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OFFICIAL REPORT
(HANSARD)

Thursday, November 29, 2007

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, November 29, 2007

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

•(1005)
[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 10 petitions.

* * *

FISHERIES ACT, 2007

Hon. Loyola Hearn (Minister of Fisheries and Oceans, CPC) moved for leave to introduce Bill C-32, An Act respecting the sustainable development of Canada's seacoast and inland fisheries.

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

* * *

INTERPARLIAMENTARY DELEGATIONS

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, we were very busy this summer as an interparliamentary group, and I have the privilege, pursuant to Standing Order 34(1), to present to the House, in both official languages, the following reports of the Canadian delegation of the Canada-U.S. interparliamentary group respecting its participation at a number of conferences.

The first is the New England Governors & The Eastern Canadian Premiers 31st Conference in Brudenell, Prince Edward Island, on June 25 to 26.

The second is the National Governors Association's 2007 annual meeting, "Innovation America", in Traverse City, Michigan, on July 20 to 23.

The third one is the Council of State Governments, Southern Legislative Conference's 61st annual meeting in Williamsburg, Virginia, July 14 to 18.

The fourth is the Pacific Northwest Economic Region's Legislative Leadership Academy in Banff, Alberta, on September 28 to October 1.

There will be more to come.

* * *

COMMITTEES OF THE HOUSE

STATUS OF WOMEN

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on the Status of Women in relation to trafficking of women and children during the 2010 Olympics.

The Standing Committee on the Status of Women has done an extensive study on the human trafficking issue. It is an important issue that has world attention. Human trafficking is a heinous crime and that is why the previous minister of justice in the Liberal government made it a criminal offence.

I hope that the government will provide the House with a plan of what specifically is being done in advance of the Olympic games.

FINANCE

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on Finance concerning the introduction of tax measures, in a unanimous report from February 2007 entitled "Manufacturing: Moving Forward—Rising to the Challenge".

* * *

CRIMINAL CODE

Hon. Peter Van Loan: Mr. Speaker, there have been discussions among the parties and I think you will find consent for the following. I move that the order for second reading of Bill C-376 be discharged and the bill withdrawn.

•(1010)

The Speaker: Does the hon. government House leader 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.

Some hon. members: No.

Routine Proceedings

The Speaker: There is no consent, so shall we simply defer this matter until another time?

The hon. member for Moncton—Riverview—Dieppe.

* * *

CRIMINAL CODE

Mr. Brian Murphy: Mr. Speaker, I would like to ask for unanimous consent for the following motion. I move that Bill C-254, An Act to amend the Criminal Code (hate propaganda) stand in the name of the member for London West instead of the member for Etobicoke Centre, and that it stand on the order of precedence in the place of Motion No. 400.

The Speaker: Does the hon. member for Moncton—Riverview—Dieppe have the unanimous consent of the House to propose this motion?

Some hon. members: Yes.

Mr. Guimond: No. The answer is no.

The Speaker: The answer is no. There is no consent.

Mr. Guimond: We need to talk before that.

The Speaker: Good. I am sure there will be continuing talks.

* * *

PETITIONS

HAZARDOUS PRODUCTS

Hon. Judy Sgro (York West, Lib.): Mr. Speaker, I am very pleased to have the opportunity to rise today to present a petition on behalf of my constituent, Mr. Lance Ryan, and many of his friends and neighbours in the riding of York West.

Mr. Ryan's petition calls on the government to formally include nicotine in the Hazardous Products Act. I am pleased to table it on his behalf.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, the following questions will be answered today: Question Nos. 26, 36, 40, 61 and 68.

[Text]

Question No. 26—**Mr. Wayne Marston:**

With respect to the Optional Protocol to the Convention against Torture (OPCAT): (a) will the government ratify the OPCAT; (b) does the government have a timeline to ratify the OPCAT and, if so, when; (c) since OPCAT was adopted at the United Nations in December 2002, why has the government delayed its ratification; (d) what are the government's concerns with respect to ratifying the OPCAT; (e) has there been a change in the government's position on ratification since January 26, 2006 and, if so, what; (f) does the government plan to bring the issue of ratifying the OPCAT before Parliament or any of its committees and, if so, when and to which committees and, if not, why; and (g) what studies and evaluations about the OPCAT have been undertaken, requested or commissioned by the government and (i) what individuals, what department, or what organization undertook these studies, (ii) what is the cost of these studies, (iii) what are their findings and recommendations?

Hon. Maxime Bernier (Minister of Foreign Affairs, CPC): Mr. Speaker, the response is as follows:

a) The government of Canada is strongly committed to the prevention, the prohibition and the elimination of torture and other forms of cruel and inhumane or degrading treatment or punishment, globally and at the national level. Canada is a party to the Convention against Torture and Other Forms of Cruel, Inhuman and Degrading Treatment or Punishment. Canada actively participated in the negotiation of the optional protocol to the Convention Against Torture, the Optional Protocol. It supports its principles and voted in favour of its adoption by the UN Commission on Human Rights and the UN General Assembly in 2002. We believe that the optional protocol can be an important tool in protecting human rights. Indeed, Canada has many mechanisms already in place to protect persons in places of detention from torture. These include correctional investigators, police oversight agencies, ombudsmen, human rights commissions, and the courts. Canada collaborates with many international mechanisms that can review conditions of detention in Canada. These include the committee against torture and the human rights committee through the periodic reporting process and individual complaints mechanisms, as well as the working group on arbitrary detention through its 2005 visit to places of detention in Canada. The Government of Canada has extended a standing invitation to all UN special procedures to visit Canada, including the special rapporteur on torture and other cruel, inhuman or degrading treatment or punishment.

The government is currently considering becoming a party to the optional protocol as it pledged to do when it presented its candidacy for a seat at the Human Rights Council in 2006. Canada takes its international human rights obligations very seriously. Accordingly, the general practice for human rights treaties has been to become party only after Canada is satisfied that its domestic laws and policies meet the obligations they impose or has clearly identified the required measures to meet these obligations. Consultations and analysis began after the adoption of the optional protocol, and are still ongoing. Ensuring that domestic laws and policies will meet international obligations requires that extensive and complex consultations involving multiple departments and levels of government be undertaken, as explained in responses c) and d), below. The complexities of establishing independent proactive domestic visiting mechanisms, particularly in a federal state, with a vast territory, must not be underestimated. This work takes time. Only after this analysis is completed will Canada be in a position to make a decision as to whether to become a party to the optional protocol.

b) Owing to the extensive consultations required and the complexities of the issues raised by the implementation of the optional protocol, no timeline has been developed for Canada to become a party to the optional protocol.

c) The government is committed to actively considering whether Canada should become a party to the instrument. However, the analysis is complex and many issues require further clarification.

The length of time for the review process to determine whether Canada should become a party to a human rights instrument depends on several factors:

1) whether the treaty obligations impact solely on matters under federal jurisdiction or whether they relate to matters under the responsibility of the provinces and territories and First Nations;

2) whether the analysis of the domestic implications of becoming a party is complex involving many issues and numerous federal departments and agencies, as well as the provinces and territories and First Nations; whether new measures are likely to be required, including new legislation and significant resources;

3) the level of priority and resources dedicated to the review process across federal departments and in the provinces and territories;

4) the level of priority of other international human rights work including: review of other treaties for ratification; establishing Canada's positions on human rights issues and negotiating positions on new instruments at various multilateral fora; preparation of periodic reports to UN committees; visits by international bodies and responding to individual complaints.

With respect to the optional protocol, in particular, the process is complicated due to several factors:

1) the scope of "places of detention" is broad and includes: prisons, police stations, immigration detention centers, youth facilities and psychiatric hospitals. Responsibility for these institutions falls under several federal departments and agencies as well as the provinces and territories and, in some instances, First Nations;

2) the analysis of the issues is complex and resource intensive. Some of the issues include: determining whether existing bodies at federal, provincial and territorial levels that conduct visits to places of detention meet the requirements of the protocol (i.e. whether they conduct "regular visits"; whether they are sufficiently independent from government; whether privacy legislation will permit the sharing of personal information with the UN subcommittee and other information sharing issues). If new measures are required, then an analysis of the potentially substantial resource implications is also required;

3) several concepts, such as the requirement of "regular visits", are not well defined and could have an impact on resource requirements. The Government of Canada is presently analysing these concepts with a view to clarifying their meaning.

The experience of other countries shows that there are challenges to the implementation of the optional protocol. In order to ensure that Canada can live up to its future commitments and preserve its international reputation, we should continue to do the necessary homework.

d) It is more apt to speak of "challenges" related to Canada becoming a party to the optional protocol than "concerns".

In examining whether to become a party to the optional protocol, a decentralized federal state such as Canada faces a particular set of challenges. As a first step, we must determine whether the federal, provincial and territorial mechanisms to prevent torture that are already in place in Canada, are in accord with the provisions of the

Routine Proceedings

optional protocol. This analysis includes determining whether existing bodies at federal, provincial and territorial levels that conduct visits to places of detention meet the requirements of the optional protocol regarding regular visits to places of detention and, if not, what is needed to make them compliant with the requirements of the optional protocol. Further, there is a need to determine the frequency of monitoring visits to places of detention, as the frequency of such visits will have a direct impact on the financial implications for Canada implied by the protocol. The analysis also includes whether the mechanisms already in place are sufficiently independent from government and whether privacy legislation will permit the sharing of personal information with the UN subcommittee on the prevention of torture and other information sharing issues. We will also need to examine to what extent the optional protocol requires, or it would be desirable to, ensure proper communication and coordination of work between visiting mechanisms.

As a matter of policy, Canada does not ratify or accede to an international treaty until satisfied that we are in compliance with its provisions. While Canada, as a party to the optional protocol, would be responsible for compliance with its provisions under international law, the constitutional division of powers mandates that implementation be carried out at the federal, provincial and territorial levels. The Canadian government consults with the provinces and territories to seek their support for signature, ratification or accession.

e) There has not been a change in the government's position with respect to the optional protocol.

f) The House of Commons Subcommittee on International Human Rights is studying this issue. We will closely follow the work of the subcommittee and look forward to examining its recommendations.

g) The government has not requested or commissioned any formal studies or evaluations of the optional protocol. Therefore, no individuals or organizations have been involved in such activities, no related costs have been incurred, and no recommendations have been issued.

The normal process when the government is considering becoming a party to a human rights treaty is for an internal analysis to be done of the provisions of the treaty in order to determine the treaty's domestic implications. Different departments, including Department of Justice, Foreign Affairs and International Trade Canada, and Public Safety Canada, have been involved in the analysis of the optional protocol and its domestic implications. The process is ongoing.

*Routine Proceedings***Question No. 36—Mr. Bill Siksay:**

With respect to Canadian citizens who are captured and detained abroad as “enemy combatants” by foreign authorities: (a) what is the government’s position with regard to their citizenship rights; (b) what is the government’s position on their repatriation from foreign detention facilities to face trial in Canada; (c) what studies and evaluations about such citizens and their rights have been undertaken, requested or commissioned by the government; (d) what individuals, departments or organizations undertook these studies; (e) what is the cost of these studies; (f) what are the findings and recommendations of these studies; (g) which recommendations does the government agree with and which does it disagree with; (h) how many Canadians have been considered “enemy combatants”, either by the Canadian or foreign governments, since September 2001; and (i) which countries have described them as such?

