mr. Brown in connection with the matters that have been of great concern to Canadians in respect of the RCMP pension fund.

● (1550)

As we understand it, there is a report due from Mr. Brown on June 15. That was the original undertaking given by the Minister of Public Safety. It would be very important for us to know that the examination is on time, that we will hear from Mr. Brown on time, and that the Minister of Public Safety will take the step that he promised to take and make that report public immediately.

Perhaps the government might also consider, in whatever time that remains before the summer recess, reforming its approach to the mood in the House. The mood could be improved if the government would refrain from certain of its more hostile practices. For example: no more gratuitous attack ads, no more broken agreements on how witnesses will be heard, no more manuals about dirty tricks for disrupting parliamentary business, and no more devious games to misuse Standing Orders of the House. A little good old fashioned good faith could change the mood for the better.

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, you were in the Chair on Friday when the Conservatives tried to bully us around and wanted to pass a motion. In fact, it was the first time that you had to handle such an issue and you did a good job on that day by not letting them bully the House and extend the debate that day.

I was listening to the hon. Liberal House leader. I have a question for him. Why would the government not come to the Liberal House leader on Friday to say that it will be bringing this motion forward today? In fact, the government brought it forward at 1 o'clock today. This is exactly what bothers me and this is exactly what bothers the people from Newton—North Delta, and many Canadians. When it comes to the transparency, accountability and credibility of the government, that is where the problem is.

I would like to ask the hon. Liberal House leader to comment because when we wanted to pass the legislation on crime with unanimous support, the government House leader never agreed to pass it. Would the Liberal House leader care to comment on the accountability, transparency and credibility of the government when it tries these bullying tactics in this Parliament?

**Hon. Ralph Goodale:** Mr. Speaker, let me say first of all that I think the events on Friday afternoon were quite unfortunate. I had mentioned in my remarks that it would improve the atmosphere in the House, if we did not have any more recourse by the government to that kind of devious tactic.

Obviously, it put the table and the Chair in a very difficult position, and I would like to join the hon. member in congratulating both the table and the Chair for dealing with that matter in accordance with the rules of the House, which solved a bit of a parliamentary crisis at the time.

On the issue of the justice bills, it is true that there has been an enormous number of one-off justice initiatives brought forward

through this Parliament. I think 13 or 14 altogether. They had the potential of causing a backlog in the justice committee.

In light of that, we took the extraordinary step, we thought a very constructive step, last October to say that in order to save time in debate, save time in the justice committee, we were prepared to fast-track a number of those initiatives, to see the debate curtailed or focused, and in some cases passed through the entire parliamentary procedure without further debate.

If that offer from the official opposition had been taken up when it was first made in October last year, fully three-quarters of the government's justice agenda would presently be law in this country. It is just not available to the government to say that somehow the official opposition, at least, has been the cause of any delay with respect to the substance of what the government brought forward in its justice bills.

What we did say was that those bills in themselves were insufficient, that we needed to focus also on crime prevention, that we needed to focus also on more police officers on the street, and that we needed to focus also on more Crown prosecutors so that Crown prosecutions and the caseload could be handled in a timely manner.

We also said that we needed modern investigative techniques, and we had to have better coordination between different governments and different law enforcement agencies. We needed new laws to protect children against Internet luring and seniors against identity theft.

We made a whole variety of constructive suggestions about how to have a comprehensive justice agenda, but part of the proposal was to say that, insofar as the government had brought forward an agenda, we were prepared to fast-track three-quarters of that, and I think that was a constructive response.

● (1555)

**Mr. Joe Comartin (Windsor—Tecumseh, NDP):** Mr. Speaker, to my colleague from Wascana, I guess I have a similar question in seeking a commitment from the Liberals. We are very concerned that this motion today is simply a smokescreen on the part of the government to force the budget bill through and as soon as it is through and out of this House the government will bring in a motion under Standing Order 56.1 to adjourn this House.

As my colleague knows, probably much better than I, there is a way of stopping that motion, which is that 25 members of this House stand up and signal that they are opposed to that motion.

I am asking him today if he is prepared to commit that the Liberal Party will always have a substantial number of members in this House to oppose the motion if in fact it is brought forward by the government?

**Hon. Ralph Goodale:** Mr. Speaker, on the opposition's part we always try to encourage the best possible attendance in the House. In fact, the government may resort to that tactic. It would certainly not be our intention to support the tactic.

*Routine Proceedings*

**Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC):** Mr. Speaker, I look forward to asking a question of the opposition House leader. He has spoken of some of the games that have been played in this House. I have been quite disappointed with some of the games that Liberal members have been playing. Maybe I could get assurance from him that the Liberals will start working hard at the environment committee.

There have been many that went to the GLOBE International Conference just prior to the G-8 plus 5. There were two Conservative members, two Liberal members, a Bloc member and an NDP member, the six of us that attended. In Berlin we heard good solutions from numerous countries in addressing greenhouse gas emissions and climate change.

I have repeatedly asked in committee for an opportunity for each of the members in the spirit of accountability to provide a report to the environment committee. Does that member support having a report from all members on what they experienced at that GLOBE Conference?

**Hon. Ralph Goodale:** Mr. Speaker, obviously, there are few issues of greater import to this House or greater import to Canadians than a successful battle against climate change. In respect of the work of this Parliament and the work of our standing committees, one of the finest bits of work that was done was the rewriting of Bill C-30.

The bill was obviously dead on arrival when it was first presented in this House last fall. Everybody agreed, whether they were in Parliament or in the NGO movement or in the private sector or in provincial governments, that Bill C-30 as originally drafted was an utter disaster.

Now a parliamentary committee has gone to work on Bill C-30 and has actually made it a good piece of work. I am glad to say that it includes the vast majority of what my leader first proposed in terms of the concept of a carbon budget and the other measures to get serious in this country and around the world in the battle against climate change.

I think it would be very useful if the government would now pick up the good work that was done by the parliamentary committee, bring Bill C-30 back to this House, so we can have a real debate on the things that need to be done to actually deal with the climate change issue.

In addition to that, I would also hope that we would have a real good discussion about the potential for carbon capture and sequestration in dealing with carbon dioxide which has tremendous potential for improving the climate, not only here in Canada but around the world.

• (1600)

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Mr. Speaker, I would like to ask the hon. member, in his capacity as a former finance minister, if he is aware of any budget in the past 15 years where the debate on the budget has lasted more than 48 hours? Here we are approaching almost three months and still the government delays its own budget.

**Hon. Ralph Goodale:** Mr. Speaker, there is a common saying among all finance ministers, whatever political party they may be

part of, that if a budget is still a matter of public debate, never mind parliamentary debate but public debate, after about 48 hours, then there is a problem. If it disappears in 48 hours, it is probably a great success.

This one has gone on now for more than two months and that indicates this is a budget that is in fact seriously flawed. A great many Canadians, including many of the provinces, have a great deal of difficulty with this budget.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, we have before us a motion which asks, pursuant to Standing Order 27(1), that commencing on Wednesday June 13, 2007, and concluding on Thursday June 21, 2007, the House shall continue to sit until 10 p.m.

The Bloc Québécois will support this motion because we are determined to see Bill C-52, the budget implementation bill, passed before we adjourn for the summer. As you know, this bill contains some significant transfers for Quebec. They do not correct the fiscal imbalance, but they will make it possible to relieve the fiscal and financial pressures Quebec is experiencing.

The Bloc Québécois set the bar at \$3.9 billion in additional transfers to Quebec, the third year, to be satisfied with the budget. As you know, there is \$3.3 billion. More remains to be done, especially when it comes to post-secondary education, but we think that with \$3.3 billion for Quebec in the third year, an important step has been taken to relieve Quebec's financial pressures.

Once again, this does not correct the fiscal imbalance. A solution to the fiscal imbalance will take negotiations to transfer tax points equivalent to the transfers for post-secondary education and health care to Quebec, to prevent Quebec from being at the mercy of unilateral decisions by the federal government. In the mid-1990s, for example, when the former finance minister and former Prime Minister decided unilaterally to cut transfers to the provinces in order to solve the government's problems, this created problems for the provinces. It is therefore extremely important to us that the budget be adopted before the summer recess.

In addition, I do not completely share the opinion of the House leader of the official opposition that we are referring to 2006-07 when we are talking about closing the books. It is true that when the books are closed in September, they will be the books for 2006-07. But if we have not disposed of the budget surplus, if we have not decided how the surplus is to be used before the books are closed, that money could well be used simply to pay down the debt.

I have an opinion here from the Library of Parliament that supports what I am saying. I would like to read a short excerpt from it:

If the budget were adopted before the end of the fiscal year but the Budget Implementation Act creating the trust [we are talking here about the Canada ecotrust] were adopted later in the 2007-08 fiscal year but before the government's books were closed, for reasons related to the parliamentary calendar, a portion of the 2006-07 surplus could no doubt be deposited in the trust.

It is very clear, then, that if we do not dispose of the budget before the House rises for the summer, that money will no longer be available for the Canada ecotrust, because the books will be closed in mid-September. This is also true of certain amounts for the health trusts.

*Routine Proceedings*

We cannot take that risk. That said, the Bloc Québécois had another extremely serious concern. When the government talked to us about the possibility of introducing this motion, we indicated that what was important to us was the budget—and we are going to work to get it adopted as soon as possible—but that we also wanted an amendment to the notice of ways and means motion concerning the Bankruptcy Act and protection for workers' salaries when their employer goes bankrupt. We told the government that this was imperative for us.

As I was saying, we will support this request for extended hours. It is a priority not only to ensure that the notice of ways and means is tabled and corrected by taking into account the unanimous motion of the National Assembly, but also that the government agrees to fast tracking this bill to amend the Bankruptcy Act so that wage earners are protected—which is what all parties in this House now want—and that the laws of Quebec and the Civil Code of Quebec are respected.

• (1605)

Earlier, in response to a question that the Bloc Québécois asked and that I myself asked the Minister of Labour, we were assured that sometime tomorrow an amended notice of ways and means, taking into account the unanimous motion of the National Assembly, would be tabled with a bill. I think we will have the unanimous consent of all the parties in this House. I do not see why the New Democratic Party or the Liberal Party would oppose the will expressed so many times by the government and the Bloc Québécois

I would like to take this opportunity to congratulate my colleague for Saint-Bruno—Saint-Hubert, who worked so hard on this and who never stopped hounding the entire Conservative government—especially the Minister of Labour—to achieve today's result. With these two guarantees, we feel comfortable knowing that Bill C-52 will be adopted before the summer break. This will ensure that Quebec receives the transfers it needs even though this bill does not close the debate on the fiscal imbalance. This will also put workers in Canada and Quebec on the list of preferred creditors, thereby giving them new protection when businesses go bankrupt. The creation of a wage protection fund will give them a chance to be compensated should their employers be unable to pay their wages. We think that this is extremely important.

As my colleague mentioned earlier, one of our priorities is Bill C-51, which would cede certain islands that are currently the property of the federal government back to Inuit nations. This is a request that dates back a long time, and it seems that everyone is in agreement. That is also the case for Bill S-6, An Act to amend the First Nations Land Management Act. We think it is very important that this bill be passed to bring justice to the first nations of Quebec. There is also Bill C-59, which would make using digital cameras to make unauthorized recordings of movies a new offence under the Criminal Code. Unfortunately, Canada, Quebec and even Montreal have become hotbeds of this kind of piracy, which is a threat to the development of the Montreal region's very prosperous film industry.

This idea has already been raised in committee by the hon. member for Hochelaga. If my memory serves correctly, he also introduced a motion adopted by the Standing Committee on Justice and Human Rights. We feel it is important that this bill is passed

before we break for the summer, which, incidentally, is not all vacation time. We have many appearances and meetings planned in our ridings. It is, however, a time for festivals, and we have many in the Lanaudière region. I invite all members to come and enjoy them. Furthermore, I would like to take this opportunity to once again ask the government and the Minister of Canadian Heritage to unfreeze the money, to ensure that these festivals can continue to provide relevant programming, not only this year, but also for years to come. She does not seem to be conscious of this. If, for financial reasons, one festival or another shows a deficit, that would jeopardize the survival, the development and the future success of that festival or those festivals. In that regard, it is very important that the government unfreeze the money immediately. I also think that common sense dictates that we focus our attention on bills, such as Bill C-47, for instance.

The Olympic Games will be held in my former riding of Vancouver. I think it is important to cover all aspects dealing with the legitimacy of all trademarks surrounding these Olympic Games.

For all these reasons, we support the government motion to extend the sitting hours to 10 p.m., beginning on Wednesday until Thursday, June 21.

• (1610)

I will close on another note, because I have not often had the opportunity to speak in this House, since I became the House Leader of the Bloc Québécois. Indeed, I had more occasions to address this House when I was the Bloc Québécois finance critic.

I would like to thank Catherine Lacroix, who works in the whip's office, here behind the scenes. She will be leaving us a few days from now, after working here with us for many years. All the members of the Bloc Québécois—and I am sure this is also true for many members of all the parties—have appreciated her finesse and her ability to work well under pressure, while always keeping a smile on her face. She plans to travel for a few months, in Europe, particularly.

Like Ulysses in Homer's *The Odyssey*, I hope she gains wisdom and fulfillment from her travels. I have no doubt that she will always be successful in all areas of her life. I would like to thank her and wish her all the best.

[English]

**Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC):** Mr. Speaker, I asked the House leader of the Liberal Party if he would support an opportunity for members who went to Berlin to the pre-G8+5 meeting called GLOBE International, where a position paper was established on solutions to cleaning up the environment. The Bloc had a member there. It was very good to be working together in looking at solutions.



*Routine Proceedings*

My question for the member is about whether he would support and encourage within the House, or actually at the environment committee, a report from all the members who went on that very important trip to look at the solutions in regard to climate change. Would he support directing his representative and those who went, and there are two members from the Bloc on the environment committee, on reporting to the committee how important this is to the environment and about the solutions that were learned about and shared there?