Hon. Maxime Bernier (Minister of Foreign Affairs, CPC):

Mr. Speaker, with respect to Canadian citizens who are captured and detained abroad as “enemy combatants” by foreign authorities:

a) Issues pertaining to Canadian citizenship are not affected by the circumstances described in the question.

The rights of individuals in respect of Canadian citizenship are determined by the Citizenship Act.

b) This question can only be answered on a case by case basis and presumes that the Canadian detained abroad is accused of crimes prosecutable in Canada. Whether or not the necessity or possibility exists for a given individual to “face trial in Canada” is subject to the circumstances of each case. Any decision to prosecute would be determined by, *inter alia*, the nature and availability of evidence; whether such evidence discloses a criminal offence in Canada; jurisdiction over such alleged offences; the likelihood of a successful prosecution. In the event of extra-territorial offences, the consent of the Attorney-General may be required before a prosecution can be initiated.

c) The government seeks and obtains legal advice on individual cases from experts in the Departments of Foreign Affairs, National Defence, Justice and Public Safety, as appropriate. No private studies have been commissioned.

d) See response to c).

e) Not applicable.

f) Advice to the government from its legal counsel is subject to solicitor-client privilege.

g) See response to f).

h) One.

i) On September 17, 2004 a Combatant Status Review Tribunal convened by the United States of America at Guantanamo Bay, Cuba, determined Omar Khadr to be an “enemy combatant”.

Question No. 40—Mr. Nathan Cullen:

With respect to meeting the challenges of climate change: (a) what are the estimated costs to the Canadian economy of climate change; (b) what are the most current scientific modelling predictions used with respect to the impacts of climate change in Canada; (c) what regions of the country and which sectors of the economy are expected to be worse affected by climate change; (d) what are the anticipated job losses due to climate change; and (e) applying the same economic methodologies used for the environmental regulatory plan entitled “Turning the Corner”, what would be the health and economic costs of allowing the oil sands sector to increase volatile organic compounds emissions by 60 per cent by the year 2015?

Hon. John Baird (Minister of the Environment, CPC): Mr. Speaker, there have been numerous studies examining the potential costs of climate change impacts on specific regions of Canada; however, there are no estimates of the total costs to the Canadian economy of the impacts of climate change.

Natural Resources Canada published sectoral and regional assessments of climate change impacts and adaptation in Canada, in 2004 “Climate Change Impacts and Adaptation: A Canadian Perspective”. This report describes potential physical and socio-economic impacts of climate change. Natural Resources Canada also notes that several other researchers have undertaken analyses at the national level of climate change impacts on certain sectors, e.g., agriculture, for both Canada and the U.S. As well, Natural Resources Canada signals the difficulty in computing the cost of climate change to the whole economy:

“At present, it is difficult to derive quantitative estimates of the potential costs of climate change impacts. Limitations are imposed by the lack of agreement on preferred approaches and assumptions, limited data availability, and a variety of uncertainties relating to such things as future changes in climate, social and economic conditions, and the responses that will be made to address those changes.” (Climate Change Impacts and Adaptation: A Canadian Perspective. Government of Canada. 2004. p. 25. http://adaptation.nrcan.gc.ca/perspective/pdf/report_e.pdf)

The Intergovernmental Panel on Climate Change, IPCC, recently released its fourth assessment report on the science of climate change. This report contains a synthesis of results from global and regional climate models and these results are currently the most up-to-date available for all regions of the world. Canadian scientists and the Canadian global and regional climate models contributed significantly to this report, providing model output and scientific analysis and the Government of Canada readily accepts the finding of the IPCC reports.

The analysis of multiple models provides important information about model uncertainty which is not readily available from results of a single model, and therefore results from such a “multi-model” ensemble are of particular value when assessing projections of future climate change. The IPCC report provides the best, and most current, “high-level” assessment of model-based future climate projections. Output from the Canadian global and regional climate models is available from the following Environment Canada web site: www.cccma.ec.gc.ca. This kind of detailed model output is widely used by researchers across Canada studying the impacts of future climate change in Canada.

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Relatively little research has been completed to quantify the potential economic impact of climate change in Canada either at a regional or sectoral scale. The few macro-economic analyses of Canadian impacts that have been conducted almost exclusively deal with agriculture, where estimated economic impacts range from large annual costs to substantive benefits. All regions in Canada and all sectors of the Canadian economy will be affected to some degree, either directly or indirectly and positively or negatively, by the impacts of climate change.

In general the greatest impacts are expected in regions and sectors where operations and activities are already highly sensitive to variation in climatic conditions, are already experiencing impacts or are operating near critical thresholds. Impacts will be larger where the capacity to adapt or diversify is limited. Significant impacts are expected in the Canadian North, in economic sectors dependant on natural resources, and in public, utility and financial sectors responsible for social and physical infrastructure.

Environment Canada has not estimated the anticipated job losses due to climate change.

Given the complexity of the air quality valuation model, Environment Canada's analysis presented in "Turning the Corner" focused on the package of initiatives outlined in the Regulatory Framework for Air Emissions. It should be noted that without the regulations outlined in "Turning the Corner", the emissions from the oil sands sector would have doubled volatile compounds of emissions. Capping volatile compounds of emissions, means that emissions will be some 20% below the 2015 business-as-usual level. Capping the growth of volatile compounds of emissions will provide health benefits for all Canadians, as indicated on page 25 of the Regulatory Framework for Air Emissions. This includes a mean average reduction in premature deaths in the year 2015 by 1,200, and annual benefits estimated to be \$6.4 billion.

Question No. 61—Mr. Yvon Godin:

With regard to the document entitled "In the Hot Seat: an Evening Primer for Committee Chairs", did the Government House Leader's Office and the Privy Council Office (PCO) devote any resources to the creation of the manual and, if so: (a) what was the monetary value of the resources devoted by PCO and the Government House Leader's Office; (b) when did this activity occur; and (c) who were the government employees involved in this work?

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, this document is nothing more than a training manual designed to help members develop procedural expertise and to ensure that committees operate responsibly.

The government believes that all political parties have a responsibility to ensure that the members of their respective caucuses are sufficiently knowledgeable about parliamentary procedures and practices to perform their duties in an appropriate, efficient and respectful manner. The training manual has been prepared in order to achieve that objective.

The Privy Council Office was not involved in the preparation of the training manual and did not devote any resources to the creation of the training manual.

Question No. 68—Ms. Libby Davies:

With respect to Harry W. Arthurs' report on the Canada Labour Code entitled "Fairness at Work: Federal Labour Standards for the 21st Century": (a) what is the government response to the report; (b) what groups, individuals, businesses, organizations and institutes have been consulted about the recommendations in the final report and (i) what are the responses and recommendations from those consultations, (ii) what future plans for the consultations have been made; (c) what recommendations from the report does the government agree with; and (d) has funding been allocated to implement any recommendations in the report and, if so, for which recommendations?

Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC): Mr. Speaker, the response is as follows:

a) It is standard practice in developing labour policy to seek the consensus of business and labour groups through consultations. While some consultations have occurred, the process is not complete. Stakeholders have asked for refinement, precision and clarification of proposals before committing themselves.

b) Since the release of the report in October 2006, both the Minister of Labour and departmental officials have heard the views of a broad range of individuals and groups.

Departmental officials have met individually with the following employer organizations: Federally Regulated Employers — Transportation and Communications (FETCO), the Canadian Trucking Alliance, the Canadian Bankers' Association, Conseil du patronat du Québec, Canadian Chamber of Commerce, the Association of Canadian Search, Employment and Staffing Services, and the Canadian Federation of Independent Business. Officials also met numerous union and community-based organizations, namely, the Canadian Labour Congress, the United Food and Commercial Workers Union Canada, Teamsters Canada, Canadian Auto Workers, Confédération des syndicats nationaux, Grain Services Union, and the Workers Action Centre/Parkdale Legal Aid Clinic. Departmental officials also organized a roundtable in Winnipeg in December 2006, with participants from the Canadian Professional Drivers Association, Workers Organizing Resources Centre, Progress Rail, Sabourin Transport, Canwest Global, and the Canadian Union of Postal Workers.

In January 2007, the Minister of Labour made a four-city tour. In Montréal, he met the Confédération des syndicats nationaux, Fédération canadienne des entreprises indépendantes, and Au bas de l'échelle. In Toronto and Vancouver, the minister participated in breakfast meetings which attracted some 25 to 50 employer representatives each. As well, in Toronto, the minister met the Canadian Bankers' Association and Teamsters Canada. In Vancouver, the minister also met the British Columbia Maritime Employers Association and the International Longshore and Warehouse Union. In Calgary, he met the Canadian Industrial Relations Association, the Institute for Advanced Policy Research, the Calgary Chamber of Commerce, and Westjet.

b) i) Because of the report's length and complexity, 192 recommendations, many stakeholders did not focus on details, preferring instead to make comments of a general nature.

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There was a high degree of consensus in support of a new compliance strategy. All stakeholders favoured more education and information and they recognized the need to get tough with repeat offenders. In July 2007, the minister spoke at the annual conference of the Association of Labour Relations Agencies, where he announced that the labour program had begun to hire and train more inspectors to strengthen compliance through handling workplace complaints so that issues are dealt with in a timely manner and to ensure that Canadians can count on stronger enforcement, safer working conditions, and better labour relations. The minister reiterated that the labour program is investing in education, sharing best practices, providing dispute-resolution expertise, and conducting audits and inspections targeted to high risk workplaces and industries.

The report may be divided into three major areas: “flexicurity”, sector-specific legislation and minimum wage. Regarding flexicurity, we heard that unions favour those aspects of the report that supported security, but they did not like measures which promoted flexibility. Employers took the opposite view, supporting flexibility and resisting proposals for more security. Both employers and unions found ideas surrounding sector councils and sector-specific legislation quite attractive, but they identified a variety of challenges to making this approach more practical. Finally, there are huge differences between employers and unions regarding the minimum wage. Unions support a minimum wage that is based on a poverty measure, such as the low-income cutoff, and which is adjusted annually in line with increases in the cost of living. Employers support the status quo where the federal minimum wage reflects the current minimum wage established by each province and territory.

b) ii) Before committing themselves, stakeholders have asked for the refinement, precision and clarification of proposals. The government is doing this, but because many of the recommendations are detailed and complex, the process is time consuming. The government will continue to work closely with stakeholders.

c) It is standard practice in developing labour policy to seek the consensus of business and labour groups through consultations. The stakeholders have already expressed a high degree of consensus in support of a strengthened compliance policy featuring additional education and awareness activities and more robust enforcement. The government has started to implement part of this through reorganization placing a greater focus on compliance and by hiring additional inspectors. More work is required for consensus to emerge in other areas.

d) We are strengthening compliance and hiring additional inspectors within existing resources. Otherwise, it is not feasible to consider funding without knowing the result of the consultation process.

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[English]

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. 7, 8,

25, 39, 51, 54, 70 and 91 could be made orders for returns, these returns would be tabled immediately.

The Speaker: Is that agreed?

Some hon. members: Agreed.

[Text]

Question No. 7—**Mrs. Irene Mathysen:**

With regard to the manufacturing job crisis in southwestern Ontario: (a) does the government have any plans to intervene to save plants in danger of closing, what are these plans and when will they be implemented; (b) does the government have a strategy for attracting new producers to the region; (c) which manufacturing sectors does the government plan to focus on supporting and growing; (d) will the government implement sector based strategies for dealing with the manufacturing crisis; (e) does the government plan to provide subsidies to manufacturers who are having difficulties turning a profit; (f) does the government plan to provide cash grants (i) to manufacturers already in the region, (ii) as incentives to attract new investment, and, if so, what will be the amount of these grants and what will be the criteria for receiving a government grant; (g) does the government plan to provide grants of crown land (i) to already established manufacturers looking to expand, (ii) as an incentive to attract new investment to the region, and, if so, what will be the criteria for receiving such a grant; (h) does the government plan to introduce any tax incentives that will benefit manufacturers; (i) does the government have any plans to extend the modifications made to the capital cost allowance for machinery and equipment used in manufacturing or to make these modifications permanent; (j) will there be any tax incentives offered that will benefit manufacturing operations that have become unprofitable; (k) does the government plan to offer tax credits to (i) manufacturers already established in the region, (ii) as incentives to attract new investment, and, if so, what will be the nature of these tax credits and which manufacturers will qualify; (l) does the government plan to adjust the tax rate paid by manufacturers in struggling sectors; (m) will the government provide tax incentives to manufacturing employers who provide training and skills upgrades for their employees; (n) does the government plan to expand existing incentives for manufacturing corporations to conduct research and development; (o) will the government implement financing programs to improve access to capital for struggling manufacturers; (p) does the government plan to provide support for research into and implementation of energy efficient and environmentally sustainable manufacturing activities; (q) what obligations will the government place on all manufacturers to ensure that they maintain their presence in Canada and enhance employment opportunities in Canada; (r) how does the government plan to deal with the affect of the appreciating Canadian dollar on the profits of Canadian manufacturers; (s) does the government have a strategy to address the trade deficit in certain manufactured goods and to ensure a favourable trade balance; (t) does the government have a plan to encourage Canadians to buy Canadian products; (u) does the government plan to protect domestic producers from foreign competition by (i) introducing tariffs and quotas, (ii) ensuring Canada's trading partners comply with minimum labour and environmental standards; (v) will the government conduct a review of Canadian anti-dumping countervail and safe-guard measures to ensure they are adequately protecting Canadian producers; (w) what are the government's plans concerning free trade negotiations with South Korea and will the government refrain from entering into any agreement until non-tariff trade barriers providing an advantage to Korean manufacturers over Canadian manufacturers are removed; (x) what affect will Canada's free trade agreement with the members of the European Free Trade Association, announced on June 7, 2007, have on Canadian manufacturers and will any safeguards be in place to protect Canadian industry from European competition; and (y) will the government conduct a comprehensive study on the economic impact of NAFTA and other free trade agreements and implement strategies to deal with any negative impacts?

(Return tabled)

*Routine Proceedings***Question No. 8—Mrs. Irene Mathyssen:**

With regard to Status of Women Canada's Women's Program, for each of the fiscal years 2004-2005 to 2007-2008, in the ridings of London—Fanshawe, London West, London North Centre, Durham, Sarnia—Lambton, Fleetwood—Port Kells, Kildonan—St. Paul, Simcoe North and Simcoe—Grey: (a) how many organizations have applied for funding and what is the name of each organization and amount of funding requested, broken down by fiscal year and riding in which the organizations are located; (b) how many organizations have been granted funding, what is the name of each organization and amount of funding, and the date it was granted, broken down by fiscal year and ridings in which the organizations are located; and (c) how many organizations were rejected for funding and what is the name of each organization, amount of funding requested, date and fiscal year requested, reason for rejection and the name of the riding in which the organization is located?

(Return tabled)

Question No. 25—Mr. Wayne Marston:

With respect to funds at the discretion of Ministers of the Crown: (a) what programs or funds exist within their ministerial purview that do not require standard grants and contributions practices to be followed; (b) under what authority could a Minister distribute funds without using the grants and contribution process; (c) with respect to such discretionary funds, how much does each Minister in the current cabinet have at their disposal, how much has each minister spent on a monthly basis, and on what; (d) who were the recipients of such funds, by department or Minister; (e) with respect to the period from January 2001 to December 2006, (i) how much did each Minister had at their disposal, (ii) how much did each Minister spent on annual basis, and on what, (iii) who were the recipients of such funds, by department or minister, (iv) what was the date of each disbursement; (f) from which budget do such funds come from; (g) other than the Minister, who has the power to determine how such funds are disbursed; (h) how do such disbursement relate to Treasury Board guidelines; and (i) what kind of oversight exists on how such funds are disbursed?

(Return tabled)

Question No. 39—Mr. Nathan Cullen:

With respect to the procurement of Sport Utility Vehicles (SUVs) by the government over the last five years: (a) how many SUVs were purchased or leased on an annual basis; (b) what was the total government expenditure for the purchase or lease of such vehicles, on an annual basis; (c) what amount was spent by each department or agency; (d) how much was spent annually by each department or agency in the National Capital Region; (e) what was the breakdown by province; (f) which companies received government contracts with respect to the purchase or leasing of SUVs and what was the annual combined total of all contracts awarded to each company; and (g) what was the amount spent, on an annual basis, on the overall procurement of vehicles by the government and of this amount, how much was spent, on an annual basis in dollars and percentage, on SUVs?

(Return tabled)

Question No. 51—Ms. Jean Crowder:

With regard to the Third Party Management system for First Nations: (a) for the last five years, how many First Nations reserves have been operating under third party management and for how long; (b) for each of the reserves listed, who acts as their third party manager; and (c) for each of the reserves listed, how much was paid annually to the third party manager, and what percentage of band funding did that represent?

(Return tabled)

Question No. 54—Mr. Richard Nadeau:

With respect to the total number of government agency and Crown corporation jobs in the capital region from 1998 to 2007, how many were with the following government agencies, Crown corporations or other government organizations, broken down by the number of jobs either on the Outaouais side or the Ottawa side of the capital region: Atlantic Pilotage Authority Canada; Great Lakes Pilotage Authority Canada; Northern Pipeline Agency Canada; Laurentian Pilotage Authority Canada; Pacific Pilotage Authority Canada; Canadian Pari-Mutuel Agency; National Literacy Secretariat; Competition Bureau; Office of the Correctional Investigator; Transportation Safety Board of Canada; Public Service Integrity Office; Office of the Communications Security Establishment Commissioner; Office of the Commissioner

of Review Tribunals CPP/OAS; Office of the Prime Minister; Cadets Canada; Canadian Centre for Occupational Health and Safety; Canadian Police College; Security Intelligence Review Committee; Commissioner of the Environment and Sustainable Development; Office of the Ethics Commissioner; Pension Appeals Board; Immigration and Refugee Board of Canada; National Battlefields Commission; Status of Women Canada; Employment Insurance Board of Referees; Canadian Judicial Council; National Joint Council; Cape Breton Growth Fund Corporation; Tax Court of Canada; Federal Court of Appeal; Federal Court; Supreme Court of Canada; Office of the Registrar of Lobbyists; Elections Canada; Federal Labour Standards Review; ExportSource.ca; Canadian Race Relations Foundation; Canadian Coast Guard; Governor General of Canada; Interagency Advisory Panel on Research Ethics; Infrastructure Canada; Royal Canadian Mint; Marine Atlantic; Currency Museum; Public Sector Pension Investment Board; Freshwater Fish Marketing Corporation; Canadian Intellectual Property Office; Government of Canada Regulation Web Site; Federal Healthcare Partnership; Technology Partnerships Canada; Policy Research Initiative; Receiver General for Canada; Defence Research and Development Canada; Species at Risk Act Public Registry; Leadership Network; Canada Business Network; Networks of Centres of Excellence; Environmental Protection Review Canada; National Search and Rescue Secretariat; Service Canada; Criminal Intelligence Service Canada; Public Prosecution Service of Canada; Enterprise Cape Breton Corporation; Federal Bridge Corporation Limited; Canada Lands Company Limited; Canadian Biodiversity Information Facility; Veteran Review and Appeal Board?

(Return tabled)

Question No. 70—Ms. Libby Davies:

With respect to federal funding for Quebec's 400th anniversary celebrations: (a) what is the total amount of funding directed to this initiative and from which departmental budgets does this funding come from; (b) in regard to funds originating from the Department of Canadian Heritage, how much came specifically from the Main Estimates budget line that contains the "Celebrate Canada!" program funding; (c) which programs, events or activities are the recipients of these funds; (d) what is the distribution according to electoral riding; (e) what criteria is used to determine how funds are allocated; (f) what amount was spent outside the province of Quebec; (g) of funds allocated, how much were at the sole discretion of ministers of the Crown; and (h) which ministers distributed funds in such a fashion, by what amounts and to whom?

(Return tabled)

Question No. 91—Mr. Bill Siksay:

With respect to the "Celebrate Canada!" program administered by the Department of Canadian Heritage, in the past five fiscal years, including 2007-2008: (a) what was the total allocation of funds in each year; (b) what was the allocation of funds in each riding per year, broken down per grant; (c) what was the breakdown of funding to ridings represented by Conservative Members in each year; (d) what was the amount of funding to ridings represented by Liberal Party Members in each year; (e) what was the breakdown of funding to ridings represented by New Democratic Party Members in each year; (f) what was the breakdown of funding to ridings represented by Bloc Québécois Members in each year; (g) what was the breakdown of funding to ridings in each of the ten provinces and three territories in each year; (h) what was the funding application process for each year; and (i) what changes were made to the criteria and when?

(Return tabled)

[English]

Mr. Tom Lukiwski: Mr. Speaker, I ask that all remaining questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

*Government Orders***GOVERNMENT ORDERS***[English]***BUDGET AND ECONOMIC STATEMENT
IMPLEMENTATION ACT, 2007**

The House resumed from November 28 consideration of the motion that Bill C-28, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007 and to implement certain provisions of the economic statement tabled in Parliament on October 30, 2007, be read the second time and referred to a committee.

Hon. Garth Turner (Halton, Lib.): Mr. Speaker, it is always a pleasure to be able to get up and remind Canadians of the economic performance of the Conservative government, and I am pleased to have a few minutes this morning to do just that.

I hope that Canadians and our media, and everybody who is watching the proceedings in the House today will not be too amazingly distracted by what happens in the ethics committee and Mr. Schreiber's testimony. There are a lot of things that affect individual Canadians in their everyday lives and we tend to lose sight of them sometimes around this place as we go for the headline grabbing sensational.

I am pleased to talk a bit about the economic reality for a lot of Canadian families. There are some issues that I know are very much on the minds of Canadians.

One of them of course is our high Canadian dollar. The Canadian dollar has gained about 28% in value in the course of a single year. That is very substantial. The shock to a lot of Canadian industries has been breathtaking because the acceleration in the value of the dollar has been far faster than those industries have been able to cope.