Canada did a great job in Berlin. We were well received, but we need to continue to work here in Parliament on finding solutions to clean up the environmental mess left by the previous government.

• (1615)

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I know that my colleague from Brome—Missisquoi was a member of the Berlin mission and really appreciated the work that was done there. However, with respect to the report, I do not see the problem. Nevertheless, we must not evade the issue. We are not very proud of our Prime Minister's performance at the G-8 with respect to achieving phases I and II of the Kyoto targets.

As such, I think that all of the parties agree that the government should bring Bill C-30 back to the House as soon as possible. This bill was amended by the Standing Committee on Environment and Sustainable Development. We have to continue the debate on this issue because the government has no allies in this House when it comes to environmental issues.

If we take a serious look at the proposals made by the Minister of the Environment, by the Prime Minister at the G-8, and by the Minister of Finance in this House, we will find that they do not meet the Kyoto targets. Furthermore, they do not include the territorial approach that would enable Quebec to take into account its efforts in past years in order to meet the Kyoto target of 6% below 1990 levels.

As we all know, the Prime Minister said at the G-8 meeting that he found the European community's territorial, country by country approach to negotiating targets very interesting. Despite the parliamentary secretary's question, I think that this issue must be addressed. The problem is that the government's approach is no good. It has not agreed to a territorial approach; it has no absolute intensity targets; and it is allowing greenhouse gas emissions to rise.

There has also been talk of opening a carbon exchange in Montreal to trade derivatives and take care of this economic and environmental aspect that would help our manufacturing industry. That said, in order to have a carbon exchange, we need absolute targets. The government does not seem to have understood that yet.

**Hon. John Godfrey (Don Valley West, Lib.):** Mr. Speaker, further to the question by the Parliamentary Secretary to the Minister of the Environment, I want to ask the hon. member the question.

As far as extending sitting hours is concerned, given the choice between discussing the trip to Berlin by the legislative group—which I was a part of with other members—and discussing Bill C-30, which would take an incredible amount of parliamentary work and countless hours of sessions, how would he prioritize these two choices?

**Mr. Pierre Paquette:** Mr. Speaker, it seems that in this context my speech was clear. I have nothing against adopting a report, but it is clear that in the choice between adopting a report and having a debate on Bill C-30 as amended by committee, that Bill C-30 not only is more important, but it has much more serious consequences for Canadian society, Quebec society and future generations. We must not lose sight of the fact that what we fail to do right now will have a negative impact in the future. We are already starting to feel it.

We must not get to the point of no return where our children, grandchildren and great-grandchildren will have to pay the price of our inaction for considerations that are sometimes rather questionable. More and more people truly realize that achieving Kyoto protocol targets and economic development go hand in hand. Not working on achieving the targets for phase I of the Kyoto protocol—and phase II when it is negotiated—will have a very significant economic cost. We see that with global warming and the effects that are already quite noticeable will only get worse over time.

In closing, it is often said that a two degree increase in the planet's temperature is not so serious. What struck me is that during the ice age, the average temperature in Quebec was three to four degrees less than the current average, and it was covered in ice. In other words, with two degrees more, the environmental, economic and especially societal effects will be disastrous for the entire planet.

• (1620)

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, I agree with the member for Joliette's comments about Catherine, who works in the lobby for the Bloc Québécois. I would like to say that she really worked professionally with all the political parties. I would like to wish her good luck.

I have a question for the Bloc Québécois. The House Leader of the Bloc Québécois talked about many important bills. I know that the budget is very important to him since he is voting with the Conservatives on it. This is very important for the Bloc members. But my question is about the other bills, such as Bill C-30.

I know that the member for Rosemont—La Petite-Patrie worked very hard on environmental issues. The government could introduce a motion to adjourn the House before June 22. Even though the calendar shows that the House can sit until June 22, it could be done pursuant to Standing Order 56.1. We need to have 25 members here. Since the Bloc Québécois is very disciplined, it will have no problem keeping 25 members in Ottawa. Will the Bloc members work with the other parties to ensure that there will be 25 members in the House of Commons so the Conservatives will not be able to adjourn before June 22?

It is all well and good to extend the number of hours per day, but if we adjourn on Wednesday, it will not do any good. Bill C-30 will be gone, Bill C-59 as well, and Bill C-29 will no longer be there. There is also the bill for workers.

*Routine Proceedings*

Can we have a guarantee from the Bloc Québécois that they will keep 25 people in the House of Commons to ensure that it will not adjourn?

**Mr. Pierre Paquette:** Mr. Speaker, we want to be able to pass a number of bills that we feel are priorities, and Bill C-52 on the budget is definitely a priority for us. The bill to amend the Bankruptcy and Insolvency Act and to create a workers' wage protection fund in bankruptcy situations is also a priority for us. Those are two of our main priorities.

Other important matters are First Nations land management, the issue regarding the Inuit, and the issue of piracy. If we have time to pass other bills before June 22, we would of course agree to do whatever it takes. Our goal is not to recess as quickly as possible, but to ensure that the bills that we feel are priorities are passed before the summer break.

[*English*]

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Mr. Speaker, I too would like to extend my best wishes to Catherine and I hope that she has a modest retirement.

If I understand the Bloc position, it is that as long as Quebec is getting its money, the Bloc is going to support the government. It is a bit of a deal with the devil and I wonder if the hon. member has thought carefully about the other victims of the budget. Has he thought about the victims of the income trust fiasco, which has literally thousands if not tens of thousands of victims?

I know that the Bloc Québécois supported the Liberal Party on the report by the finance committee. Has the member thought about the thousands of students—

**The Acting Speaker (Mr. Royal Galipeau):** The hon. member for Joliette has the floor for his response.

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, I feel very comfortable answering this question. Of course I do not think the battle surrounding income trusts is not over. Four years of transition are stipulated in the legislation. We do not think this is enough. During the next pre-budget consultations, we will make sure that our finance critic places the matter on the orders of the day—and I am sure the Liberal finance critic will do the same—in order to find a solution—

**The Acting Speaker (Mr. Royal Galipeau):** Order, please. 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 Laval—Les Îles, Canadian Heritage; the hon. member for Windsor West, the Oil and Gas Sector.

Resuming debate. The hon. member for Vancouver East.

[*English*]

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, I was happy to allow the House leader for the Bloc to go ahead of me in the usual order.

I will be sharing my time with the member for Windsor—Tecumseh.

I want to spend a few minutes laying out what is going on here.

First, we are all aware, as members of the House, that we receive a calendar every year. The calendar is very clear in that the House is intended to sit until June 22. We all agreed to this, all parties, through the whips. It is something with which we are all familiar.

We also are aware that on this day the government can, as it has done, move a motion for the extension of hours. We are debating a motion now as to whether the hours should be extended from June 13 to June 21 to 10 p.m. every night. The question that is really before us is this. Is this a warranted measure? After hearing the government House leader, this is a crisis that the government has manufactured.

Let us be very clear about what has taken place. This is happening because of the incompetence of the government in the management of its legislative agenda, its lack of consultation with opposition parties and its lack of calling its own bills. For example, we heard the government House leader talk about the budget bill, Bill C-52. He has said that he wants to get it through. There were 11 days when the Conservatives could have called the bill for second reading and they failed to do so. Instead they brought in all kinds of other bills that were quite inconsequential. If the budget were so important, they had ample opportunity to bring the bill forward for second reading.

I point out on the record that once it went through second reading, when the Conservatives finally brought it forward into the House and it went to the finance committee, the finance committee met for four sessions only to hear witnesses. It in effect fast-tracked that bill. It heard witnesses very quickly on a budget bill, which is core to our whole reason for being here. Then it was brought back to the House. We had one day of debate on the report stage. Now we are now debating third reading.

When we look at what has happened, it is clearly a manipulation by the government itself on its own agenda. I think what is happening is the Conservatives have brought forward this motion today for extension, even though they are saying the extended hours would go to June 21, so they can cut a deal to get out of here early. If we get out of here early and they get their budget bill, which we know they want, there will be no committees, no question period and no debate on other bills. That clearly needs to be put on the record.

In terms of management of other business, we have heard the government House leader say today that all these justice bills have to come forward. If we look at the agenda of the justice committee, the government made it a priority to deal with private members' business. It has taken up the valuable time of the committee to deal with private members' bills. Now we are being told it has all these other bills that it wants to get through. It really does not cut it. It does not make sense.

*Routine Proceedings*

I really appreciate the position you took on Friday, Mr. Speaker. At the very last moment on Friday, the government tried to bring in a very rare Standing Order, used for emergency debates, to deal with Bill C-52 and extend the hours to rush the bill through. To your credit, you listened to what members in the House had to say and you made the correct decision in the end. I want to thank you for that. These things are really important. We have to play in a way that is open and transparent, and I do not believe the government is doing that at this point. Therefore, we are very suspicious and skeptical about the agenda.

Again, another irony is the Conservatives are saying that they want to extend the hours of debate. Yet we have never seen the light of day for Bill C-30, the clean air and climate change bill that came out of committee. The bill was amended by the opposition. It is a bill that would work, and it has the support of the majority of members in the House. However, the government itself is refusing to call it forward. We will stay here for as long as it takes to debate that bill. We consider it is an urgent matter that Canadians want us to address.

• (1625)

We will stay here for as long as it takes to debate that bill. We consider it is an urgent matter, which Canadians want us to address. It is a priority that goes beyond all partisanship, but I did not hear the government House leader mention that bill.

The Conservatives would rather get out of here, not having to bear the public scrutiny in question period and committees and not debate all the other bills. They just want to get the budget through. I fear they have made a deal with the official opposition. I do not know that, but I can almost guarantee, even though these extended hours will be approved, in a couple of days, maybe Wednesday, they will find a way to adjourn the House. That is really their agenda.

As the Bloc House leader has mentioned, one bill that we believe must be brought forward is the ways and means motion. It used to be called Bill C-55, which was the wage earner protection bill protecting workers from bankruptcy. This has been an outstanding matter.

The government, again, has not engaged in adequate consultation with the opposition parties, which want to get this bill through. It was passed in a previous Parliament, but was never given royal assent. It is an absolute injustice that today workers still do not have protection from bankruptcy. Millions of dollars have been lost, legitimately earned and deserved wages of workers because they have not had the protection of that bill.

I want to put on the record today that this attempt by the government to bring in extended hours is really about adjourning the House. It wants to get a very bad budget bill through. It looks like the official opposition is now complicit in getting through a budget bill, which, as we have seen, is a disaster in Atlantic Canada in that it has broken the accord. It is a disaster in terms of so many other areas, whether it is housing and homelessness, student summer programs or the environment.

We know the government wants to get the budget passed and that is all it cares about. I am very concerned we are facilitating its agenda under the guise of extending hours when really what it will

do is rush to adjourn the House. We know it does not want to be accountable or go through question period.

Let us not forget that the Conservatives were filibustering in the committees. The Conservative members were making the committees dysfunctional. Why? Because they did not want business to go ahead in committees.

We found out about their 200 page playbook, a handbook for all the tactics that its members and chairs could use in the committees. This is further evidence that the Conservatives real game plan is not to deal with all the legislation about which the government House leader spoke. They want to rush through a bad budget bill that has barely been debated.

Nobody is holding up the budget bill, by the way. There are no tactics being employed by the opposition to hold it up. We want to have an adequate debate. We want to ensure that people can say, on the record, what they think about the budget because we have a lot of criticisms about it.

Let us be very clear. The motion today is under the guise that government members are ready to work and extend the hours of the House until 10 p.m. every night. Really it is about getting out of here, for the Conservatives to get beyond public scrutiny, to shut down the House, committees and question period once the budget bill is passed. That is what we will see happen.

• (1630)

**Mr. Laurie Hawn (Edmonton Centre, CPC):** Mr. Speaker, I listened with interest to the member say that from April 23 to May 4 we did not discuss anything of consequence in the House. I guess that includes the four opposition days, which she must consider inconsequential. I guess that includes Bills C-40, C-43, C-48, C-10, C-22, democratic reform bills, finance bills, Criminal Code bills, two justice bills. I guess in the hon. member's opinion none of these are consequential.

All those things are pretty consequential to the constituents in my riding who care about Senate reform, safe streets and finance bills. They are very important. Does the hon. member truly considers those things inconsequential?

**Ms. Libby Davies:** Mr. Speaker, the 11 days in which the government could have brought forward Bill C-52, the budget implementation bill, does not include the opposition supply days. The fact is the government makes its own choice and its own priorities. I totally agree those bills were debated.

However, today we are now hearing, and we heard it on Friday, that the government wants to take these extraordinary measures to get through its budget bill, but it has left it to the 11th hour. If it were such a priority, why did it not take precedence over other bills? I can think of one bill that dealt with the exotic dancers. Why on earth did that have to be debated?

*Routine Proceedings*

It is the government's decision in what is or is not called. It clearly made a decision not to call its budget bill, to leave it very late in the day and then come in with this little tactic of it being urgent and that the hours of the House would have to be extended. It is absolute nonsense. Clearly, if it were a priority, it had ample opportunity to manage its agenda.

It is either deliberate or it is incompetence. One can take a pick.

• (1635)

**Hon. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I have three quick questions. First, I also add my congratulations to Catherine for her great work.

First, did the member find it astonishing today in question period when the Prime Minister said that no side deals would be allowed and then went on in the next breath to say that discussions had been held between the member for Central Nova and others and the Nova Scotia government?

Second, does the House leader have any comment on the shenanigans on Friday? As the House leader, was she informed of this trick to try to sneak the budget through on the weekend when there were NDP members who were not here, who would have missed an opportunity to speak on the budget had that been successful?

Third, does she not think her own NDP member was a little harsh this morning when he called the Conservatives sheep? I know they come from the history of the Reform Party and the Alliance Party and their philosophy was to speak for their constituents. However, on a budget bill there are certain disciplines. Is this the only time a party has voted in a bloc? Maybe the House leader could comment on that.