Why has the dollar gone up so quickly? There are a number of reasons. Obviously our dollar is considered to be a petro currency and because of the rise in oil prices that is one reason. Also, the American dollar has fallen in value against almost every currency in the world and Canada's is no exception. Our dollar has gone up relative to the American dollar going down.

We cannot do a lot about those things, but there are some factors here that are Canadian. The root and cause is found in the actions of the Conservative government. For example, the government has been spending more money than any previous Canadian government. In fact, the rate of increase in government spending is now about twice the rate of inflation.

Inflationary spending by government tends to have an impact on inflation, the CPI, and that tends to have an impact on the currency. It also affects fiscal monetary policy. We end up with a lot of money coming to Canada from around the world for a number of reasons and that has only accelerated our problem. Canada has a high dollar, a high interest rate, and high inflationary policy, and this is hurting Canadians.

What damage is being done? Retailers, the tourist industry, manufacturers, shippers, the resource sector, and automakers are very much on the front line of what is happening today. Plants are

closing. Factories are going idle. Equipment has been unbolted from its cement pads in factories, crated up, and sent to China.

I was in an aerospace manufacturing facility in my riding the other day where hundreds of high qualified, high skilled jobs are in peril right now. People are contemplating selling much of the equipment in that plant and shipping it to China. I found out during my tour that there are more of these high quality, very expensive metallic fabricating machines sitting in crates in China ready to be installed in factories than there are existing now in all of Canada. That is a very disturbing situation.

In the past year, 350,000 Canadian workers in the manufacturing sector have lost their jobs. The finance committee has been spending a bit of time looking into this issue. We found out from experts at committee, a lot of them economists from unions and banks and industry, that this is just as they called it, the tip of the iceberg. They are expecting at least another 300,000 jobs to be lost in the next year.

If the Canadian dollar remains at parity or above the American dollar in value over the next two years, probably an equivalent number of jobs will be lost each year. That means two years from now the accumulated loss of manufacturing jobs could be close to one million. That is breathtaking.

This is an issue that goes to the fundamental economic management of the government because it is not managing this problem. The finance minister runs around the country and talks about the strong Canadian dollar. It is not strong. It is toxic. A lot of Canadians are seeing their jobs go as a result.

• (1015)

One example is in the Minister of Finance's own riding. He represents Whitby—Oshawa. One of the premier yacht building companies in Canada is in Whitby. It is called PDQ Yachts. It went bankrupt last month. The reason it went bankrupt is that it could not cope with a 28% rise in the value of the Canadian currency. Why? Because almost all of its sales are to the United States.

What company can take a 28% drop in the price of its product being shipped to its clients? Almost no company can do that. PDQ Yachts, in the Minister of Finance's own riding, went bankrupt. On December 13, the equipment in that plant is going to be sold at public auction. It is not good when we see companies deserting. It is a small company. It has only 100 employees. However, when we go a hundred by a hundred by a hundred in riding by riding and in community after community in this country, suddenly we have a jobs crisis.

What are those workers supposed to do? They are highly skilled. How about their families? How about their mortgages? People who live in the Minister of Finance's riding, where houses are not cheap, spend \$300,000 to \$500,000 buying a home and have to finance it. They have mortgages to pay and their jobs are now gone. This goes to the very heart of the economic mismanagement by the government.

Government Orders

Second, after the high Canadian dollar and the way that has been mismanaged, we have an income tax situation that is very troublesome indeed. The government, in its first budget, raised income taxes. The basic income tax rate was raised in the first budget and then it was raised in the second budget. This is the same government that campaigned on taxes. I admit it, I was a Conservative candidate in the last election, and I did not go from door to door promising people that their income taxes would be increased. I was rather shocked when it happened, but it did nonetheless.

Canadians had two income tax increases. In its last economic statement in October, the government finally relented and brought taxes back down to where they were two years ago, but not only two years ago, \$2 billion later, \$2 billion from Canadian families in overtaxation, which we finally see ending. Thus, income tax is the second problem.

Third is family financial stress. Our families are under a lot of stress. In this place, we are insulated. We are surrounded by opulence and gold leaf on the ceiling and stained glass windows. We make \$150,000 as members of Parliament. Ministers make another \$70,000 more. We have lovely offices. We live in a bubble here in Ottawa.

We do not see the financial stress that is going on across our country, but families are under financial stress. They have seen higher income taxes. They have seen higher mortgage rates because the government has inflationary spending that has forced the Bank of Canada to raise interest rates over the past few months. They are seeing higher energy costs. It costs \$1.04 for a litre of regular gasoline. Families have a hard time coping with all of that and now there are reduced employment prospects because of the devastation that has been wrought in the manufacturing sector by the Canadian dollar.

We have a high dollar, loss of jobs, higher taxes and family financial stress. That is four strikes against the government, but it does not end there. There is another thing the government has done that two million Canadians will never, ever forget. They are the two million Canadians who were income trust investors.

I would like to read for a moment from testimony given before the House of Commons finance committee this week. It was delivered by Margaret Lefebvre. She is executive director of the Canadian Association of Income Funds.

Here is what Margaret had to say to our committee: "This committee should be aware that the damaging consequences of the government's actions continue. Since October 31, 2006 there have been more than 42 transactions that involve the selling, merging or acquisition of income trusts with an enterprise value in excess of \$31 billion. The majority of these transactions by dollar value involve foreign buyers of Canadian assets. Most have gone into the hands of private equity and pension funds and virtually all of these entities pay little or no tax".

This is probably the greatest failing and I think the greatest symbol of the government's economic mismanagement: campaign on one thing and deliver another. Campaign and tell Canadians that it will never tax income trusts and turn around 10 months later and

impose a 31% tax. The consequences of that, although unintended in large part, have been devastating, and two million investors will never forget.

• (1020)

I could go on for some time, but I see that my time is up. I would simply end by saying it is my conviction that our Minister of Finance is out of his depth. He has done many things on his watch that have hurt this economy. They have wounded it. More importantly, they have hurt Canadian families. For that, so many millions of them will not forget, and when they come to cast their ballots, and soon, I would say, the consequences will be obvious and painful for our friends across the way.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Mr. Speaker, the member across the way talked a lot about promises in trying to harangue our members and actually members all around the House on the matter of keeping promises. However, let me ask him a direct question. Does the member intend to keep his promise to resign his seat and step away? Is that a pledge that he feels he should honour and follow through on for the members of his constituency?

Hon. Garth Turner: Mr. Speaker, that of course has nothing to do with the subject of what we are debating, but I am happy to answer. I did stand in this House on the day that I joined the federal Liberal caucus and say to the Prime Minister that I would resign my seat and that all he needed to do was give me a date on which we would have a byelection. The Prime Minister would not do that.

I also said I thought that would be incumbent upon, perhaps, the Minister of International Trade from Vancouver who was elected as a Liberal and ended up as a Conservative, and perhaps the member who is now an independent member from Mississauga—Streetsville but who was elected as a Liberal and sat as a Conservative. If we are going to have members who cross the floor resigning their seats, let us have them all resign their seats and have simultaneous byelections. Why not? That makes sense.

If the Prime Minister and the members opposite have the fortitude to call a byelection and determine a date, then absolutely we are all happy to do that.

• (1025)

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, I want to congratulate my colleague for his fine speech and ask him a question.

Any government in an era of surplus has the responsibility to plan an economy not for the next 5 years but for the next 50 years. At a time of surplus, we can invest in those strategic assets a country needs in order to ensure it can weather the storms that will inevitably come, including investments in education and access to education and investments in infrastructure and cities, those things that enable our economy to move forward and enable our private sector to be nimble and competitive internationally.

I would like to ask my colleague, because he was on the other side, whether he thinks the absence of this from the Conservative government, and also the fact that the Conservative government has grown the government by 14% in a year and a half, are symptoms of a larger problem and that the Prime Minister is turning our democracy into an autocracy and in fact a dictatorship?

Government Orders

Hon. Garth Turner: Mr. Speaker, my colleague's observation is well put.

I am very disappointed that this government, although it has been overtaxing Canadians to the tune of some \$15 billion a year now, has not invested in any long term projects to date. A great example of that is the infrastructure deficit, which is happening right across our country. The lower or junior level of government now has to deal with the very serious situation of a fraying infrastructure, but what does the Minister of Finance tell the mayors of cities? Basically he tells them to stop whining, to get a life, to go home, to drop dead. That is what the Minister of Finance is saying to our municipalities and I think that is a very disgraceful way to go.

We have many serious structural problems. Physical infrastructure is one. Demographics is another. With a rapidly aging population, there will be real pressures on our social safety net and our health care system down the road. We are doing basically nothing to prepare for that.

While the government swims in a surplus of overtaxation, we have very serious problems yet to be addressed because right now, and we hear this every day from those guys, we have a government that is more interested in campaigning than it is in governing. That is a very serious deficit.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I have been listening to this debate for a few minutes, and it feels as though I am at a Conservative caucus. There is a lot of buck-passing by both the Liberals and the Conservatives.

What are the Liberals trying to do today, with their talk of planning five years ahead for investments and the protection of jobs in the manufacturing and forestry sectors? If they had put that theory into practice, we would not be in this situation right now. Conservatives and Liberals are one and the same.

If they had listened to the public in the first place, to their hopes and needs, and to the main voice of the people, the Bloc Québécois, we would be in a different situation. Not to mention that a number of members would be in better shape since they would be wasting less energy debating things of the past.

Could the hon. member explain why, a year and 10 months ago—not that far back—the Liberals did not do what they are asking the Conservatives to do today?

• (1030)

[*English*]

Hon. Garth Turner: Mr. Speaker, a year and 10 months ago, let me tell my friend, the Canadian dollar was not 28% higher, as it is today, and the serious situation that has evolved with manufacturing and forestry did not exist. It is a little disingenuous of the member to ask that question.

What governments need to do is cope with situations and events that happen rapidly. They need to respond rapidly. That is where this government has failed. It can do a number of things in terms of economic and fiscal policy in order to mitigate the effects of the Canadian dollar. It can certainly encourage the Bank of Canada to respond as well.

[*Translation*]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, the bill before us now is very odd. The adoption of a budget is typically accompanied by a budget implementation bill. If the measures in the bill match those announced in the budget, those who voted in favour of the budget generally support the bill. That is the logic that parliamentarians apply—logic that the Bloc Québécois was prepared to apply.

However, the Conservatives made a truly partisan decision to combine completely different elements. On the one hand, we have the 2007 budget, which the Bloc Québécois supported and continues to support. On the other, we have some elements from the economic statement, which we did not support, and the Nova Scotia and Newfoundland and Labrador offshore oil agreements, which we also did not support because they are unfair to Quebec.

The Bloc Québécois will therefore vote against this bill because on the whole, it is not in the best interest of Quebecers. The economic statement is the main reason we have taken this stance. The government made a unilateral decision to use \$10 billion to pay off part of the debt. They made that decision without holding any debate on the subject and despite the fact that our people have serious, urgent needs, which I will list briefly.

First, the Bloc Québécois believes that \$3 billion of this year's \$11 billion surplus should be used to pay down the debt, not the whole \$11 billion. The ratio of debt to Canada's gross domestic product has been improving steadily over the past 10 years. We have now reached a point where the government's desire to use the entire surplus to pay down the debt looks a lot like a homeowner's obsession with paying off the mortgage as quickly as possible. That same homeowner is ignoring the fact that the deck needs a coat of paint and is kind of unstable, and he is failing to ensure that his children or parents who live with him have enough income. The Bloc Québécois does not share the government's obsession with paying off the debt at any price and does not want this bill to go through.

The Bloc Québécois feels that, instead of using the full \$11 billion to pay down the debt, the government should pay it down by \$3 billion. This is a reasonable amount, and it would let Canada meet its goal of reducing the debt to GDP ratio to 25%. The remaining \$8 billion could be spent on urgent issues such as the guaranteed income supplement for seniors.

In an affluent society like Canada, it is important to do justice to our seniors. We currently have an old age pension system that includes the basic pension and the guaranteed income supplement. This system is supposed to protect seniors against poverty. However, the total monthly benefit amount is still \$100 below the poverty threshold.

Government Orders

Instead of using the full \$11 billion surplus to pay down the debt, the federal government could at least start by paying the retroactive benefits it owes people who were entitled to the guaranteed income supplement but did not receive it because the system did not provide for automatic registration. When you come right down to it, the federal government took advantage of our seniors' lack of knowledge to pocket as much money as possible.

As a result, today some people are living below the poverty line. Last week, we heard the incredible but sadly true testimony of someone living below the poverty line. With retroactivity, this person, who is over 65, would receive \$12,000. Since 2001, this person has been living on very little money. She was entitled to the guaranteed income supplement, but the current act does not allow more than 11 months of retroactive benefits.

Each one of us has had to deal at some point with the Canada Revenue Agency. When this agency reassesses tax returns to recover unpaid taxes, it can go back not only up to 11 months, but up to five years. That is why we would like the government to make fully retroactive payments to the people entitled to the guaranteed income supplement. This would cost an estimated \$3 billion.

Then, \$1.5 billion should be invested in the workers. Of that, \$60 million would go towards a support program for older workers. That is not an astronomical sum, but it would allow many workers affected by the forestry and manufacturing crisis to bridge the gap until their retirement and to live with dignity until they receive their old age pension.

In addition to that, a reserve of \$1.4 billion must be given to employment insurance.

• (1035)

As we know, for the past 15 years, the federal government has made a cash grab of \$54 billion from the EI contributions paid by employers and employees. It has used this money for all kinds of expenditures, including the deficit. There has never been any return on investment for unemployed workers, for people who paid into the system and all those who were affected by the stricter criteria.

One would think that, with this year's \$11 billion surplus, the government could make a one-time payment of \$1.4 billion to a reserve, in order to improve the conditions of the employment insurance program.

Of that \$11 billion surplus, \$3 billion should go towards the debt, \$3 billion should go to seniors, \$1.5 billion should go to workers and \$2 billion should be invested in the manufacturing economy. There is unanimous consent on this in Quebec, not only within the Government of Quebec, but also within the manufacturing associations, the Quebec federation of chambers of commerce and the forestry industry, which has been sending us congratulatory letters, telling us not to give up and that policy changes are definitely needed in the manufacturing sector.

The economic statement included some nice tax reductions for companies that are making profits. The problem is that those who are making profits, the oil companies for example, are going to pocket a lot of money. However, all the businesses that are not making as much profit, or almost none at all, will not benefit whatsoever from this uniform tax reduction. They would earn a lot more if refundable

tax credits were offered. That would allow companies to draw the maximum benefit from the higher dollar.

If a manufacturing company had the means today to buy machinery to increase productivity, and it bought that machinery, that would be its way of having a competitive product. To do that they need money. Without profits, that is not possible. If it had a refundable tax credit for research and development, that would be possible.

I know that the government, especially the senior public service, is saying that it is too great an expense. But estimates have been made; people have studied this; it is a reasonable amount of money.

This year, thanks to the surplus, the government could allocate \$1.5 billion to that end and \$500 million to reinstate Technology Partnerships Canada. What is that? It is a program that encourages innovation in aerospace and a number of other sectors. For example, in La Pocatière, Premier Tech used that program to develop new products from sphagnum peat moss. This helped develop an industry that is carving out a place for itself in the Rivière-du-Loup area. It is a major driving force behind the economic development of that region. I want to give credit to the Liberals for creating that program, which I always defended. The Bloc Québécois defended it as well. The Conservatives abolished the program.

In today's economic conditions, with the higher dollar and global competition, this program is an investment for the federal government, not an expense. Reinstating this program for \$500 million, out of an \$11 billion surplus this year, would be one way of encouraging productivity. This would also allow money to be invested across Canada in companies that develop new products.

We have the means to allocate the reasonable sum of \$2 billion to the manufacturing economy, and that money could come from this year's \$11 billion surplus. We also have the means to put \$3 billion toward the debt.

And what about the regions affected by the forestry crisis? During the election campaign in the riding of Roberval—Lac-Saint-Jean, I had the opportunity to see the serious impact of the forestry crisis on the regions. Last week, at the Standing Committee on Finance, the mayor of Hearst, in northern Ontario, told us the same thing. I also live in a region struggling to cope with the forestry crisis.

If we apply the \$11 billion surplus to the debt, that will only decrease Canada's debt. Instead, we could establish a \$1 billion fund for regional economic diversification. With that money, this year, right now, in the coming days and months, we could breathe life into our regional economies. We have the means to do it. This would not be borrowed money; it would come from the federal government's current surplus.

Government Orders

Finally, we could allocate \$1 billion to the environment for the purchase, for example, energy saving appliances. That would improve our ratio of fuel oil versus electricity consumption, enabling us to move increasingly towards clean energies.

We see that there is a fundamental difference between the bill the government wishes to pass today and the 2007 budget that we supported. The latter resulted in a partial solution to the fiscal imbalance and we supported that bill. I believe that Quebeckers are pleased with that.

But with regard to the other part that has been included in the bill on the economic statement, it clearly is not in the interests of Quebeckers. This is significant enough for us to vote against this bill.

● (1040)

In addition, the bill now includes the agreement with Nova Scotia and Newfoundland and Labrador concerning offshore oil resources. For the Bloc Québécois, obviously, that aspect is neither relevant nor positive because it creates an unfair advantage in terms of equalization.

Let us briefly review the facts. With respect to the Atlantic accord, Newfoundland and Labrador's oil resources, and the whole Nova Scotia question, it was rather difficult to follow the Conservative government. It had initially made a commitment that satisfied the Atlantic provinces. Then they refused to consider all of the revenue related to energy in the equalization formula. The bottom line is that there is now an agreement to try to put things back together and correct a blunder.

However, the final version creates more inequities and, for us, that is not appealing. The Bloc Québécois believes that this measure should not have been incorporated into the same bill that implements the 2007 budget because they are different matters.

The government has an opportunity to correct the situation, but the way it is presenting this bill is really unacceptable to Quebec. They cannot, on one hand, seek approval for the 2007 budget and, on the other hand, incorporate measures that are clearly contrary to the interests of the Government of Quebec.

In truth, one can ask the question whether, after Quebec had paid for the development of fossil fuel energy, the province should pay for its exploitation. That is out of the question. These grants and federal investments have cost Quebec dearly. They have, in part, amounted to more than \$10 billion over the years. This agreement amounts to giving a bonus to the provinces that produce oil and making the provinces that produce hydroelectricity pay for it. That is turning the world upside down when there is an increasing demand for the development of clean energy. The federal government is doing the opposite with this measure.

There really is an almost unhealthy connection between the petroleum industry and the Conservative government. Most of Canada is paying the price, especially Quebec, which has developed hydroelectricity over the years without any support from the federal government.

Accordingly, the government will have to revise its position before we can vote in favour of this bill.

Why do I think the economic statement is so odd? It is now fall of 2007. Since February 2007, the federal government has been in possession of a unanimous report from the Standing Committee on Industry, Science and Technology entitled "Manufacturing: Moving Forward—Rising to the Challenge", which clearly stated that we needed a quick action plan to help the manufacturing sector. The committee chair, the member for Edmonton—Leduc, had this to say in the foreword to the report:

While the rest of the Canadian economy is generally very robust, many industries within the manufacturing sector are struggling to remain competitive against the backdrop of a Canadian dollar that has risen in value by more than 40% in just four years in comparison to its American counterpart, rising and unpredictable energy costs, increasing global competition, particularly from China and India, and excessive and inefficiently designed regulations, to name but a few challenges.

Further on he said:

The Committee believes that the Government of Canada should make the preservation of a competitive Canadian manufacturing sector a national goal, and that given the gravity of the challenges facing the sector, the recommendations presented in this report should be implemented in a timely fashion.

If this report had been produced in October or the beginning of November 2007, it could be said that the government had not had enough time to prepare, and that it would do so for the next budget. However, this report was published in February 2007. There was time to prepare for the 2007 budget, and especially to prepare for the economic statement, to propose a real program to help the manufacturing sector. Yet it was not until yesterday at the Standing Committee on Finance that a motion was finally passed, with the support of the Liberals and the NDP, calling on the federal government to implement as soon as possible all the tax measures set out in the report.

● (1045)

What is really significant here is that the Conservative members did not vote. The motion was adopted unanimously because the Conservatives did not oppose it. These were the recommendations in a report that was adopted unanimously in February 2007 by all members of the committee, from all the parties. By their abstention yesterday, the Conservative members acknowledged that they really should have done something. What I want to say to them today is that they need to act now.

Insofar as the economic statement is concerned, it is amazing to see the attitude of the Minister of Finance, who is from Ontario and can see the devastating impact on job creation in his province. I remember the committee going to the Windsor area a year ago. The catastrophe could already be seen looming. We know now that the effects of the rise in the dollar this fall—not the rise three years ago but the one four months ago—will be felt a year from now. If the government does not act, another 150,000 or 200,000 jobs will be lost in addition to the 130,000 already lost since the Conservatives took power. There is a disaster out there, but the government just closes its eyes.

Government Orders

The approach they are taking is an ideological one. They want to reduce taxes across the board and let the market adjust on its own, but we know very well where that leads. It means that more and more industries in the energy sector will reap enormous profits while more and more industries in the manufacturing sector will be unable to keep pace with the competition. The tax recommendations in the report, on the other hand, were to give companies refundable tax credits, create a fund for them like Technology Partnerships Canada, for example, and in this way give them a chance to diversify the economy in our regions. These were very specific, practical recommendations that the government could have included in its economic statement but chose not to.

Our vote today against Bill C-28 is largely due to this inaction on the part of the federal government. I thought that with the change in the industry minister, the department might take a more pragmatic approach, but it is sticking to the same theoretical line.

It is always good for the Minister of Finance to go out and consult people. The newspapers tell us today that he is going to consult with the manufacturing industry in the Quebec City area. I hope that when he returns, he will have changed his tune and will take action as quickly as possible in accordance with the recommendation of the Standing Committee on Finance, which was adopted unanimously not only by the Bloc—it was our proposal—but also by the Liberals, the NDP, and the Conservative members, who told the government through their abstention that it should take action and implement these tax measures.