**Ms. Libby Davies:** Mr. Speaker, it is very clear that the government and the Prime Minister are entirely contradictory. Out of one side of his mouth he says that there are no side deals. On the other side of his mouth he says that they are entertaining all kinds of other proposals.

The tactic that was used on Friday, using the budget as an emergency, when the Conservatives had ample opportunity to debate it, was quite outrageous. I think the last time a tactic like that was used was in 1977 when troops were sent to Cyprus.

Luckily, the day was saved by the ruling that came from the Acting Speaker, who is now in the chair, and because members were here to prevent it.

As for the Conservative members and the fact that they are sheep, clearly they go along. The members from Saskatchewan and Atlantic Canada have not had the guts to stand and call the budget for what it is. One lone member had the courage to do that.

Clearly, other members are just going along with it. That is unfortunate because this is a bad budget bill—

**The Acting Speaker (Mr. Royal Galipeau):** I thank the hon. member for Vancouver East for all her kind words, but she will not like this one, her time is up.

Resuming debate, the hon. member for Windsor—Tecumseh.

**Mr. Joe Comartin (Windsor—Tecumseh, NDP):** Mr. Speaker, I am quite sure that the member is more than happy to cede the floor because it gives me an opportunity to come forward.

I have watched the government developing this over the last seven days. It goes back to last week, starting with what happened on Friday, and then here it is again with this motion today. It was like déjà vu all over again. These are the kinds of tactics that the Harris government used all the time.

**Hon. Jim Flaherty:** Oh Joe, give it a rest. What year was it?

**Mr. Joe Comartin:** I note that the Minister of Finance is concerned about this. He knows this very well. One of his colleagues, John Snobelen, the minister of education, was actually caught on tape early on in the administration of that government saying that the government had to create a crisis in order to do its slashing and cutting, which is what it proceeded to do. That is really what is happening here.

**Mr. Yvon Godin:** Like slashing the court challenges program.

**Mr. Joe Comartin:** As my colleague from Acadie—Bathurst has said, this is about slashing the court challenges program and any number of really good programs that the government has taken an axe to, both in this budget and in previous policy decisions.

We started hearing last week that the government members were in a panic, that they had to get Bill C-52 through the House. Wait a minute, we said, the government has had well over three months to work this through. My colleague from Vancouver, our House leader, has detailed this. The government has had a number of opportunities to bring the bill forward for full debate at second reading, report stage and third reading. This is the budget. This is the biggest item for any Parliament to deal with.

What did the Conservatives do? They just kept putting it off. They brought forward other bills. This was completely within their control. They brought forward 11 other bills and said the House would deal with them first. Now we are going to deal with this one, they said, and then we are going to deal with that one. They brought forward 11 different items on 11 different days when they could have brought forward Bill C-52. Now it is panic time for the Conservatives and they are saying they have to get the bill through.

I want to address what seems to be a suggestion that somehow these programs are all going to collapse, along with this new funding, if the bill does not get passed in the next 24 hours. That is just not true. This money will be spent when Bill C-52 finally gets through the House. The flow of that money may be postponed by several days or several weeks, but it will get spent because obviously both the government and the Bloc Québécois have indicated that they are going to support the bill and they have the numbers in the House to get it passed.

Constitutionally, the government again putting around the panic that the Senate somehow is going to block this bill. That is not going to happen. It may be delayed a bit, but the Senate does not have the constitutional authority to block a money bill. Specifically, it has no authority to turn down a budget. That is not going to happen either.

*Routine Proceedings*

What this is really about is the fact that the Conservative government is tired, it does not have a program, and it wants to get out of here. If they can get away with it, Conservative members are going to move adjournment of this House as soon as they get Bill C-52 through.

We do not have a problem with debating Bill C-52. I have here about 20 items that I would just love to be able to get into. If I did, I could be here for many hours showing the flaws in this budget. That is not what this is about. This is not about this opposition party or, quite frankly, the other opposition parties being shy about debating the contents of Bill C-52 and all that it lacks.

What this is about is the government's unwillingness to face, in a realistic fashion, what is going on in the country. It continuously gets beat up, whether it is on the climate change file or whether it is on Afghanistan. We can go down the list. The government is just tired of being here.

I could not help but think of the hypocrisy of some of the statements coming out of the mouth of the House leader when he addressed this motion earlier this afternoon. He said that we should believe the Conservatives because they did not intend to have an election. Of course he did not address the fact that their airplane was lined up, with a contract for it, and their campaign office was open and substantially staffed. They were ready to go to an election. Quite frankly, if the Canadian people and the opinion polls had not made it clear what was going to happen if they took the country to an election at that time, we would have been in an election now.

• (1640)

What has happened is that the Conservatives did not have a fallback position. They did not know what they were going to do if they did not have an election. They do not have an agenda as to how they are going to deal with it. They want to get out of here so they can regroup and see what they might do when we come back in the fall. They want to get out of here as fast as possible. That is what the motion is really about.

I want to say very clearly on the record that the NDP has no problems whatsoever with staying here until June 22, which is what is scheduled. Quite frankly, we have no problem with extended hours. What my party and I are concerned about is that Standing Order 56.1 will get used probably as early as Wednesday and the House will adjourn.

I know that most Canadians do not fully appreciate the amount of important work that happens outside this chamber and particularly in committee. Again, in many incompetent ways, the government kept pushing crime bills through the justice committee, through the two special legislative committees it set up, and also in some work that we have been doing in the public safety and national security committee. There is a lot of work going on, both in terms of bills that have come from the government itself and in terms of a large number of private members' bills on specific crime issues, which we have been dealing with.

A number of those, probably three, four or five, and both private members' bills and government bills, would be dealt with and completed if we stayed sitting in committee until June 22. If in fact we adjourn earlier than that, all of this work will be postponed into

the fall. As well, depending on whether the government actually prorogues sometime through the early fall and comes back with a new session of Parliament, which is the rumour is floating around, some of those bills may be ended completely and never will see the light of day.

Thus, it is quite important for the House to continue to sit. We in the NDP understand that. We as the NDP are quite prepared to sit here. We as the NDP will do whatever we can to thwart the government's attempt to adjourn the House early.

The motion, though, is misleading for the public when it tries to let the public know that the government really wants to work longer hours. That is not what it is about. We believe very clearly that if we do not stop the Conservatives the House will adjourn in the next few days.

Specifically with regard to Bill C-30, it is one of the bills that badly needs to get in front of the House. All three opposition parties are supportive. They have gone to great lengths and have done a great amount of very good work in amending the bill into a form that in fact will allow the country to deal with the crisis we are confronted with as far as global warming and climate change are concerned.

In that respect, we would very much like the government to commit this week or next week to bring that bill forward for a fulsome debate at report stage and third reading. It is ready to go. All the background work has been done. In that regard I am proposing at this time to move an amendment to the motion before the House which would read as follows: "That the motion be amended to add immediately after 10 p.m. the following: 'and if the government calls Bill C-30 at any time, the House shall continue to sit until the bill has been decided at all stages'".

• (1645)

[*Translation*]

**The Acting Speaker (Mr. Royal Galipeau):** Does the hon. member have the unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

[*English*]

**Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC):** Mr. Speaker, the question that I asked previously in the House was for the Liberal House leader. I asked about the members of the House who went to Berlin, six of us, and heard about solutions for deforestation, for carbon sequestration, and for India, with 100,000 villages that are without electricity. We heard all the different options and solutions.

Unfortunately, the Liberals did not want to hear it. I asked this question and they said no. They did not want to have the environment committee hear about solutions. They just want rhetoric. Really, I am starting to think that they do not even care about the environment any more.

*Routine Proceedings*

I would like to ask the member about this. The member for Skeena—Bulkeley Valley was there. I believe he would like to be able to share with the environment committee the solutions that he heard. He was in a different section. It was about deforestation.

Would the member support that? I surely hope so. I am glad to hear those members are ready to work because I can guarantee that the government is looking forward to work and to working right to the end.

**The Acting Speaker (Mr. Royal Galipeau):** The hon. member for Vancouver East is rising on a point of order and the hon. member for St. Catharines is rising on a point of order. I will hear them both.

**Ms. Libby Davies:** Mr. Speaker, I am rising on a point of order because the member for Windsor—Tecumseh moved an amendment, which he is allowed to do. There was no other amendment on the floor so as the last person who was speaking, who had the floor, he moved an amendment. I understand that you then sought unanimous consent, but in actual fact because there is a motion on the floor the member has a right to move the amendment and to then have it voted on when the motion is voted on, which presumably will be later this day.

I am not clear why the Speaker asked for unanimous consent, because the member did not ask for unanimous consent nor was it required. He was just moving an amendment, as he is entitled to do. I am wondering if you could give us a response on that.

•(1650)

**The Acting Speaker (Mr. Royal Galipeau):** Is the hon. member for St. Catharines rising on the same point of order?

**Mr. Rick Dykstra:** No, Mr. Speaker, not this specific point.

**The Acting Speaker (Mr. Royal Galipeau):** First I will deal with the point of order from the hon. member for Vancouver East.

First of all, the motion that was moved by the hon. member for Windsor—Tecumseh goes beyond the original motion and it is not receivable. That being said, I must admit that while he put his motion there was a lot of noise close to the Chair, and I had not heard that there was a seconder, and naturally I went for the normal form that we use. But the motion is not receivable.

The hon. member for St. Catharines is rising on a different point of order.

**Mr. Rick Dykstra:** Mr. Speaker, I was listening to the amendment that was proposed, but it is no longer on the table. It is off. Thank you.

**The Acting Speaker (Mr. Royal Galipeau):** Questions and comments, the hon. member for Yukon.

**Hon. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I would like to ask the member about this backlog of legislation causing this debate today. It is the tip of the iceberg and a symptom of a much larger problem. The member is my colleague on the justice committee. I want to know if he sees it the same way that I do.

It seems to me that another problem underlying this is the poor drafting of legislation that has come forward and also legislation for which there has not been consultation. At meeting after meeting of the justice committee and other committees I have been to, witnesses have come forward from outside Parliament, non-partisan witnesses,

saying that they have never been consulted on the bills dealing with their interests and the areas on which they are experts.

We have ended up with bills that do the exact opposite of the objectives of the government and of all the members of Parliament. For instance, in regard to the objective of reducing crime, certain bills actually would have increased crime. We heard an example from the Minister of Indian Affairs. For a bill that was only nine words in an operative clause, it has taken 20 days, a significant amount of that time used by Conservatives, to ask witnesses questions. We found that almost all the witnesses had the same seven or eight objections. There were things that could have been fixed had consultation occurred.

Does the member agree with me that some of this unnecessary backlog causing this motion is due to a very poor system of bringing up legislation? It seems to have changed from the regular system in government. It is a bit of an esoteric point.

**Mr. Joe Comartin:** Mr. Speaker, I will actually take issue with my friend. I do not think it is esoteric at all. I think it is fundamental to how legislation should be prepared, drafted and presented to committee.

We see it repeatedly in both of the standing committees that I sit on, where the government has I think in many respects let its ideology, its hardcore, right wing ideology, overcome practical common sense when it is drafting legislation. We see it repeatedly. We have moved any number of amendments to justice bills, not only to make them better, I think, but to actually just make them workable on the street.

I am always amazed, quite frankly, at the lack of advice. I do not want to target the current justice minister so much as the prior justice minister, who refused to take advice from officials in justice who have a great deal of experience. Because he refused to do that, repeatedly we had legislation in front of the committee that required amendment. I think the point my friend from the Yukon is making is a very good one.

•(1655)

[*Translation*]

**Hon. John Godfrey (Don Valley West, Lib.):** Mr. Speaker, I am quite inspired by the speech by the Parliamentary Secretary to the Minister of the Environment. We support extending the hours of Parliament, because that will give us an opportunity to consider Bill C-30, Canada's Clean Air Act. I want to pick up on what the member for Wascana said. The time has come to consider the debacle of the Prime Minister's speech at the G-8 meeting last week in Heiligendamm. Extending the hours will give us an opportunity to correct the situation. Now we may finally have time to study Bill C-30.

In the wake of the G-8 meeting, Canada's problem is the lack of consistency between the Prime Minister's international statements on climate change and the reality of the domestic regulations on industry proposed by the government about six weeks ago to reduce greenhouse gas emissions.

*Routine Proceedings*

Bill C-30 has had a curious history. It was originally proposed by the government in October, with a series of regulations. Then, it was attacked from all sides: by NGOs, the media, economists and all three opposition parties. The government withdrew the bill. Then it was sent after first reading to a legislative committee chaired by the member for Edmonton Centre.

To everyone's astonishment, the process worked very well in the case of Bill C-30 and produced an extensively amended bill that was stronger, more coherent and more ambitious. What has happened? Once again, the government is refusing to present Bill C-30 and is instead substituting weak, empty regulations under the existing legislation, the Canadian Environmental Protection Act.

[English]

The parliamentary secretary has spoken several times today about the importance of taking the work of parliamentarians seriously. He was suggesting that one of the arguments in support of prolonging the hours of Parliament was to allow a report to be made concerning the activities of a group of parliamentarians, of which I was one, when they took part in a meeting before Heilingendam in Berlin of legislators from the G-8 plus five countries.

However, as I indicated in a previous intervention, while that is important work and while the results of that visit are worth knowing and those discussions should be referenced, how can that compare with the work which many of us, including the parliamentary secretary, put in on Bill C-30?

The hours and hours of debate, the hearings, the extra sitting hours into the evening and all of the work which went into it with the highly successful result under the skilful leadership of the member for Edmonton Centre, to whom we must give credit for helping to get this much improved clean air and climate change bill through.

Surely, the member for Edmonton Centre, even though he is on the government side, would love to see the fruit of his work honoured after putting all that effort into it.