Decisions need to be made quickly. If we wait for the next budget, we will have lost several months in the fight that is going on at present. The Canadian dollar is at par with the American dollar. The crisis is not over just because the dollar has gone down from \$1.05 to \$1. The Minister of Finance's arguments on this point are simplistic. The dollar may be at par, but its value has gone up by more than 40% in the past few years. The manufacturing sector has adapted to this reality as best it can. It has adjusted its productivity as much as possible, but now the federal government needs to take action.

When the minister places responsibility in the provincial ministers' hands, he is not doing his job. It is his job to make sure that, in its industrial strategy, the federal government can take real action as quickly as possible to help companies. The Canadian system is a bit complicated; you always have to convince two governments of everything. It would be simpler if we had just one government instead of two. At least, that is what we have to do as long as we are still part of the Canadian system. We know what the Government of Quebec has done. People may criticize its actions, but at least it has an action plan and it has asked that the federal government give this issue priority.

For all these reasons, in order to send a clear message to the Conservative government, the Bloc Québécois will vote against Bill C-28. Obviously, we were in favour of the budget tabled last fall, and we continue to be. We believed that we had to support it, if only because of the issue of the fiscal imbalance. However, it is impossible to include in the same bill both the whole issue of the economic statement and the accord with Nova Scotia and Newfoundland and Labrador on offshore petroleum resources.

I believe that we represent exactly how Quebeckers are feeling. With our vote, we are sending a clear message to the government that it needs to go back to the drawing board, come up with an action plan for the manufacturing sector as soon as possible and waste no time in using the surplus for something other than just paying down the debt.

• (1050)

The time for putting everything on the debt is over. The federal government must use a portion of the surplus tax it takes each year to pay down the debt, but it must also use a significant portion to correct inequities and lend a hand where needed to go forward.

[*English*]

Mr. Rick Dykstra (St. Catharines, CPC): Mr. Speaker, I listened closely to the contradictory message delivered by the member, with whom I sit on the finance committee. I was very attentive yesterday to his motion and was intrigued that he used the industry report as part of his presentation this morning.

He may have used, I would like to call selective memory, but probably a selective choice of words in the document from which he quoted. If he had read the document carefully, he would have seen that one of the important parts of that document was the foreword inserted by the chair of the industry committee. It states that on behalf of the committee, the recommendations presented in this report should be implemented in a timely fashion. He does not say abruptly, stupidly, without thought, without the necessary work in order to ensure that taxpayer money is spent wisely and that all companies in this country that would benefit from further tax reductions or proper investments from government could benefit from them.

While the member was quick to point out the aggressive nature upon which he acted yesterday, which I do not think was in a very thoughtful manner, he should have accepted the amendments moved by the Conservative members of the committee. We are in agreement with the report and take no issue with it, but we certainly will not move forward in a manner that either handcuffs industry and manufacturing in this country or handcuffs the financial aspect of the Minister of Finance's responsibility.

Therefore, I would ask the member to at least acknowledge that the implementation that the finance minister and the government included in the budget, which he supported, the accelerated capital cost allowance for manufacturing that has produced \$1.8 billion of investment, of which the majority of the funds are used by manufacturing companies in Quebec, is a benefit to his province and this country.

[*Translation*]

Mr. Paul Crête: Mr. Speaker, I am going to give my colleague a very simple answer. On the question of accelerated capital cost allowance, if half of a recommendation in the report produced such a result; if half a recommendation had the effect we have seen, imagine what would have happened if the other 21 recommendations had been implemented. We would not be facing a manufacturing crisis today, or, if there were one, our businesses would be solidly equipped to face it.

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Yesterday, in debate on this question, when the Conservatives wanted to replace the word “promptly”, I think they were not considering the fact that the industries in my riding, in Quebec and in Canada, and the entire manufacturing sector, have been crying for help for several months. Those industries would not think it was too soon if we adopted measures today, although they might think that we were already too late by a few months.

We received the report in February 2007 and the budget followed a month and a half later. The government implemented half of one measure. We understood at that time that it could not implement all of them. But eight or 10 months later—when the government’s economic statement was presented, or today—there was no longer any reason why the government could not move ahead. The only explanation I have been given by senior officials on the question of refundable tax credits is that they considered the cost to be too high.

We have been given figures by experts in this area, and the cost is not that high. Yesterday, the Bloc Québécois proposal alone, about using the surplus for this year instead of paying \$11 billion toward the debt, could have injected \$2 billion to help manufacturing firms. We could have implemented those measures quickly and we would not have a larger foreign debt. We would have avoided an even worse financial situation.

In my opinion, the position I stated yesterday was supported not only by the three opposition parties, but also by the Conservatives, because they did not vote. That is a very clear signal that they do not oppose our motion, because they know it would be publicly unacceptable. If the Conservatives had voted against our proposal, which says that it is urgent that tax measures be put in place regarding the entire question of the manufacturing sector, they would have paid the political price. They chose to take the middle of the road.

The Minister of Finance must now act promptly on the proposal by the Standing Committee on Finance, for the benefit of Quebec, Ontario and the entire manufacturing industry in Canada.

• (1055)

[English]

Mrs. Irene Mathysen (London—Fanshawe, NDP): Mr. Speaker, I have many questions and many of them pertain to manufacturing. The hon. member will know that I am from London—Fanshawe where we have experienced a manufacturing crisis of our own. Three hundred thousand jobs have been lost across Canada and a significant number of them have been in London—Fanshawe.

Just last month Siemens announced that it would be closing. We have lost Beta Brands and Ford Talbotville is now on one shift, which has significantly reduced the economic advantages that we in the London area once rejoiced in.

To add insult to injury, the federal government is currently negotiating a Korean free trade deal. The reality is that while we import \$1.7 billion in the automotive sector from Korea, we are only allowed to export \$11 million, which adds to the difficulties we are undergoing.

A couple of weeks ago in this House the Bloc put forward a motion that indicated very clearly that the government should do

something tangible in support of manufacturing jobs and jobs in the natural resources sector. The Conservatives voted against it and the Liberals sat on their hands.

I wonder if the member could respond to that inaction and that lack of concern from two sides of the House.

[Translation]

Mr. Paul Crête: Mr. Speaker, I thank the hon. member for her question.

In last year’s recommendations from the Standing Committee on Industry, Natural Resources, Science and Technology, there was also talk of using safeguards, for example, in order to avoid objectionable imports.

Her comments show just how wrong the Conservatives are to think there is no urgency. There is an emergency in the manufacturing sector. This is a very special situation. People have long thought that, since the unemployment rate was very low, the economy was doing well and things were going well everywhere. Things are going very well for the energy sector in the west, especially oil and gas, but things are not going well for the manufacturing sector.

We have the opportunity, all together, to do something to correct the situation, to adopt an aggressive policy for the manufacturing sector that will allow us to really help our businesses. Cutting the GST by one percentage point will indeed increase purchasing power, but this will not necessarily help our manufacturing industry. It could mean a rather direct transfer to Chinese industry, among others. I have nothing against the Chinese, but I would have preferred to see a manufacturing policy that created fiscal tools, in order to be able to produce goods at competitive prices so they can sell. Only then will we have protected our jobs here at home.

The Quebec chamber of commerce said that many jobs were created, but they were primarily jobs at \$8, \$9, \$10 or \$12 an hour, while the jobs that are being lost paid \$15 or \$20 an hour. This creates poverty, which then slows our economy. We therefore believe that it is important to move forward. I hope we will be able to reach unanimous consent, as did the Standing Committee on Finance, which is calling on the government and the Minister of Finance to come up with an action plan as soon as possible to help the manufacturing sector.

[English]

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, the Conservatives have suggested that they have solved the fiscal balance in their budget and that there is peace among all the provinces. Is that true?

[Translation]

Mr. Paul Crête: Mr. Speaker, I am not sure that I understood the question.

With respect to the fiscal imbalance, the \$3 billion in the 2007 budget was money to which Quebec was entitled. We hoped to receive that money and that is why we supported the bill. However, the other side of the coin is that the fiscal imbalance has not been resolved once and for all. That would take an agreement that would actually transfer the money to Quebec.

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We must stop tinkering with the Canadian federation, as was just done with the Nova Scotia agreement. That model is not of interest to us. To create a good equalization model, we must include all resources—they contribute to revenue—the revenues from natural resources. We have to come up with a formula that looks at the whole picture and, above all, that does not patch things together, piece by piece, for the purpose of electoral gains.

A much more dynamic approach is required. Specific objectives and criteria are needed. There must be the will to have good productivity and to provide support to those affected by this productivity. We are speaking of an integrated policy of assistance for the manufacturing sector, of incentives for the purchase of equipment and also of support for those who are the victims of globalization.

That is why the Bloc Québécois has taken this position and it is one of the reasons why, today, we will vote against the Conservatives' bill.

• (1100)

[*English*]

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, there is a lot of sound and fury in the House this morning signifying not a whole lot. Why? Because ordinary Canadians cannot count on the official opposition, the grand Liberal Party of Canada, to actually do anything about the mini-budget. The Liberals will sit on their hands and not participate at all in the vote that will come after the debate.

The bill before us has 14 parts. None of the 14 parts really contributes much to ordinary Canadians and their communities. It continues the grand Liberal tradition of giving large corporate tax cuts to the most profitable organizations in Canada.

From 2001 to 2007 Canada has lost over \$53 billion in revenue that we could have had. Imagine what that money could have done in terms of investing in communities. It does not surprise me that in the upcoming vote in the House, members of the official opposition will sit on their hands and not vote because the mini-budget before us continues the Liberal tradition.

Part 14 of the bill reduces the general corporate income tax rate much further, from the original 2001 tax rate of 28% to 21%. Now it will take it down to 15%, because 18% is not low enough. The government will forgo at least \$14 billion per year because of corporate tax cuts.

What does that mean? When the bill passes, all the massive tax cuts in the mini-budget will mean close to \$190 billion in lost revenue, a complete gutting. That is really unfortunate, because there will not be much money left to invest in ordinary Canadian communities.

Big urban centres and small communities across Canada are suffering a great deal. Every one of them is struggling to balance the budget, as they have to do. There are massive property tax increases all across Canada because the municipalities cannot handle the kind of debt load they have. They are looking to cut vital services in local communities.

In my area the library just up the street from where I live has always been open seven days a week. However, this coming month

the library will not be open on Sundays. Why? Because it has no money to open on Sundays. The city of Toronto does not have the kind of funding to continue to keep that library open on Sundays. That is really unfortunate, because a lot of families and children count on the library to be open on a Sunday so they can do their homework, read, borrow books or videos. It is a place where a lot of the community gathers.

Speaking about gathering places, community centres are the lifeline in local areas, especially for the at risk youth. They have no other place to go other than the local community centre. However, the community centres are also facing trimming because there is just not enough funding.

• (1105)

Because of smog a lot of people suffer asthma attacks. We would think that the budget would have invested in public transit in a massive way. It does not. In municipalities all across Canada there is hardly any funding for public transit. We are seeing fare increases, service cuts or the inability to increase the service. People are standing out in the cold waiting for buses to come. The subways are jam-packed. More people want to leave their cars at home but unfortunately that is not possible because there is not enough investment in public transit across Canada.

We are looking also at a massive deficit in infrastructure funding. The Federation of Canadian Municipalities has said that there is a \$123 billion deficit in infrastructure. This budget has not increased funding in infrastructure for different cities. Whether it is highways, housing or potholes, none of that work is going to be done because there is no investment for it.

Because there is no investment in communities, cities and municipalities, many municipalities are having difficulty investing in their water treatment plants and sewage plants. In Toronto, for example, the water rate is going up because the capacity is just not there to retrofit the pipes, which needs to be done because the pipes are very old.

There is really nothing to support immigrant families in the mini-budget. We have recently found out that the user fees that are being charged by the immigration department in fact are going into the general revenue stream. The department actually makes \$100 million per year from immigrants who apply to bring their families, fathers and mothers into the country. Refugees have to pay hefty fees to bring their families to Canada. None of that money, the \$100 million in application fees, is invested in dealing with the backlog which is now at 800,000 people. If one is sponsoring a family, it might take three, five, eight years. In fact we have heard of cases where the parents of immigrants have died waiting to come to Canada to be reunited with their families.

There is no investment, whether it is the \$100 million or new investment, in terms of settlement services. We recently heard that a lot of agencies are waiting for immigrant services funding from ISAP, the immigration settlement and adaptation program. They have not received their funding so they are beginning to give out notices to many of their agencies. That means many new immigrants will not get the services that they desperately need.

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In Ontario the minister recently sent out a notice saying that Ontario is missing \$100 million that was promised by the federal government to the province of Ontario for settlement services. That money has not arrived.

While there is a lot of funding for tax cuts from the surplus, there is nothing for cities, for communities and for ordinary Canadians.

We have noticed that as greenhouse gas emissions rise, the ecoEnergy program is renewed in the mini-budget but there is no expansion of the criteria. Affordable housing is not included. Seniors who barely can afford to pay rent now have to pay hefty hydro bills. Some of them I have heard are not turning up their heat this winter because they cannot afford to pay their hydro bills. We would think that the government would immediately invest in retrofitting affordable housing buildings so that the buildings would be the most efficient and state of the art so that the tenants would use less hydro and therefore pay less on their hydro bills.

•(1110)

Unfortunately, the ecoEnergy program that is mentioned in the bill does not include affordable housing. The \$100 million program which the NDP pushed the former Liberal government into establishing is also gone.

On top of that, the ecoEnergy program does not include condominiums. In my riding, there are condominium owners who would love to retrofit their buildings. They would like to find some way to make the buildings green and energy efficient, but they cannot receive \$1 from the ecoEnergy program.

This legislation is not fair for people who are earning very low income. Neither is it fair for people who are living in multi-residential buildings such as condominiums.

There is nothing in this bill for unemployed people who are seeking to get some money from employment insurance. A recent United Way report said very clearly that one of the reasons people remain poor is that they cannot access employment insurance. The national average in terms of the number of workers who can access their own employment insurance funding is only 40%. In big urban centres sometimes only 22% or 30% of workers who find themselves unemployed can access their own funding through the employment insurance program. No wonder they are stuck in a cycle of poverty.

A few days ago Campaign 2000 said that we must deal with the tragedy of child poverty. Eighteen years ago, on November 24, 1989 in this House, former NDP leader Ed Broadbent said that we have to eliminate child poverty by the year 2000. Here it is 18 years later, in 2007, and there has been no improvement in the number of kids who lead a life of poverty.

There is really not a lot of funding in this legislation. There is no increase in the child tax benefit which means that there are children who go to school who cannot afford to pay \$1 to buy a hot dog or a slice of pizza. They will be excluded. Because kids' feet grow fast, families do not have the money to buy their kids new running shoes and those kids will be excluded from gym classes. The cycle of poverty will continue. That is a national shame. There is funding for the biggest, most profitable oil companies and the biggest, most profitable banks, and yet there is no funding available to help kids in Canada.

Bill C-28 also breaks the Atlantic accord. It betrays the people who live in the Atlantic provinces. No doubt my colleague, the member of Parliament for Halifax, will address this in detail later on.

The bill in front of us does not do anything for aboriginal people. One-third of aboriginal communities do not have safe drinking water. For the second straight year the Conservatives have announced that they will ensure there is safe drinking water but there is no money included in this budget to accomplish this.

There is hardly any money in this legislation to support the arts. There is no new funding for the CBC, the Canada Council, or to promote our artists. This unfortunately is a missed opportunity.

There is no increased funding in Bill C-28 for foreign aid even though the House has continually said that we have to increase foreign aid to .7% of our GDP. The mini-budget actually decreased our foreign aid as a percentage of our GDP from .34% to .31%. It is hard for Canada to talk about our international relationships and our standing in the world when we do not contribute much to foreign aid.

•(1115)

December 1 is World AIDS Day, and we have seen a 30% cut in funding to community groups that assist groups that deal with the prevention of AIDS. In fact, organizations in my riding have come to me and have said that they are laying off staff. All the good work they do will stop because of cuts in their funding.

There is no funding for a national home care program. Many seniors desperately need a home care program so they can stay at home. It is more economic if there is affordable, high quality home care for our seniors, which allows them to live in dignity. There is nothing in the bill for pharmacare, home care or long term care, nothing new for our seniors.

Again, there is no new funding for housing. We have a national housing crisis. When the cold weather arrives, people will still be on the streets. There are no new co-ops being built. Housing does not seem to be a priority whatsoever.

The bill mentions nothing about student loans or student debt. We know the average price of tuition for Canadian undergraduate students has tripled since 1991. The minister's mini budget does not make post-secondary education any more affordable. The provinces are not accountable for the funds transferred to them. Therefore, we do not know how those transfers will be used.

Sadly, when we talk about seniors, not only do they not get the kind of home care or nursing care they desperately need, they also do not get an increase in their guaranteed income supplement. This means many seniors will continue to live in poverty. We already know that 25% of seniors live in poverty. For women, that figure climbs to 36%. We know there is \$14 billion for the most powerful companies, but nothing for seniors.

There is hardly any mention about the minimum wage. Nor is there any commitment by the government to increase the minimum wage to \$10 an hour.

There is also hardly anything for the Status of Women. I know our critic and advocate for women has been saying that we need \$100 million a year. The mini budget gives \$10 million a year for two years. That is hardly enough funding for the women's organizations that are struggling.

Unfortunately, the budget does not invest in our communities. It does not make our country a better place to live. In fact, if we look at this, there is a photo accompanying the economic statement recently released by the government. In the photo we see a little child looking out into the world. If we look closely at the picture, the child is standing on high ground and it looks as though this child could fall off the cliff. We are doing nothing to invest in our children and our young people. This is truly a missed opportunity for Canada.

We should be following other countries such as Ireland. It has mapped out a plan to invest in children and to reduce child poverty. It is delivering on and meeting its targets. However, Canada does not have a commissioner for children. It has no plan for children and no targets have been set to reduce child poverty. Yet there is money for very big companies. This is a sad statement on how we deal with our communities.

Sadly, the Liberals, when we finish the debate, will abstain from the vote. They will not make a statement. They will do nothing to say no to this terrible plan, and that is a missed opportunity.

• (1120)

Mr. Ted Menzies (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, I listened with interest to my hon. colleague from the NDP and her comments about Bill C-28.

It is difficult to understand how the hon. member can say that there is nothing in all of these tax measures. We have reduced personal income taxes. All the supportive measures, in what has been lauded by many Canadians as a very forward thinking and positive move, have been wrapped into one in the second implementation act of our budget.

The economic statement was filed by the finance minister in the House, but because of the NDP members, he was unable to speak to it. They refused to allow the finance minister to make a public statement in the House about the fall economic update. I am still amazed that they refused to allow him to speak in the House of Commons. He could have told Canadians that we were giving back some of their hard-earned tax money.

It is interesting that the hon. member suggests the Liberals may abstain. The NDP will vote against this. This morning the Bloc said that it would vote against it. I have more respect for the Liberals abstaining and not blocking this than I have for some other members of the House, who will deny benefits of \$190 billion over 22 months. That is what we have provided in the economic statement, when it all comes together, in reduced taxes for Canadians. The NDP is going to vote against that.

I wish the hon. member luck when she goes back to her riding and says that she opposed \$12 billion in cuts to GST. How will she

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face her constituents when she tells them that she does not think they are worthy of a cut in taxes?

Ms. Olivia Chow: Mr. Speaker, I am not surprised that the Liberals would not want to comment on this budget. The not so new government, the North Star government, is following the Liberal tradition of not investing in municipalities, cities, communities and ordinary Canadians.

A tax cut does not build affordable housing. A tax cut does not mean that buses come more frequently. A tax cut does nothing to ensure libraries open on Sunday. It does not build community centres or libraries. A tax cut does nothing to help farmers. A tax cut does nothing to help people who are desperately in need of affordable child care, whether it is in rural communities across Canada or in big cities.

In fact, an OECD report came out yesterday. It said that families could not afford child care and that there was not enough decent, high quality child care out there. Therefore, what do families do? They either have to stop working or they stop having babies. No wonder the birth rate in Canada is so low. Only in the province in Quebec has the birth rate stabilized, because it is investing \$7 a day child care. Outside of Quebec ordinary families cannot afford to have babies. Why? Because they do not have affordable child care.

How does a tax cut deal with the problems families face? It does not. We have seen report after report which say that among OECD countries, Canada is dead last in its investment in affordable child care.

• (1125)

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, I think we all know the economic plans of NDP can be defined by high spending, high taxes, the hoary, woolly-headed socialist economic plans that were so destructive in northern Europe. We saw what happened there.

The problem with the plans of the NDP is it does not understand that we need to have a competitive private sector to provide the taxes, to support the social programs that we all want. If we are to help those who are the least privileged in our society, we cannot hammer the private sector. It is the one that pays the taxes as do all individual citizens. It is a matter of balance.

The problem is the NDP does not understand that word. Historically it has always stood for spending without any possible rational economic plan that would allow us to have a competitive economy.

Could my colleague from the other side tell us when, if ever, a federal New Democratic Party has ever put forward a rational, cogent economic plan that would produce a surplus or balanced budget?

Ms. Olivia Chow: Mr. Speaker, if the hon. member were to ask the Library of Parliament which party ran the most fiscally responsible budget in government, he would be surprised. It is in fact the NDP.

• (1130)

Mr. Larry Miller: Sure wasn't Bob Rae.

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Ms. Olivia Chow: Mr. Rae turns out to be a Liberal, so I am not surprised he had difficulty.

However, we have seen it over and over. Look at Manitoba and how many balanced budgets it has had. Look at the government of Tommy Douglas. Through the years there were balanced budgets.

In terms of the number of years, the member should look at the facts and the figures. He will find that when the NDP runs a government, by and large it has balanced budgets, unlike some other governments that have had huge debts. Look at the promises federal governments have made to children, that they would invest in them and make poverty history. We have had the Conservative government, the Liberal government and then a Conservative government again. After 18 years of promises, what has happened?

Another promise was made to lower greenhouse gas emissions 20% by 2000. I remember that red book promise. Guess what? It has gone up. Why? There was no investment in anything green, not in public transit, green technology or retrofit programs. How does that help the community?