This is a good reason to extend the House sitting hours. The government has now twice failed to bring forward a meaningful climate change plan. The regulations that were proposed instead under CEPA, the Canadian Environmental Protection Act, are a complete ecofraud. There are, as the Pembina Institute has pointed out in a very thoughtful piece of analysis, at least 20 loopholes in the entire package that undermine any claim that can be made about greenhouse gas reductions. Until these loopholes are plugged, I can give but a brief example. Pembina says:

In reality, the regulatory framework's effect on emissions cannot be known with any certainty, because (i) its targets are expressed in terms of emissions intensity, not actual emissions; (ii) we do not yet know how targets will be defined for new facilities; (iii) "fixed process emissions" are exempted but have not been fully defined; and (iv) some of the "compliance options" that companies can use to meet targets will not result in immediate emission reductions, and some may not result in any real emission reductions at all.

That is simply an example of some of the 20 loopholes. The government has misrepresented to Canadians about what this plan will actually achieve. There will be and can be no absolute reductions by 2012 and no absolute reductions by 2020. Not a single government official, when summoned before the environment committee, could guarantee that the so-called plan's claims could

be met and it is clear that little analysis has been done. The analysis that has been done was shrouded in secrecy and not a single, independent expert has been called in to verify the so-called plans claims.

Indeed, a leading German investment bank, Deutsche Bank, has produced an extensive report on the subject and it comes to exactly the same conclusion. It says in plain language:

We do not think the Government's alternative plan will succeed. Setting aside the Kyoto target of an absolute reduction of 6% in emissions over 2008-12 against the base year of 1990, the Canadian Government has published a plan that re-defines its GHG emissions-reduction targets.

The turning the corner plan takes 2006 as the base year instead of 1990 and imposes reductions in the intensity of Canadian industry's emissions rather than reductions in the absolute level of emissions.

That means that the redefined targets are much less ambitious than the Kyoto targets. Yet, because the turning the corner plan allows for the offsetting of emissions at what we think is too low in price to incentivize investments in new low carbon technologies, we think that even these much less ambitious targets will probably not be achieved. In short, under current policies we would expect Canada's industrial greenhouse gas emissions to continue rising over 2006 to 2020.

● (1700)

The point is further reinforced by a document from the Tyndall Centre for Climate Change Research entitled "Climate Change Policy and Canada's Oil Sand Resources: An Update and Appraisal of Canada's New Regulatory Framework for Air Emissions", with the same conclusions. Tomorrow, just to put the final and fourth nail in the coffin, the C.D. Howe Institute will be releasing a detailed and critical analysis of the turning the corner plan.

In other words, four major studies continually make the same point that the plan that is on the table now will not do the job and that we need to get back to Bill C-30.

What do we have after 16 months? We have something that is worse than nothing at all, because we have created tremendous uncertainty that will prevent industry from making the rational, long term investments that are necessary for deep greenhouse gas reductions. After 16 months, all we have on the table is a shell, not a single regulation and no promise of regulations for up to 18 months for greenhouse gas reductions, and nothing until sometime in 2010 for smog.

The former government's project green, as has been noted by the Deutsche Bank, not only would have created certainty for industry, but it would have produced almost seven times the reductions proposed by the current government's plan.

Certainly, we need a better plan in place before we break for the summer. Therefore, government should bring Bill C-30 back to the House, so that we can get on with it.

● (1705)

**Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC):** Mr. Speaker, I found the comments actually disappointing from the member. He accompanied me and others, a total of six of us, who went to Berlin.

*Routine Proceedings*

Talk about ecofraud, we had 13 years of a government that promised Canadians that it would do something and it did absolute nothing. Talk about ecofraud, when greenhouse gas emissions went up and they should have gone down. Talk about ecofraud.

I would like to ask the member this. He was there. He heard from the international community that our plan is very similar to Japan's. It is well respected. It is a plan that is effective, that will result in absolute reductions in greenhouse gas emissions by 20% by 2020. We are right on international targets. Hopefully the member can get it.

Would he report to the environment committee what he learned? Hopefully he learned something. Will he report to the committee?

**Hon. John Godfrey:** Mr. Speaker, let me do two things.

First of all, let me respond to the hon. member. I heard no members present in Berlin, from other legislatures, say anything of the sort about the Canadian plan. First of all they did not understand it. Second, they did not ask. Third, everybody who has looked at it and has understood it says it is a fraud, so we got no such international endorsement from other legislatures at all. I think what we got was disappointment that Canada has not been more ambitious.

Second, let me take advantage of this moment to ask the House for unanimous consent to put forward a motion that in view of the interest in Bill C-30, that within the hours that will be extended, the House consider Bill C-30.

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, the hon. member was talking about extending the hours and we are prepared to stay as long as it takes to debate those issues, including Bill C-30 that he was talking about, but there are also many other important pieces of legislation at hand here.

If we clear the slate the way the Conservative government wants to, the government is under no obligation to honour and respect the bills on Kyoto and Kelowna. We know the government has difficulties with honour and respect. As we saw with the Atlantic accord, the words trust and integrity mean so little to the government.

I would ask the hon. member this. Does he feel there are other single pieces of legislation that Canadians should be concerned about, given the government's stubborn, bullheaded approach to governing?

**Hon. John Godfrey:** Mr. Speaker, one piece of legislation which should be certainly the concern of this House is the private member's Bill C-293, which deals with Canada's official aid position and CIDA, and which is also in the Senate. It would guide the work of CIDA in the future in ways which would pick up on the themes of fighting poverty, which have been so important to everybody in this House.

**Mr. Laurie Hawn (Edmonton Centre, CPC):** Mr. Speaker, I spent time with my hon. colleague from Don Valley West on the committee that dealt with Bill C-30 and we got along quite well. I came to the conclusion a long time ago that an expert is someone who agrees with one's beliefs and if that person does not agree, the person is obviously not an expert.

Why did all the leaders in the G-8 have so much praise for our Prime Minister and Canada's position of leadership and the only people who seem not to be able to praise it are the people on the opposite side of the House?

**Hon. Larry Bagnell:** Mr. Speaker, I rise on a point of order. My understanding was that the member asked for unanimous consent for a motion. I would like the Chair to ask for that to see if any party actually objects.

**The Acting Speaker (Mr. Andrew Scheer):** I did not hear the hon. member move a motion.

• (1710)

**Hon. Larry Bagnell:** It was my understanding that the member asked for unanimous consent that Bill C-30 be added to the extra hours of debate.

**The Acting Speaker (Mr. Andrew Scheer):** Is there unanimous consent for the hon. member to propose this motion at the time?

**Some hon. members:** No.

**The Acting Speaker (Mr. Andrew Scheer):** There is no consent.

The hon. member for Don Valley West can respond to the question. There are about 30 seconds remaining for him to respond to the question from the hon. member for Edmonton Centre.

**Hon. John Godfrey:** Mr. Speaker, I take as our primary duty as legislators to consider pieces of legislation that have actually been put together through the work of people like the member for Edmonton Centre as the chair of that committee which logged all of those long hours.

It seems to me that our first duty as parliamentarians is to consider government bills that the government has asked us to rewrite after second reading. I acknowledge once more the skillful work of the member for Edmonton Centre. It seems to me that ought to be our top priority, to bring back Bill C-30.

**The Acting Speaker (Mr. Andrew Scheer):** It being 5:11 p.m., pursuant to Standing Order 27(2), it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the motion now before the House.

The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

**The Acting Speaker (Mr. Andrew Scheer):** I declare the motion carried.



*Routine Proceedings*

(Motion agreed to)

\* \* \*

**PETITIONS**

## EMPLOYMENT

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I am honoured to table a petition in the House signed by residents of the Lower Mainland of British Columbia. This petition, which is signed by over 450 residents, draws attention to the loss of 800 Air Canada service personnel jobs in greater Vancouver and the scaling back and cancellation of support programs for workers and families by the Conservative government.

Residents are calling on the government to protect the security of workers' pensions and ensure access to their employment benefits, to work with the B.C. government to protect the aerospace sector and to address the issue of outsourcing our manufacturing jobs to foreign low cost facilities.

## TRANSPORTATION

**Mr. Mark Warawa (Langley, CPC):** Mr. Speaker, I rise to present a petition from constituents in Langley, British Columbia.

They have asked that the House of Commons direct its relevant ministers to provide federal government funding and support in developing a long range 50 year master transportation plan for the Lower Mainland, assisting Langley in determining whether alternate and safer routes for the bulk and container traffic that travels through Langley is warranted, that the federal government provide adequate funding for railroad separation projects and potential alternative routes and for assisting Langley to secure efficient, workable and affordable transportation systems that include light rail at surface levels with gross capacity, as required.

## CONSUMER PRICE INDEX

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, I am pleased to table another two petitions today that arise out of my national campaign to fight for fairness for ordinary Canadians, in particular for seniors who were shortchanged by their government as a result of an error in calculating the rate of inflation. The government has acknowledged the mistake made by Statistics Canada but is refusing to take any remedial action.

The petitioners call upon Parliament to take full responsibility for this error which negatively impacted their incomes from 2001 to 2006 and to take the required steps to repay every Canadian who has been shortchanged by a government program because of the miscalculation of the CPI.

It is a privilege to table these petitions on their behalf.

• (1715)

## INCOME TAX ACT

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, I am starting to get embarrassed by having to rise yet again to table three more petitions on the urgent need for this House to pass my bill, Bill C-390, which would allow tradespeople and indentured apprentices to deduct travel and accommodation expenses from their

taxable incomes so they can secure and maintain employment at construction sites that are more than 80 kilometres from their homes.

At a time when communities like Hamilton have lost over 11,000 jobs in the manufacturing sector, it is essential that the government take concrete action to assist workers in securing decent-paying jobs.

It makes no sense for tradespeople to be out of work in one area of the country while another region suffers from temporary skilled labour shortages simply because the cost of travelling is too high.

Hundreds of workers from Newfoundland, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Alberta and British Columbia have signed these petitions. All they are asking for from their government is a little bit of fairness. Surely they deserve that much.

## AGE OF CONSENT

**Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, I have a number of petitions to present.

The first petition essentially calls on the government to enact legislation to raise the age of sexual consent from 14 years to 16 years of age.

## HOMELESSNESS

**Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, the other petition I have calls on the federal government to maintain federal homelessness funding for the next five years and that it be at least at the same level of funding, adjusted for inflation, for the same type of programs, especially those that strengthen and extend existing local capacity as was provided through the national homelessness initiative.

[*Translation*]

## PASSPORTS

**Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ):** Mr. Speaker, Quebecers are no longer surprised to see Ottawa acting like a banana republic and ignoring them or even harming them, as was the case with the softwood lumber crisis. However, they are full citizens and deserve respect as long as they are stuck in the Canadian system.

So I am honoured today to table a petition signed by more than 1,000 people from the beautiful area of Abitibi-Témiscamingue and northern Quebec, which reads as follows:

We, the undersigned, constituents of the riding of Abitibi—Baie-James—Nunavik—Eeyou, would like to draw to the attention of the Minister of Foreign Affairs of Canada—

THAT the processing delays to obtain a passport are unreasonable and drawn out. The citizens of Abitibi—Baie-James—Nunavik—Eeyou do not have access to expedited service when they submit a passport application, and must travel more than 420 km to the closest Passport Office—

Mr. Speaker—

*Government Orders**[English]*

**The Acting Speaker (Mr. Andrew Scheer):** Order. I would like to remind the hon. member that according to the Standing Orders members are not supposed to read the text of a petition but to provide a summary. I see he is finished now, so we will move on.

## INCOME TRUSTS

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Mr. Speaker, this is an income trust petition which I am presenting on behalf of Darryl Tempest of Mississauga, who has obtained the requisite 25 signatures.

The petitioners remind the Prime Minister that the greatest fraud is a promise not kept. The petitioners remind the Prime Minister that he promised never to tax income trusts but he recklessly broke that promise by imposing a 31.5% punitive tax, wiping out \$25 billion in retirement savings for over two million Canadians. The petitioners call upon the Prime Minister to admit that the decision was wrong, to apologize to those who were unfairly harmed and to repeal the 31.5% income tax.

## RIGHTS OF THE UNBORN

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I have two petitions to present today. The first petition is related to the Criminal Code of Canada and it comes from a large number of citizens in the area of Kitchener and Waterloo.

On January 28, 1988 the Supreme Court stated that it is for Parliament to enact the appropriate defences of its legitimate interest in the lives of all subjects, including those yet in the womb. Apparently because the Criminal Code does not have appropriate language, the striking down of the phrase “after becoming a human being” has led to some other decisions. The bottom line is that the petitioners are requesting that Parliament consider restoring the Criminal Code to the prudence it held prior to 1968 by removing the words “after becoming a human being” from section 223(2).

• (1720)

## INCOME TRUSTS

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the second petition is an income trust broken promise petition. The petition is presented on behalf of Ms. Tanya Zaritsky who remembers the Prime Minister commenting on his apparent commitment to accountability when he said that the greatest fraud is a promise not kept.

The petitioners remind the Prime Minister that he promised never to tax income trusts. He broke that promise. He imposed a 31.5% tax which wiped out \$25 billion of hard-earned retirement savings of over two million Canadians, particularly seniors.

The petitioners call upon the Conservative minority government to admit that the decision to tax income trusts was based on flawed methodology and incorrect assumptions, to apologize to those who were unfairly harmed by this broken promise, and to repeal the punitive 31.5% tax on income trusts.

## QUESTIONS PASSED AS ORDERS FOR RETURNS

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, if Questions Nos. 200, 201 and 202 could be made orders for returns, these returns would be tabled immediately.

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

**Some hon. members:** Agreed.

*[Text]*

Question No. 200—**Mr. Mario Laframboise:**

With respect to Transport Canada's port divestiture program for Quebec: (a) what ports remain to be divested; and (b) for each port to be divested, (i) what is the work to be carried out, (ii) what are the estimated maintenance and renovation costs, (iii) what is the status of negotiations with the Government of Quebec and the municipalities concerned?

(Return tabled)

Question No. 201—**Mr. Jean-Yves Roy:**

With regard to grants and contributions awarded by Canada Economic Development for Quebec Regions since 2005-2006, for each grant and contribution: (a) what were (i) the names of the recipient organizations, (ii) the addresses of the recipient organizations, (iii) the dates the grants or the contributions were made, (iv) the amounts, (v) the names of the programs, (vi) the federal ridings in which each recipient organization was located; (b) what are the details and descriptions; and (c) was the Government of Quebec involved in the project?

(Return tabled)

Question No. 202—**Ms. Alexa McDonough:**

With respect to allocations for Passport Canada in the 2007-2008 budget and the announcement of a “renewal process in which low-risk applicants are targeted with an offer to renew their passport using a simplified process”: (a) on what grounds will a “low-risk” applicant be determined; (b) when was the government's last evaluation of the need to open new passport offices and what were the results of that evaluation; and (c) what other measures are being taken within Passport Canada to expedite passport application processing during the current elevated number of applications?

(Return tabled)

*[English]*

**Mr. Tom Lukiwski:** Mr. Speaker, I would ask that all remaining questions be allowed to stand.

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

**Some hon. members:** Agreed.

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**GOVERNMENT ORDERS**
*[English]***BUDGET IMPLEMENTATION ACT, 2007**

The House resumed consideration of the motion that Bill C-52, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, be read the third time and passed, and of the motion that this question be now put.

*Government Orders*

**The Acting Speaker (Mr. Andrew Scheer):** The hon. member for Mississauga South had three minutes for questions and comments remaining. If there is an hon. member who would like to ask a question of the member for Mississauga South or make a comment, we could do so now.

I see the member for Scarborough—Guildwood rising.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Mr. Speaker, the hon. member is quite familiar with this budget bill. I wonder whether he would be prepared to comment on the fact that this bill has taken such a long time to get through the House. It started on March 19 and today is June 11. The government is pulling all kinds of manoeuvres in order to move this budget bill along, having delayed it itself.

I wonder whether this bill is not moving along because this bill has so many victims. The budget has literally two million victims in income trusts. Literally thousands of students are victims of this bill. Something in the order of thousands of business people are upset with the interest deductibility decision. All 26 million tax filers would be somewhat upset with the fact that the base rate is going from 15% to 15.5%.

I wonder whether the hon. member would be prepared to comment that possibly the real reason this bill is not moving anywhere and has not moved forward is that the government has so victimized so many Canadians.

**Mr. Paul Szabo:** Mr. Speaker, I think the member provided the answer in his question, so if I could take the liberty, I would just make the point that I wanted to include in my speech but ran out of time.

It had to do with pension income splitting and who in fact is getting the benefit. Of seniors, 70% do not have pension plans. They in fact are the ones who primarily invested in income trusts to provide a similar cashflow from income trusts as they would otherwise get if they were a member of a pension plan.

It really is very odd to me that the day that it announced that it was going to break a promise and tax income trusts, the government at the same time somehow also promised that it was going to provide for pension income splitting. In fact, the beneficiaries of income pension income splitting are the people who have pension plans but not the ones who have income trusts.

The government did not mask or alleviate the pain that it inflicted on about two million Canadians who had \$25 billion wiped out from their retirement savings.

I think the member is quite right. The government and particularly the finance minister are ready to duck. They want to duck as quickly as possible. They put forward a motion to put the question and to stop debate on this bill. The less we talk about the budget the happier the finance minister is and that ought to tell us something.

• (1725)

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, I am pleased to have another opportunity to speak at third reading on the budget bill.

The Conservatives, who may be groaning and moaning in their seats as I begin another speech, have only themselves to blame.

Let us go back to this past Friday when they chose to try a very sneaky manoeuvre and invoke a Standing Order that has been used only twice in our history. Standing Order 53 was used in 1964 to send peacekeepers to Cyprus and used in 1977 to deal with an air traffic controllers strike.

They tried this very interesting manoeuvre to bring this process to a close, to have the budget process come to an end. They did not want to debate the budget any more because it is getting far too embarrassing, far too difficult for them to handle the criticism in this place, and to know that in fact momentum is growing across the country against this federal Conservative budget.

What has happened as a result of that initiative, that very peculiar move on Friday is that the government then moved the previous question which allows people like me, who have already spoken on the bill, to speak again.

I guess some would say this is poetic justice. It is the Conservatives hoisted on their own petard. The Conservatives were too clever by half and I apologize to everyone who has to listen to me give another 20 minute speech on the budget, but I have lots of issues that I did not even begin to touch on in previous discourses.

**Mr. Paul Dewar:** There is so much here.

**Ms. Judy Wasylycia-Leis:** Yes, as my colleague from Ottawa Centre said, there is much here. We could talk for days. All we wanted in this whole parliamentary process was the ability to put on record the concerns of Canadians.

Indeed, there are many concerns across the country about the federal Conservative budget. We are not trying to hold up the process. We are not trying to be difficult. We are not trying to use any of the rules available to us to hurt democracy and to deny the need for the bill to be passed at some point, but we do want the opportunity to speak.

In fact, if we look at this whole process, as has been said many times in the debate, the Conservatives have had days and weeks to advance the bill and get it through the House.

Is it not interesting that today there is this panic? There is this need to create a crisis in order to get Bill C-52 through, but in fact the Conservatives had 11 days between April 17 and May 11 to actually advance the debate. They had 11 chances to bring this bill forward to debate, so that we could proceed and get it through committee, to report stage and back here for third reading.

Obviously, yes, as my colleague from Ottawa Centre said, it was not important enough at the time. They wanted to hide it as I am told by the member for Windsor—Tecumseh. Yes, there is clearly an attempt on the part of the Conservatives to hide, to bury, and to get rid of any avenues for discussing this budget.

First they tried not calling it, now they are hoisted on their own petard, and are forced to actually hear us out as we thoroughly debate Bill C-52 on third reading.

*Government Orders*

The developments of the last week have certainly given us a focus for debate and discussion. There is the realization on the part of the premiers of Newfoundland and the premier of Nova Scotia as well as the premier of Saskatchewan that the government in fact has no intention of keeping true to its word of keeping the promise that it made to honour the Atlantic accord and the Saskatchewan agreement.

The debate has now become, out of necessity, one that is dealing with the principle of governments keeping their word.

• (1730)

For too long political parties that have formed government break their promises the first chance they get. It is obvious that when a government breaks its word on something as fundamental as resources, an economic lifeline to regions such as Newfoundland, Nova Scotia and Saskatchewan, we cannot sit back and ignore it. We simply cannot let the Conservatives make up some justification for breaking their word and giving them the go ahead.

Obviously, the Conservatives who are waving their hands at me are embarrassed by this situation. They should be embarrassed. They ought to give some thought to the cries from people in the Atlantic region and Saskatchewan who want them to reconsider their position and keep their word with respect to the Atlantic accord and the Saskatchewan deal.

There are eons of writings on this issue and a multitude of quotes from members on the Conservative benches in support of the Atlantic accord and the Saskatchewan agreement. Let me quote the Prime Minister from November 16, 2005. He said:

The Prime Minister is also failing Saskatchewan on equalization. The government promised to reform the equalization program in 2004 for Saskatchewan. The government now says it will not get to that until at least 2006, costing Saskatchewan over \$750 million in lost revenue. When will the Prime Minister overrule his finance minister and make the changes necessary, so Saskatchewan does not lose this money?

He went on to say on January 12, 2006:

A Conservative government would also support changes to the equalization program to ensure that all provinces and territories have the opportunity to develop their economies and sustain important core social services.

I could go on at great length making reference to all kinds of previous commitments, words, and promises by Conservative members in the context of the issue of fiscal balance and fairness in terms of distribution of wealth in this country.

However, the point has been made amply by the member for Cumberland—Colchester—Musquodoboit Valley. It has certainly been made in the news today by the premier of Nova Scotia, Rodney MacDonald. It has been made very well at the finance committee by the premier of Saskatchewan, Lorne Calvert.

It is time for the Conservative government to begin to listen. We offered a solution. We said from the very beginning that this issue could not be ignored. We said from the beginning that previous promises and commitments could not be ignored. We cannot go back on our word when it comes to economic lifelines.

We asked the Conservatives to honour the agreements and view these accords in terms of ensuring that the provinces have the wherewithal and the means to pursue their provincial economies as

they develop their energy resources. It does not mean for all time we must ignore a formula that would look at some variation of what amount of revenue is included from natural resource revenue. It is to say honour the accords and then begin to look at how we move forward in the future.

There is no question that the Conservatives inherited an absolute mess from the Liberal Party. The Liberal government had years to sort out this problem. It refused, as happened with the income trust file. On both counts, they had the evidence and they would not bite the bullet and deal with them.

The Conservatives inherited an absolute mess and that is certainly the case with income trusts. On that issue, the government clearly recognized that it had to act or we would see more tax evasion on the part of corporations and more loss of revenue that would provide important programs for seniors and others.

With respect to fiscal balance and equalization, the case is equally so with the government, and I quote from the Edmonton *Sun* of a couple of months ago: "Grits Left 'Utter Mess' Books in Disarray After Deals With Provinces, Says Tory Minister". I agree with that. It was an absolute mess.

• (1735)

There was a chance back in 2004 for the government of the day to build on a consensus achieved by the provinces to put in place a formula that would hold us in good stead for years to come, but the government refused. It refused, out of political expediency and out of a totally messed up sense of priorities in terms of fiscal balance. We have a government that cares more about putting money aside for a rainy day even though it is raining today.

We had a past Liberal government that has a \$80 billion of surplus because of unanticipated surpluses caused by lowballing and refusal to forecast accurately. The government accumulated over \$80 billion on a most unethical and immoral basis and then decided to put it all against the debt as opposed to deal with the priorities of Canadians.

This is the strange part. The Conservatives are following that pattern, not dealing with this trend line, this pattern of broken promises. Clearly, what is needed is for the Conservatives to have learned from the mistakes of the Liberals and not repeat them.

First, that means not to break its promise when it comes to the Atlantic accord and the Saskatchewan deal. Second, it means to stop the lowballing so we do not have all this unexplained surplus or a surplus that has no demands on it and then allow that to go against the debt without looking at the priorities of the country. Stop playing games with Canadians. That is what we are saying today. Start to put the issues on the table and hear the voices of Canadians.

That would mean, for example, talk about seniors and ensure they are able to live with integrity, decency and security as a reward for having built our country. Do not nickel and dime them. Do not take away the \$200 per union it would cost the government to deal with an error by Statistics Canada in the consumer price index.

*Government Orders*

My colleague, the member for Hamilton Mountain has been saying this for days and weeks. She has been tabling hundreds and hundreds of petitions from seniors who are asking why, when they make a mistake and do not pay government what it is owed, it comes after them in a flash expecting them to pay right away? However, when the government owes them money, why do they have to sit back and take excuses? Why do they have to sign petitions? Why do they have to sue the government? Why is there no justice when it comes to government error in calculations that cause people to lose money that is rightfully theirs?

In this case the money owed to seniors, because of that mistake, is about \$1 billion. Why did the government not say it was important to pay the people who built our country that money as opposed to putting \$22 billion and more against the debt for a rainy day, when it is raining now on the heads of seniors, when the house is leaking, when many seniors are having a heck of a time trying to make ends meet, trying to find decent accommodation, trying to pay for their drugs, trying to provide for themselves, not having to resort to turning down the heat in winter or skipping medication just to save money?

Is it not raining now? What is wrong with the Conservatives? Do they not see that when there is any kind of despair in the country, any kind of destitution because of government inaction and government callousness, is that not enough for them to put some of that money toward the people who built the country? After all, they are not in poverty because of something they did or did not do. They are in poverty because of either deliberate policies to hurt them, like the failure to acknowledge the error in Statistics Canada and the consumer price index, or errors caused by lack of foresight, vision and planning, like we see with respect to the national pharmacare program or national housing.

Is it not time that we started to put money into those areas that will help ensure people have security now and can contribute to this economy and build for a better future?

• (1740)

That is just one example. Here is another one. Why does the budget refuse to collect \$300 million from big oil and gas companies that are getting this subsidy from government to develop the oil sands? Why are we giving subsidies to these giant corporations, which are developing and extracting our natural resources from the ground, including the water, and making huge profits?

That \$300 million could have gone some distance to deal with some of the issues we see in our own communities, with concerns coming from seniors, from aboriginal people, from parents trying to find child care. That money could have gone into the economy. It could have built the economy and helped bring down the debt in the long run, and at just as fast a rate as will happen from putting it directly against the debt, \$80 billion under the Liberals and \$22 billion under the Conservatives, with some foolish little catchy program called a tax back guarantee, which does not mean a hill of beans for Canadians.

It will not mean anything to people struggling, but it would have meant a lot if they had taken at least some of those billions of dollars and invested them in programs that would guarantee some reasonable access to job opportunities in the country. It would guarantee

some reasonable means of transportation. We might have put some money against the infrastructure deficit and some money into child care and other programs that support parents trying to juggle work and family responsibilities.

The government says that it has to get this budget bill through immediately. Otherwise it cannot spend money on a number of programs. First, that is nonsense. It knows and Canadians know that when money is in the budget and the budget is passed, it does come to fruition and people can count on that money. That is certainly a given. It is also interesting that the government chose to list a number of initiatives that it felt might not get the money on time as an excuse for ramming the bill through and bringing in rare Standing Orders, like the one I talked about, which has not been used more than twice in the last 30 or 40 years.

The government says that it must have the bill through so it can spend the \$1.5 billion for the Canada ecotrust for clean air and climate change. Perhaps it is not such a bad idea that we hold off on expenditures in this area when it does so little to help ordinary people refit or restore their housing so they have heating or other services on a more sustainable basis. Perhaps it would give the government a moment to consider the fact that this program now does not provide any means to low income Canadians to retrofit their houses. Perhaps the government might want to take seriously the proposals for redefining this so-called green energy program to allow for low income households to take advantage of it.

Why do we keep getting from the government programs, tax credits and a scattering and smattering of initiatives that always benefit those at the top end and do nothing to help those at the bottom end? Why do we keep allowing the prosperity gap to widen when it is the role of government to close that gap?

Surely the way to do that is through progressive measures, not things like child tax credits, which give rich families more than low income families, not envirofit programs, which exclude low income Canadians, and not credits for manufacturers, which are meaningless when in fact all the jobs are gone and the plants are closed.

• (1745)

It is time for the government to reconsider its direction and realize it is squandering an important moment and a great opportunity that will build a wonderful country. However, it takes leadership and it takes vision. It takes a government that says that it will balance our fiscal priorities to ensure some money goes against the debt, some money for tax relief for Canadians and some money for those important programs that build a country.

**Mr. Rick Dykstra (St. Catharines, CPC):** Mr. Speaker, not always, but most of the time I have the pleasure of listening to the member for Winnipeg North as we share stories across the table at finance committee. I have listened to a couple of her speeches in the House. Sometimes they are exciting, but not always as exciting.

One thing I heard the member for Winnipeg North say, which astounded me, was that the moneys would go forward anyway.

*Government Orders*

I find that ironic for her to say that. In May 2004, when the Conservatives were in opposition and were pounding away at a government that was corrupt, a government that had a sponsorship scandal, a government that had done some terrible things to the people in the country, she and her party stood in support of that government. They said that the budget should pass because of what it would do for the homeless, for children, for those unemployed. Today she stands in her place and says that the money will be spent anyway.

I would like to get a clarification from the member for Winnipeg North. Why was it okay to support a corrupt government and its budget of 2005, but it is not okay to support the government's budget in 2007?

**Ms. Judy Wasylycia-Leis:** Perhaps I am mistaken, Mr. Speaker, but is this an offer from the Conservative government to sit down with the New Democratic Party and arrive at an agreement where we see money diverted from tax breaks for corporations and money shunted toward the debt and see it put some of that into programs like housing, education, the environment and health care, as the New Democrats managed to do with the Liberals in the 2005 budget? I would love to sit down and start to work on such a deal.

This is why I made the comments I did. We have not had any success at convincing the Conservatives to change their mind, to sit down with us and develop a reasonable alternative that would include some way to respect the Atlantic accord and ensure that money flows to the creation of child care spaces and not to wealthy families, with a parent at home, that do not need the child care spaces and money to create housing, to improve our infrastructure and to deal with the \$60 billion deficit.

I have a shopping list, as long as anyone can imagine, to talk to the Conservatives about, but unfortunately they have refused.

What has happened is the Bloc has agreed to support the Conservatives, prop up the government and give it the votes it needs to get the budget through. I can count, so I know, unless it is true a deal is in the works, the budget will go through and Canadians will be disappointed.

**Hon. Robert Thibault (West Nova, Lib.):** Mr. Speaker, I find it interesting to listen to the member for Winnipeg North say how she was able, through her party, to negotiate a deal that would help housing, health care, environment and infrastructure with the former government. Before that budget was implemented, her party voted in favour of non-confidence, bringing the government down so the money could not be invested in the valuable things about which she talked.

It causes me to wonder this. Was she interested in doing those things, helping those people, doing the homelessness agenda, doing housing and investing in the environment, or did she want something for the resumé of the New Democratic Party in an election? What was the real interest?

The other question I would ask the member is this. She supported the Minister of Finance faster than he could utter the words "taxing of income trusts". However, later at the finance meeting she heard from a lifelong member of the New Democratic Party who said that he would not support them again because Tommy Douglas would turn in his grave. She found out that \$25 billion to \$30 billion of

seniors' investments was lost, \$10,000 to \$15,000 a year for individual seniors, on the premise of lost revenue to the federal government. She found out in evidence that it was the taxation of income trusts that would reduce the revenue to the government, causing increased taxation to the ordinary Canadian.

•(1750)

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, first let me remind the member that the deal the New Democrats were able to wrangle with the Liberal government back in 2005 happened because the budget passed and went on to be implemented.

The member obviously still has sour grapes about the fact that the Liberals could not get their act together to continue to make a minority government work and to deal with other problems that the NDP identified. However, that does not negate the incredible achievement of the New Democrats back in 2005 with \$4.6 billion going to valuable programs for Canadians as opposed to corporate tax breaks.

He asked where I would see money going today. Let me name a few. Maybe a few million dollars could go to housing in Winnipeg by ensuring that the Kapyong barracks are not sitting empty and are transformed into housing for people who desperately need it. There is a need for the government to invest in crime prevention programs that make a difference, such as the ambassador program in my own constituency.

I would suggest—

**The Acting Speaker (Mr. Andrew Scheer):** Questions and comments, the hon. member for Hamilton Mountain.

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, I was delighted to hear what the member for Winnipeg North had to say about the plight of seniors. She is absolutely right that this budget did absolutely nothing for the people who built our country.

She pointed out how quick the government is to try to recover money from seniors. If we look at today's *Ottawa Sun*, the headline is about the government trying to get money back from pensioners. The article states in part:

The federal government is working to recover more than \$7 million in public pension overpayments....

The department has appointed a special team to manually review the...files in an effort to recover all the cash.

We have raised in the House over and over again that seniors were shortchanged between 2001 and 2006 as a result of a miscalculation in the consumer price index. Seniors are owed, by our estimates, about \$1 billion and by the government's own estimates, perhaps as high as \$3 billion.

I wonder if through the hearings in the finance committee, the member got any sense at all about when it is the government is going to stand up for seniors, do right by them and make sure that they are reimbursed the money owed to them.

*Government Orders*

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I wish I could give my colleague some assurances that the government is in tune to those needs and is ready to act. Unfortunately, there has not been a single indication that the government, just like the previous government, is prepared to address the very serious problems that seniors are facing in this country. It will not take responsibility for the mistakes made at Statistics Canada regarding the consumer price index.

There has been no move on the part of the present government, or the previous one, to live up to a long-standing commitment to ensure some sort of catastrophic drug coverage which would be a great help to seniors.

There has been no move on the part of the government to deal with the failure of the last government when it eradicated the national housing program. There is no commitment to put in place the beginning steps of a reasonable housing program that would deal with the needs of seniors, as well as many others in our society.

This budget is devastating from the point of view of meeting the realities facing many groups in our society. The prosperity gap has actually been made wider as a result of it. That is a scathing comment on any government. If it cannot at least hold the line, what is the point of even being here unless it is to serve the interests of the corporate sector, the big banks and CEOs who are raking in huge amounts of profits and pay and benefits.

Let me conclude by saying those who found the Conservative budget to be contrary to anything fundamental in terms of a civil society include the Caledon Institute of Social Policy, the Canadian Labour Congress, the Toronto mayor, the Climate Action Network, Greenpeace Canada, the Assembly of First Nations, the Native Women's Association of Canada, the Ontario Council of Agencies Serving Immigrants, the National Organization of Immigrant and Visible Minority Women, the Canadian Association of University Teachers, the Child Care Advocacy Association of Canada, Campaign 2000, which deals with poverty among children, and the list goes on. These are all reputable organizations that feel that the government has failed this country.

• (1755)

## BILL C-52—NOTICE OF TIME ALLOCATION MOTION

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, an agreement could not be reached under the provisions of Standing Order 78(1) or 78(2) with respect to third reading of Bill C-52, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007.

Under the provisions of Standing Order 78(3), I give notice that a minister of the Crown will propose at the next sitting a motion to allot a specific number of days or hours for the consideration and disposal of the proceedings at the said stage.

## THIRD READING

The House resumed consideration of the motion that Bill C-52, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, be read the third time and passed, and of the motion that this question be now put.

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, I will be splitting my time with the hon. member for Scarborough—Guildwood.

I have the honour to speak on behalf of the people of my riding of Davenport with respect to the government's 2007 budget. My comments today reflect not only my personal views but the comments that I have heard repeatedly from residents of my community and indeed people across the country.

People have written to me, met with me or called me to discuss their deep concern that the Conservative government is taking us down an uncharted road, a road that leaves most vulnerable Canadians far behind.

Canadians have come to expect both leadership and inclusiveness from their governments. They know that in many respects Canada was built based on the solid leadership of great prime ministers and forward looking governments. These leaders looked beyond the horizon of the day and led our nation to become a country recognized internationally as a model of inclusiveness, innovation, tolerance and opportunity. Canadians also know that while words have power, they must also be supported with action.

It is not enough to speak of the importance of the arts. We must also make sure that the arts have the financial support they need to grow.

It is not enough to deplore the conditions of Canada's aboriginal people. We must also be willing to invest the funds necessary to create justice and fairness.

The true language of leadership is not what one says but what one does. Canadians have heard the Prime Minister's claim of moderation but they have seen the true colours of the government reflected in the budget. It is anything but progressive or moderate.

It is difficult to know which part of the flawed budget to address first because so many groups and priorities have been neglected by the government. I think it is only fitting to begin with those who first called this continent their home, the aboriginal people of Canada.

In 2005 the federal government brokered a historic agreement with aboriginal people and the provinces. Finally we had a federal government that was prepared to take a historic and long overdue step in acknowledging the low standard of living of many first nations people. In Kelowna, British Columbia the former prime minister, the member for LaSalle—Émard, brought everyone to the table and brokered a real solution to the issues facing aboriginal people in this country. The agreement was not about headlines, it was about doing the right thing.

When the current Prime Minister took over the government of this country, he broke the federal government's commitment to aboriginal people and he continues to do that today. The government's budget does not do anything to address the real inequalities and historic injustices faced by Canada's aboriginal people.

*Government Orders*

Is it any wonder that more and more we are seeing frustrated first nations people resort to desperate measures to express themselves. These are the actions of Canadians who have no other recourse to highlight the deplorable living conditions that face them each day. International humanitarian groups have said that they are looking at setting up aid delivery in our country.

In this nation of plenty where the economy is thriving, why is it that the government insists on leaving aboriginal people behind? Where is the real measurable help for first nations people in the budget?

While speaking of broken agreements with the provinces, let us look at the government's proposed child care plan. Despite what Conservatives like to tell Canadians, the Government of Canada clearly entered into legally binding agreements with the provinces to fund child care spaces across the nation. Many provinces were counting on the money. Canadian families were looking forward to real and affordable child care. Instead, the government abandoned its commitment. Countless studies have shown that not one child care space was created by the Conservative plan, leaving thousands of children without child care.

I want to make it clear that I have heard from people who say that they do not need child care as they have decided and can afford to stay at home. Those fortunate few in our society who would not need a federal child care system are exactly that, the fortunate few. On the other hand, there are countless families that are desperately crying out for child care. The reality is that \$100 a month simply will not cover child care for a poor single mother who has the unconscionable choice between not working, which means no income, and leaving her children alone at home.

● (1800)

Canada can do better and we must do better. Sadly, this budget does nothing to effectively deal with this issue. The former Liberal government had a plan. This plan would have worked. Where in this budget do we see any kind of real help for those who need child care in this country? The short answer is that this kind of help is nowhere to be found in this budget.

Young Canadians also needed support as they strive to gain career skills that will propel them successfully into the future. The Government of Canada has historically played a vital role in helping young people get jobs through the summer career placement program pairing them up with community organizations and companies. This was a win-win program for Canada. Students got jobs and skills. Non-profit organizations received enthusiastic, talented workers and Canada invested in its economic future. In the wake of this budget, the Conservative Party has so grossly mismanaged this program that no one can even tell Canadians how much is being spent, how jobs are being awarded and why the government initially denied funding to vulnerable organizations in communities across the country.

Let us hope that these future business leaders of Canada do not take the definition of transparency and accountability from the government's shameful example.

The budget is also sadly lacking in respect to education needs of Canadians. For our nation to remain prosperous, for Canada to

remain a leader in the world, we must be on the leading edge of the knowledge economy. Our universities must be training grounds for a generation of leaders. Instead, this budget fails Canada's undergraduate students.

The budget does not put a penny in the pockets of those who need it most. Instead of removing barriers to higher education, the government is content to rest on its laurels, whatever they may be, and wait for Canada to be overtaken by other countries that have the foresight to invest in their post-secondary students and institutions.

That is not the only place where the Conservatives are abandoning Canada's place on the world stage. The repeated failure of the Conservative government on the environment has been nothing short of unforgivable. We have now seen not one but two failed environmental plans. We have a Prime Minister who spends his time at the G-8 bragging about his climate change denial, a minister who called climate change a socialist scheme and a climate change policy more comfortable with George Bush's Oval Office than in nations across the world.

There is a gaping hole in the budget when comes to innovative environmental programs. It is nice that the Conservatives are reintroducing the successful Liberal programs it cut but that is not leadership, that is backpedalling.

Our cities are being neglected more and more by the government. It was the previous Liberal government that committed gas tax moneys to Canada's cities. It was a huge step forward. For the first time the federal government was taking a leadership role and recognizing that municipalities are an important level of government badly in need of help.

Our cities are in desperate need of reliable, substantial and consistent federal funding. The Liberals' new deal for cities was a great first step but much more needs to be done. As a former city councillor in Toronto, I know that our municipalities are the front lines in terms of need and services.

A city like Toronto is charged with fighting homelessness, hunger, poverty, infrastructure, public health, public transit, culture and much more. It must have the economic tools to fulfill its obligations to Canadians who live there.

When I asked the government about this last week, all I was heard was rhetoric about maintaining prior commitments. Everyone in Toronto and indeed all major cities in this country know that there is much more to be done. It is time for leadership and no more rhetoric. This budget simply fails Canada's cities.

Among the hardest hit of all by the government's neglect are Canada's poorest citizens. At this time Canada has no minister of housing and no affordable housing plan. Constituents in my riding of Davenport do not need an explanation of why a housing strategy is such a necessary element of a national safety net. They see the need every time they walk down a main street. They see it in their elderly neighbours whose pensions and meagre savings are not sufficient to keep a roof over their heads.



*Government Orders*

The government has no strategy to help thousands of homeless Canadians. There is no program to help ensure that every man, woman, and child in Canada has a place to call home. This is simply not acceptable.

•(1805)

If the Conservative cabinet ministers cannot see this then I invite them to walk down the streets not five minutes from this Parliament. They will have the opportunity to talk with some people living on the streets. They are Canadians too and they need help. Sadly, this budget ignores—

**The Acting Speaker (Mr. Andrew Scheer):** Questions and comments, the hon. Parliamentary Secretary to the Minister of Veterans Affairs.

**Mrs. Betty Hinton (Parliamentary Secretary to the Minister of Veterans Affairs, CPC):** Mr. Speaker, it is always unfortunate that when people are trying to make a valid argument about a point that is important to them in this House of Commons they need to rely on using what I call emotional blackmail.

A number of comments made by the member were completely unfounded. Did none of those problems that the member expounded on today, the homelessness issue and the other issues that he has brought forward, exist under the previous government? I certainly hope that is not what he is trying to make Canadians believe because that would be an absolute falsehood.

This particular government has put a great deal of money and effort into trying to resolve those issues for Canadians. We realize it is a serious issue and it is across this entire nation.

**Mr. Mario Silva:** Mr. Speaker, I am not quite sure what the member was trying to allude to.

In terms of emotional blackmail, does the member actually think that when a member of this House speaks about the homeless situations in our cities, the problems that are faced by poor people who cannot find child care, who cannot find decent housing, that that somehow is emotional blackmail? I would think not. These are important issues that we as parliamentarians have a right to speak to because these are important issues facing our country and our cities.

What I was trying to get at concerns the budget. We have a major surplus, due in large part to the good fiscal management of the Liberal government. The member may not want to believe it but most Canadians do believe that. Because the Liberal Party had good fiscal management for many years, we now need to ensure the investments are appropriate to the right places. I must say that child care is a very important piece of that socio-economic brick that could assist people out of the poverty lines. That is the point I was trying to make.

The government has taken away child care. It does not have a minister of housing. I have not heard one minister yet in this House speak about the importance of housing and homelessness in our cities. Those are the priorities I am talking about but the government has other priorities and they are not the same priorities that I have.

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, the hon. member was speaking about child care. My wife and I were eligible for the \$100 credit as well. I have not had the opportunity to apply for it because it is so complicated, but it is not about that \$100.

My parents are living with me in my home, so it is not the child care, it is the early learning that we get. I am spending about \$1,000 for early learning for my three year old.

The parliamentary secretary was talking about emotional blackmail, but an association like the Child Care Advocacy Association of Canada gives a failing grade to the government on child care. I am sure this association is a very non-partisan group and I would like to ask if the hon. member would like to comment on this association giving a failing grade to the government on child care.

•(1810)

**Mr. Mario Silva:** Mr. Speaker, I want to take this opportunity to congratulate my hon. colleague for the excellent work he has been doing. I agree with him 100%. It is about the importance of early learning and the child care spaces that we need to have in our cities and our communities across the country.

It is one thing to hand out a cheque for \$100. Every person would love to have \$100. If the government were throwing \$100 to every family, that would be fantastic, but it is a question of priorities. How do we set priorities in this country? We do not have an infinite amount of money. We need to ensure that money is properly allocated to programs that alleviate poverty, homelessness and where we can get children into early childhood learning programs.

The only way we can do that, with the amount of money and the budgets that we have, is by making strong investments in child care programs, which is what we were doing. We were doing that in partnership with our cities and in partnership with provincial premiers across this country. That is a very important piece of the pie that the government, unfortunately, has missed out on when it talked about early childhood education.

It is not about just handing \$100 to everybody. Some people may even call that buying votes. This is about making investments, an investment in our children, an investment in our communities, and an investment in early learning, which is exactly what our plan had but the government killed it.

**Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC):** Mr. Speaker, I heard my hon. colleague from Newton—North Delta talk about the Child Care Advocacy Association so I thought it would be appropriate to ask him a question.

At last count, we had noticed that the Child Care Advocacy Association had received, I believe, \$6 million in funding from the previous Liberal government and yet created zero child care spaces by its own admission. I am curious. When the member refers to the association's strong record on child care, is he is talking about the spending of \$6 million on a lobby group?

**Mr. Mario Silva:** Mr. Speaker, I would not characterize it as a lobby group. The reality is that it is doing incredibly important work.

*Government Orders*

Child care is an extremely important issue. When Mr. Chrétien was the prime minister and the member for LaSalle—Émard was the minister of finance, we invested incredible amounts of money into the provinces for child care spaces. The provincial government at that time, Mike Harris' Progressive Conservative government, tried to block that money from flowing to the cities. Therefore, we could not create those child spaces in cities like Toronto. About \$180 million were given directly to the City of Toronto through the transfers from the federal coffers to the provinces. We could not access that money when I was in city council because the government at that time, the Progressive Conservative government of Mike Harris, refused to transfer that money.

Maybe that is the Conservatives' hidden agenda. If they do not believe in the child care program they should be honest and say that they do not believe in child care spaces, that they do not believe in investing in early learning and child care spaces, that they do not believe in investing in our cities and that they do not believe in investing in housing, in communities and in helping the homeless and the poor in our country. What they are not able to say directly, their programs and their actions clearly indicate exactly where they stand on these issues. They should be honest with their constituents and our people and say quite clearly that they do believe in these programs.

**Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, I know my colleague has a great deal of interest in the issue of undocumented workers. I note that the money for the removal of undocumented workers has been increased to \$420 million. I wonder what my colleague would have to say about that because undocumented workers are actually assisting in growing the Canadian economy and without them we could be in a great deal of trouble.

• (1815)

**Mr. Mario Silva:** Mr. Speaker, I will try to be brief because I know my hon. colleague, the member for Scarborough—Guildwood, wants to get to the second part of the debate.

I would say that the issue of undocumented workers is a big one because it affects thousands of people in communities all across Canada. A motion was passed in the House with unanimous consent that there would be a moratorium. I would hope that the government respects the will of Parliament and has a moratorium on the deportation of undocumented workers.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Mr. Speaker, here we are, just one week short of three months since this bill was introduced and we are still debating it, notwithstanding the efforts to pull a sneaky motion on Friday and then the government House leader introducing closure earlier today.

I am wondering why it took the government so long. It possibly has something to do with the lack of popularity of this budget.

It used to be the rule of thumb that if people were still talking about the budget 48 hours after its delivery, then the budget was a failure. By that standard, this budget is a colossal failure.

I only have to point everyone to today's headlines. One states that the Prime Minister "faces growing Atlantic Tory backlash". It says, "Nova Scotia premier leads charge against federal budget and 'our quiet talks are about to get a whole lot louder'". The article states: "It

is clear the Finance Minister is 'determined to undermine these efforts and undermine our good faith discussions', the Premier said in a telephone interview".

The next headline states that "Mulroney phoned" the member for Cumberland—Colchester—Musquodoboit Valley "in bid for Tory unity". That article states that the "Nova Scotia MP [for Cumberland—Colchester—Musquodoboit Valley] said Mr. Mulroney called him twice in the days before a second-reading budget vote to see if any accommodation could be reached between the veteran MP and [the] Prime Minister".

I can pretty well understand why the government does not want this debate to go on for too long. When we have headlines like that, it is not a good day for government, and certainly this is well past the 48 hour cut-off period to determine whether in fact this is or is not a good budget.

What must be very disappointing for the Prime Minister is that this was to be the central piece of his one step-two step lead-up to the election. His first step was to get the premier of Quebec elected and the second step was to have what we could call a goodies budget.

The first step was a bit of a disaster. The premier of Quebec almost lost his seat. The net result was Quebec's first minority government certainly in decades and possibly into the previous century. We have now cumulatively the majority of members who are either full-out separatists or quasi-separatists who are called autonomous, whatever autonomous means. That step one did not exactly come off the way the Prime Minister planned it.

Step two was a goodies budget, so to speak. Instead of being a goodies budget, it has turned out to be a victims budget. The budget has many victims. In fact, I recommend that in the event the government ever gets to deliver another budget it should precede the budget with a victims bill of rights, because when we start counting up the victims this budget has incurred, it gets to be quite extraordinary.

The fundamental rule of budget making is to not make the lives of Canadians worse by delivering a budget. The idea is to actually make their lives better. It is not as if the finance minister did not start out with hordes of cash. He has just declared a \$13 billion surplus. He is somewhat reluctant to give credit where credit is due. He appears to prefer to blame the previous 13 years of government mismanagement, but when there is \$13 billion in the kitty that is of course all his doing.

Then the finance minister proceeded to victimize literally millions of Canadians and all kinds of people and groups. He started with the premiers. The premier of Newfoundland and Labrador was first out of the box. He was quite eloquent in his declaration that this budget in fact was a fraud on the people of Newfoundland and Labrador.

Next up was the premier of Saskatchewan, who said the promise that was made during the election was that non-renewable resources would not be touched. Now we have the premier of Nova Scotia saying that the quiet discussions "are about to get a whole lot louder". This is not exactly the way to create a peace in our times budget.

*Government Orders*

● (1820)

All three premiers have in common a simple understanding that a deal is a deal is a deal. When the Atlantic accords, as they have come to be known, were entered into, that was a deal. It was not a deal that could be changed unilaterally by one side of the partnership. It was simply a deal.

It reminds me of a real estate agent who sells someone a house and two years later says he really did not intend to sell that house but he has a better one to sell. Maybe, just maybe, the premiers and the people of Nova Scotia, Newfoundland and Labrador, and Saskatchewan think the house they have is perfectly fine, thanks very much, and they do not want the alleged benefit the finance minister is holding out to them.

Indeed, there was an extraordinary event when the premier of Saskatchewan accepted the invitation of the finance committee to appear before it and talk about the budget. It was not a particularly good day for Conservative MPs at the finance committee, particularly those from Saskatchewan, who were in the uncomfortable position of having the premier of their province deconstruct the budget in a fairly precise way. They were left in an unenviable position. In fact, he quoted chapter and verse from the Conservative platform and how the government of Saskatchewan would be affected.

The three premiers plus all of the people of the provinces they represent is one rather large group of victims.

There is another group of victims and those are the income trust folks. Some have said that up to two million people were victimized by the decision of the finance minister and the Prime Minister to reverse their election promise. Not only did they reverse their election promise, but they executed it in such an incompetent fashion that they literally wiped out multiple billions of dollars of hard-earned savings.

I have an email from one of those victims. I do not know this man, but he sends it to me from Ladysmith, B.C. I will withhold his name because it is a bit of an embarrassment to him. He wrote: "Dear John: Thank you for so succinctly stating my situation around the income trust fiasco yesterday in the House of Commons. I personally lost in excess of \$100,000 in investments of close to \$400,000. More importantly, I have lost it. I can't recoup it now even if the Minister of Finance backed off completely".

He continues: "I deregistered what was left of my self-directed RRSP and incurred a whopping \$36,000 in income tax".

It gets worse. He goes on: "Part of my investments had been leveraged with a mortgage on my principal residence. In order to service that debt we need to sell our home and relocate in a much more modest home".

So much for their retirement. I am sure they will be terribly interested in income splitting.

His final paragraph states, "It isn't worth much, I know, to hear a thank you from me, but it's all I can offer you at this time, that and the promise that I and my family will be voting Liberal in the next election".

That is not exactly the way to win friends and influence people, but it is just so typical of the literally thousands if not millions of people who have been victimized by the decision of the finance minister.

Students have also been loaded on. In my riding last year we received something in the order of \$340,000. That \$340,000 was spread over 121 students. They were at the West Hill Community Services centre. They were at the University of Toronto, the Scarborough College branch. They were at the East Scarborough Boys & Girls Club. It was not a huge amount of money in the case of each and every one of those people, but it is a terrific resumé builder and a terrific experience for these guys.

We tried to find out what was happening. I sent an email to my staff. I received an email saying that the short answer is that "we'll never know", that they called so-and-so, who was not answering his phone, and they wanted someone named Vince to explain it to me. The government cannot and will not give us a list. I guess it is easier to shift money around if it is kept a secret. The open and transparent new government sure works in mysterious ways.

● (1825)

Then, of course, we have the interest deductibility decision, with a whole collection of victims.

Mr. Speaker, I see you indicating to me that my time is up, which is really quite a shame because there is such an endless list of victims from one end of the country to another. It really is an unfortunate occurrence that I cannot tell the House about all of these victims.

**Mr. Rick Dykstra (St. Catharines, CPC):** Mr. Speaker, I listened with great interest to the member's story. I did take from his comments one of the interesting points about how a deal is a deal is a deal.

Both he and I worked extremely hard as members of the finance committee in trying to make sure that time was allocated to the opportunity for witnesses to come forward, as the member explained, one of which was the premier of Saskatchewan, and to make sure that ample opportunity was provided for us to listen to what they had to say.

Also, the fact is that from his discussions and mine during the morning, at the end of the day we came to an agreement that the budget in fact would move forward based on what he wanted to make sure was going to happen. He then met with the member for Wascana to make sure that was okay. I did the same.

At the end of the day, I have a question for the member. I certainly am not going to hold the member personally responsible because it was not his decision as to why we are here now, but in fact we did keep our side of the bargain. We made sure they had ample opportunity to get this out. I would like to know from the member why the Liberal Party did not keep to its side of the arrangement.

*Adjournment proceedings*

**Hon. John McKay:** Mr. Speaker, what actually precipitated this deal—and I agree with him that he and I had an understanding which I thought we had worked out in the presence of the House of Commons chair of the finance committee—was frankly the desire on the part of the government to immediately go to clause by clause without the calling of any witnesses whatsoever, which was completely unacceptable to the members of the opposition on the finance committee. That was what precipitated the deal.

Then we actually did work out an arrangement, which as I say was in the presence of the chair of the finance committee, who apparently had taken a leaf out of the secret manual of committee chairs, because when we came back after the break, suddenly the deal that we thought we had worked out, which the hon. member, to his great honour, has acknowledged, was broken there in the presence of the committee. The deal ceased to be a deal and that was really—

**The Acting Speaker (Mr. Andrew Scheer):** On that note, we will move on to the adjournment debate.

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## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 is deemed to have been moved.

• (1830)

[*Translation*]

### CANADIAN HERITAGE

**Ms. Raymonde Folco (Laval—Les Îles, Lib.):** Mr. Speaker, on March 23, I asked the Minister of Canadian Heritage and Status of Women a question in order to raise the problem of funding for artists and culture in Canada. I asked the same question this afternoon during question period. On March 23, the Minister of Citizenship and Immigration answered that the Conservative government had allocated \$50 million in new funding for the Canada Council for the Arts.

Fifty million dollars is one third of what the previous Liberal government allocated.

[*English*]

I recall the minister's own words when during the last electoral campaign she said:

We will respect the promise of \$306 million for the Canada Council, which will double the budget of the organization, because we believe in the importance of the council for the Canadian arts community.

We are today very far from the minister's promise of \$306 million. The minister seems to be a less than effective advocate for a community which she boasts she represents proudly in the House of Commons.

[*Translation*]

Aside from the amounts allocated, I feel that this Conservative government has no desire to create an environment that fosters the development of culture, the arts and especially artists. Nothing in the measures that the Conservatives put forward in their last budget indicates any desire on their part to give artists a major role in our society. Quite the contrary.

Worse yet, nothing in the Minister of Canadian Heritage's speeches and statements has shown a real long-term commitment to Canada's cultural community.

[*English*]

The minister should listen to the Canadian artistic community. It is not happy with the direction the minister and her government are taking. Members have heard from the Canadian Museums Association, which is disappointed because no words have been forthcoming regarding the highly expected museum strategy.

We have also heard from the Canadian Conference of the Arts, which has argued, and rightly so, that the government missed an important opportunity to articulate a long term vision for the arts and culture sector in Canada.

Furthermore, it is not enough for the government to rely on private sector investment only to support arts and culture. I know there are a lot of laissez-faire officials within the government, but if there is one sector that the government should put serious efforts into it is culture.

[*Translation*]

The government knows that every dollar invested in culture creates eight or nine dollars in economic spinoff, so they cannot argue that it is not profitable.

The minister should consider these factors when dealing with the festivals file, which she has handled so ineptly and condescendingly.

Why is she so stubbornly refusing to give the festivals the money they so badly need? She says that small and medium festivals will be funding priorities, but she must be aware that nearly all festivals take place in the summer.

[*English*]

That is why I do not think it is only a question of creating new guidelines, guidelines that already exist. If the will to help the cultural industries of Canada really existed, there would be no problem.

**Mr. Jim Abbott (Parliamentary Secretary to the Minister of Canadian Heritage, CPC):** Mr. Speaker, for 50 years Canada's national arts funding agency has been providing support for professional Canadian artists and arts organizations. Canada's new government believes firmly that artists and art are an integral part of our national identity. Also, the government believes in the important role played by the Canada Council.

I know and this government knows that artists and arts organizations make an essential contribution to the social and economic fabric of our communities and our country, and the 5,780 grants provided by the Canada Council in the last complete fiscal year, 2005-06, have played a key role in supporting that contribution.

Over the past year the minister has met with artists and arts organizations around Canada to identify the priorities in the arts. She has worked tirelessly to optimize the role of the federal government.

The council has received the first \$20 million of the \$50 million announced in the 2006 budget. It will receive \$30 million for 2007-08. This will raise the council's total parliamentary appropriation to \$181 million, a large amount of money which benefits artists and arts organizations in all parts of the country.

I am pleased that the Canada Council has set clear priorities for these new resources. The budget included an announcement of \$30 million each year for the next two years to strengthen the cultural experiences of Canadians through events celebrating local arts and heritage.

Access to the arts is also improved by upgrading our arts infrastructure. That is why we announced in December an additional \$100 million for our national cultural institutions to address their urgent infrastructure needs.

The budgets presented by the Government of Canada have contained a long term plan for infrastructure. This includes a building Canada fund valued at \$8.8 billion over seven years, with spending allocated among provinces and territories on an equal per capita basis. It will support investments in a broad range of infrastructure, including cultural facilities.

Canada's new government is committed to ensuring that the work of arts organizations takes place in a more stable and sustainable environment. One of the ways we are working toward this goal is to make it more attractive and easier for individuals in corporations to contribute to the arts.

In our government's first budget in 2006 we did just that. We removed the capital gains tax from gifts of publicly listed securities to charities and in budget 2007 we have gone even further, building on this initiative by extending the elimination of capital gains tax on donations of publicly listed securities to private foundations. I am confident that this will benefit the arts as well.

While many factors influence the donation of listed securities, it is estimated that the elimination of the capital gains tax on these donations to charities has resulted in more than \$300 million since budget 2006, of which \$20 million has been given to the arts. This is good news.

It is because this government believes in the contribution made by the arts that it is making these substantial commitments to Canada, supporting the arts in Canada. I can assure the House that the minister will continue to work with the arts sector and other partners to ensure that it has the necessary resources to do its important work.

● (1835)

[*Translation*]

**Ms. Raymonde Folco:** Mr. Speaker, the answer is quite incomplete, in my opinion. We are talking about huge sums of money that seem to be a panacea, and I can believe it. But the problem is also when these organizations will receive this money.

In my riding of Laval—Les Îles, I see small museums and associations that applied for federal funding and had received money from the federal government for years, but were told they would get money in the fall of 2007. Everyone knows that most if not all activities across the country take place during the summer, in June, July and August.

#### *Adjournment proceedings*

Giving money to these groups in the fall is like saying they cannot hold any activities. It is the same thing for small museums. Large museums sometimes manage to get by—

**The Acting Speaker (Mr. Andrew Scheer):** I regret to interrupt the hon. member for Laval—Les Îles. The Parliamentary Secretary to the Minister of Canadian Heritage has the floor.

[*English*]

**Mr. Jim Abbott:** Mr. Speaker, the government is not really interested in taking lessons from the Liberals on arts because it has done more for the arts community in the last year and a half than the Liberals did in 13 years.

When we formed the government, the Canada Council of the Arts was in need of more funding and we delivered \$50 million.

In terms of festivals, the Arts Presentation Canada program supports some 600 festivals and series in 225 communities each year.

Our budget this year announced an additional \$60 million over two years for festivals and this new program will be ready to go in the fall.

Then there is Cultural Spaces Canada, \$30 million annually, 408 projects across the country; Endowment Incentives, the money requested growing from \$8.2 million to \$25 million over the last five years, which has leveraged \$74 million in donations to endowments from the private sector. The government takes art seriously.

● (1840)

#### OIL AND GAS INDUSTRY

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, it is a pleasure to rise in the House and speak about gas prices and refining profits with regard to consumers being hosed across this country.

I asked a question in this chamber about the fact that the Conservative government was allowing the price of phone calls to go up as well, once again hurting consumers. It has actually allowed the rates to go from 25¢ up to \$1 for local telephone calls if we use a card.

I specifically want to go back to gas prices. My specific reference relates to the issue of refining profits. It is important to note that Statistics Canada in its fourth quarter report, which is a month old approximately, noted that profits of oil and gas extraction companies exceeded \$31 billion for the first time ever in 2006, up 2.3% over 2005 levels.

Crude oil prices peaked in the summer of 2006, but retreated in the latter portion of the year due to the high inventories and softening demand. Nevertheless, the average crude prices for 2006 were well ahead of 2005.

That is important to note because what we have witnessed is that refining profits moved exponentially up in the system and the actual cost to consumers has gone up significantly.

*Adjournment proceedings*

The government's claims that it is a world market and it cannot do anything about it is absolutely erroneous. There are different policies, also voted in the House of Commons, to create a watchdog agency, which the government could implement to bring some accountability and independent analysis to the subject matter.

The Competition Bureau currently does not have the mandate to delve into that layer of responsibility, so we need that updated. The minister's own briefing, which I obtained through the Access of Information Act, indicated that reviewing the Competition Act should be a priority for Canadians and the ministry, but the minister has yet to do so.

It is important to bring to light some information. Just today at the industry committee we started our first hearings on gas prices. One of the things that was interesting was that Natural Resources Canada brought out a breakdown of the different price increases and percentages. Sure enough, the profits for refining markets back in 1996 was 9.1% of the price of gasoline. Ten years later, that is 24.3%

That is unbelievable, given the fact that we witnessed refining being limited and reduced in this country in many respects. PetroCanada in Oakville, for example, was shut down because it did not want to invest in that. PetroCanada now buys its gas from Esso overseas in Europe and imports it.

It has also started purchasing gasoline from Esso in Sarnia, for example, so when Sarnia had the fire, consumers across Ontario in particular and across the country had to pay that differential because there was no competition and no excess refining capacity. PetroCanada stations were affected just as fast as Esso stations when the refining capacity dropped because of the fire.

I know that there are some promises of investment into the industry itself, but we have not seen the real proof.

My question to the government is this. Why does it not bring some accountability to this file? The Prime Minister questioned the previous prime minister, the member for LaSalle—Émard, about why he would not live up to votes in the House of Commons and chastized him for that. Why does the government not live up to the vote we had in the House of Commons on gas pricing and a petroleum monitoring agency, and do something to support consumers and bring transparency and accountability to this file?

[*Translation*]

**Mr. Jacques Gourde (Parliamentary Secretary to the Minister of Natural Resources, CPC):** Mr. Speaker, I am pleased to have the opportunity to address this matter. It seems to have captured the imagination of Canadians.

In 2005 and 2006, the price of oil increased considerably, mainly because of the high price of crude oil. A recent series of interruptions in supply has made the price climb at the pumps.

We all know that Canadians have been hard hit by the recent spike in the price at the pumps. Obviously, when the price of gas goes up, Canadians are affected. There is no doubt that this has repercussions on the daily lives of Canadians and increases the cost of living, which concerns us all.

In our last budget, we adopted a number of initiatives such as the ecoAuto rebate program, which encourages Canadians to buy highly

fuel-efficient vehicles with rebates up to \$2000. We in the government are getting things done.

It is not just the price of fuel that influences our energy costs. The way we drive also has an impact. The government has posted on the Internet a number of practical tips on buying, driving and maintaining vehicles. These tips can save Canadians money and fuel and also reduce greenhouse gas emissions. The following are a few examples of some of the tips: drive at the speed limit since driving at 100 km per hour instead of 120 km per hour increases performance by 20%; plan trips, use public transit as much as possible; avoid letting the motor idle for nothing; and keep tires inflated.

Since we are talking about gasoline I will talk about energy, something that is very important to this government. We recognize how important it is that we end our dependency on oil.

Our government recognizes that we must invest in other forms of energy. We have invested \$1.5 billion in renewable energy such as wind, biomass and tidal energies.

The development of new technologies is one of the primary areas where we can join forces. Innovative and ground-breaking technologies are the key to Canada's future when it comes to natural resources. The natural resources industry is a high tech industry, and it is Canada's technologies and know-how that have made Canadian business so competitive on the world market. The truth of this can be seen in the resource exploitation technologies that Canada supplies to the rest of the world.

Everything our government does is focused on results. We have invested \$230 million on a targeted initiative to do research into technology to clean up our conventional energy. These are tangible things that we believe can make a difference, everything from clean coal technology to emissions-free coal-fired electricity generation to carbon sequestration.

In fact, when price regulation has been imposed in the past, it has actually resulted in higher gasoline prices. We cannot get involved in regulation. As long as we are not facing a national emergency, the Canadian Constitution does not allow the Government of Canada to regulate energy prices. That is a provincial jurisdiction. At present, Prince Edward Island, Newfoundland and Labrador, Quebec, Nova Scotia and New Brunswick have decided to regulate gas prices. Experience has shown, however, that although regulation may stabilize prices and make them less volatile, it does not necessarily lower prices.

The Competition Bureau has the authority and the responsibility to investigate any anti-competitive practice and, if necessary, to take legal action. The Competition Bureau has conducted several major investigations of collusion in the oil industry.

*Adjournment proceedings*

• (1845)

[*English*]

**Mr. Brian Masse:** Mr. Speaker, that really does not solve the problem. The problem is that we have to protect consumers. Of course we want clean energy and efficiency in terms of people switching to alternative energy, but consumers do not need to be gouged in the process. There should be a net benefit in terms of switching that we can take advantage of, but we do not.

How is the government program measuring up? Statistics Canada recently came out with statistics showing that Canadian consumers mostly shrugged off the effect of rising gasoline prices on their driving habits, never mind their overall behaviour. The only concession drivers made to higher prices was to switch from premium grade to regular grade gasoline. What happens is people produce worse products. That does not take away the fact that the refining profit margins have gone up significantly. In the last year they have gone up as well. That is what we are talking about, putting those resources back into Canadians' pockets so they can make better decisions about their habits.

It is important to note that the government can put up a website and a few other things, and I even include driving habits in my literature in order to educate consumers about all those different things, but the reality is—

**The Acting Speaker (Mr. Andrew Scheer):** The hon. Parliamentary Secretary to the Minister of Natural Resources.

[*Translation*]

**Mr. Jacques Gourde (Parliamentary Secretary to the Minister of Natural Resources, CPC):** Mr. Speaker, as part of our EcoAction plan for a cleaner, healthier environment, we have implemented initiatives such as our ecoAuto program, which gives rebates of up to \$2,000 per vehicle to help Canadians acquire vehicles that consume less fuel.

To make alternatives to fossil fuel available, the government has mandated that gasoline must contain 5% renewable fuel, and it has recently invested \$2 billion in a Canadian biofuel strategy.

In the 2006 budget, we created a tax credit for public transportation to encourage the use of public transportation systems, and we reduced the GST from 7% to 6%, which lowered the price of gas and other products.

In addition, the government has set up the ecoEnergy program for personal vehicles. This program will include information about fuel consumption and tools to help consumers make decisions, such as labels on vehicles, manuals—

• (1850)

[*English*]

**The Acting Speaker (Mr. Andrew Scheer):** Order. 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.

(The House adjourned at 6:50 p.m.)

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