For us to have a prosperous Canada with a high productivity rate, we have to invest in things like child care and post-secondary education. How did Ireland, for example, come from not doing very well to a place where it is now dealing with child poverty? What did it do? It invested in post-secondary education and in people. We do not do that. We give big corporate tax cuts, and guess what? No wonder we lag behind in our productivity. No wonder we have trouble with our place in the world.

I understand the Liberal Party likes to make big promises. I heard a recent promise on dealing with poverty, something about 30:50 or whatever. Yet where is the money to do all that? From 2001 to 2007, we saw \$53 billion in corporate tax cuts. That money should have gone to deal with poverty and to investments in communities, cities, people and families. That is what we should have done.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, I will be splitting my time with the member for York West.

In a time of surplus, any responsible government has a duty to strike a balance and to plan for a country not for the next five years but for the next 50 years. In a time of surplus, when it does not have to deal with the crushing burden of an economic catastrophe or with deficits because of economic circumstances within or outside its control, government has an opportunity to plan for our nation and our people over that time.

Doing so requires, in my view, a balance between debt reduction, enabling us to have a strong economy that is productive, nimble and competitive, and investing in those things that help the most underprivileged of our citizens.

In these areas, what could the government have done that it failed to do? We know that the government reduced taxes both in the corporate world and for private citizens and we are fully supportive of that. To be fair, the tax reduction, particularly the lowering of the lowest tax rate, came after the government actually increased the lowest tax rate, so really, it is neutral. The government had reversed a change that happened when the previous Liberal government reduced the lowest tax rate.

The GST cut, as we have heard before, is the stupidest tax cut one could possibly make, unlike the Minister of Finance's suggestion that this is sensible. It is not sensible, because primarily it affects those who spend a lot of money, i.e., those who are rich. If we want to help those who are least privileged, we should reduce personal income taxes, because that gives individuals in the low income and middle income brackets the chance to do what they want with the money, such as invest it or spend it on food, education and basic necessities. If the GST is reduced, they do not have that option.

The government in fact is directing what the option is because people receive this only when they spend money on high ticket items. Those who are poorest generally struggle to put food on the table or pay rent for a roof over their heads, and there is no GST on those things, so it does not apply to them.

What could the government have done on the issues of infrastructure and education?

Education is critically important. What the government should do is reduce the economic burden on students by lowering tuition fees. It could lower tuition fees or, for example, turn the millennium scholarship program, which is coming to its end, into a needs based program for students who are of modest means. That would enable students to have access to education, which is a critically important pillar for our economy.

I could not have gone to medical school if the tuition fees were what they are today, because to go to school I had to earn my own money through summer jobs. Today, tuition fees for medical school can be easily in excess of \$18,000 a year, which would have been completely impossible for me. I, for one, like many others, would not have been able to go to medical school.

That is the situation today with qualified students who cannot access the facilities they want for the post-secondary education they need. They do not have the money. We should not have an education system that is based on the money in their pockets. It must be based on their ability to access it.

On the issue of infrastructure, we Liberals introduced a plan that would put real money in the hands of the municipalities. It is where the rubber hits the road for the infrastructure that Canadians need. What the government should do is double the gas tax that the municipalities are receiving and give them a three year stable funding base in order for them to plan for the programs they want in the future.

With the price of gas being what it is today compared to what it was when we introduced that program, it makes umpteen amounts of sense for the government to say that since it is getting a lot of money from gas taxes because of the price of gas, it should double the gas tax revenue, give it to the municipalities for infrastructure and do it so that there is a three year stable base funding so they can plan for the future.

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On the issue of research and development, we Liberals made the largest increases in research and development for organizations such as the Canadian Institutes of Health Research and Innovation Canada. Innovation is a cornerstone of a competitive economy. We need to continue to make increases in this area. It is smart for Canada and smart for Canadians.

• (1135)

On the issue of the environment, there are many intelligent solutions that we can apply today rather than having this continual quagmire of debate on Kyoto. I think it is important to have that, but the government should also make investments into things such as hydrogen fuel cells and operationalizing hydrogen fuel cells, electric cars, wind power and tidal power, the last which we can use because we have such a large coast. Let us get those projects on the ground and operationalized. We Liberals had a plan when we were in government in excess of \$600 million for these kinds of projects. The government does not support this and it should.

For those who are least privileged in our society, I introduced a private member's bill called the Canadian low income supplement bill. That bill would put \$2,000 into the hands of every Canadian who makes less than \$20,000 a year. The supplement declines to zero at \$40,000. It is real money, not \$25 or \$35 but \$2,000 in the hands of the neediest Canadians. It is real money for those in real need. In effect, my Canadian low income supplement bill would obliterate any kind of federal or provincial tax on those who make less than \$20,000 a year.

We also need to address the issue of housing. Housing is in crisis. In my riding of Esquimalt—Juan de Fuca, it is a huge problem. Housing is unaffordable for most Canadians. How do we address that?

The federal government must stop its ideological approach and continually must say to the provinces that provinces will deal with something and it will deal with something else. There is no reason why the federal government cannot exercise leadership in these areas. Yes, they are a provincial responsibility, but the federal government can bring the provincial premiers and the other ministers together and say that this is for Canada, that we are all in the same boat and we all have the same problem, so let us share the practices that we need to implement to address these problems.

One such solution would be to have a tax rollover provision, which the Minister of Finance could introduce and which would enable individuals to sell assets and roll over those profits into purchasing and upgrading other real estate.

On the issue of seniors, many seniors live lives of quiet desperation. They cannot get access to housing. They cannot get access to health care. Again, the federal Minister of Health should work with his counterparts to address this.

I have some solutions. Right up front, there needs to be a strategic investment in assisted housing and extended care in Canada. We have an aging population. The numbers of people who are going to be over the age of 65 and who will be retired are going to increase geometrically over the next 20 years. We are ill able to deal with this. It is the largest unspoken, unheralded and unattended issue and the

House is not dealing with it. We have to deal with it and we have to deal with it now while we have a surplus.

On the issue of health care, there is a simple winning solution. The government should work with its provincial counterparts and medical and nursing associations across Canada to have a national medical manpower strategy to know what kinds of doctors, nurses and technicians we need, how many we need, and where we need them.

I cannot emphasize enough how critically important this is. Regardless of how many MRIs, CT scans, hospitals or clinics we have, if we do not have the health care workers to provide care, if we do not have a competent health care person to do the history, the physical, the diagnostics and the treatment plan we require when we fall ill, we have a crisis.

As we get older, so too do our caregivers. This is a problem among nurses and physicians and it is a crisis among those who are specialists. We can go to a general practitioner and get competent diagnostics done in a number of areas, but there is only one type of person who can actually fix a knee, repair a broken leg, operate on a brain or manage a patient's dialysis. Those are specialists' responsibilities. The specialist cadre in Canada is shrinking dramatically. This is a greatly limiting step that cannot be addressed overnight and must be addressed with urgency today.

In closing, on the issue of child care, which has been mentioned, the government promised child care spaces. They are not there. This is a huge issue for Canadians. We say to the government that it does not need to reinvent the wheel. It just needs to adopt what the Liberal Party introduced by negotiating with the provinces for a national child care strategy. It works for the public. It works for the children. It works for families. It reduces crime. It saves the taxpayer money. It is healthy for our lovely country.

Those are some solutions the government can introduce. We implore the government to do so and to do it now in the interests of our country.

• (1140)

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I have to say in listening to the member for Esquimalt—Juan de Fuca that one has the sense he and his party are still fighting the last election instead of addressing this issue, the current bill that is before us, Bill C-28, which effectively combines the budget in the spring with the mini budget that was brought in this fall. I am not sure how that serves Canadians.

I listened very carefully when he conducted what was a fairly vicious attack, actually, on my colleague, the member for Trinity—Spadina, around the issue of balance. His criticism of her speech on the budget before us, and also on the NDP's decision to oppose this budget, was that budgets need to be about balance.

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Speaking of balance, I am sure the member is well aware that the government's corporate tax cuts alone will cost \$50.5 billion, phased in over six years, and will keep costing the treasury \$14.8 billion every year. If this member has done his homework, and he usually does, then he will also know that this budget actually will benefit the average hard-working Canadian by about \$1.50 a day.

I want to ask the member whether this is his idea of balance. If it is not, why is it that not only this member but his entire caucus have decided that instead of taking a stand against the lack of balance contained in this budget, they are actually going to sit in their seats, as they have already done, and are not prepared to commit themselves or vote one way or the other?

Hon. Keith Martin: Mr. Speaker, we actually do support the tax cuts that are in this bill. We support the personal income tax cuts because that puts money into the pockets of Canadians. We think a cut to the GST is not wise. We do support the corporate tax cuts. The member from the NDP does not support that.

We believe that in order for us to be responsible to Canadians, Canadians need to have jobs and the Canadian private sector must be competitive. Also, a competitive private sector enables us to generate the tax base upon which to pay for the very programs that the hon. member and all of us support: things such as child care, health care and education, the myriad social programs that Canadians need and want and that in fact enable us to help the underprivileged.

In my speech, I have offered, as have my colleagues, constructive solutions that the government could adopt to have more balance in its budget and to address problems it is neglecting, such as, and the hon. member is quite correct, day care, early learning programs, tax reductions for the poor, more money in the hands of the poor, the disabled and seniors, and health care.

There is a lot more. I could go on. I would be happy to answer another question if she would like to respond.

Ms. Alexa McDonough: By way of a supplementary, Mr. Speaker, the member for Esquimalt—Juan de Fuca just made my point. He knows perfectly well that the very things which not just he alone but every one of his members is standing up and calling for the government to support, the very things that he is criticizing the government for not having done with this budget, cost money.

If we give away over \$50 billion in tax cuts to the corporations—and let us be clear, the single biggest beneficiaries of these tax cuts are the banks that are gouging people with service fees and the oil companies that are gouging people at the pumps—then there will be no money to support the projects that he is talking about and that his members are criticizing the government for not funding.

Where is the sense in that? Is this just an act of hypocrisy? Or is this the case of an entire Liberal caucus that has not done the math and has not done its homework in analyzing the negative impact of this budget that is taking us in the wrong direction?

• (1145)

Hon. Keith Martin: Mr. Speaker, we, obviously, have a different view of the economy.

I would draw the member's attention to the socialist economic interventions that took place in northern Europe in the eighties where

taxes were raised quite high. The private sector was constricted which meant people lost their jobs. The loss of jobs meant people were more dependent on social programs. There was less money for those social programs because, in the contraction of the private sector that occurs, when we raise taxes and make our country's economy non-competitive, ironically, we actually damage the people we want to help. We damage the ability of the tax base to fund research and development, health care, education, social programs and all the things Canadians need. It is a matter of balance.

We have some criticisms of some of the tax cuts, specifically the GST. The government should lower the tax burden on the poor and middle class, which it has not done, in a way that is broad based. Our colleagues have put forth solutions to enable the government to do that.

We will be hearing from the member for York West, who will be giving an absolute barnburner of a speech.

Hon. Judy Sgro (York West, Lib.): Mr. Speaker, when talking about budget bills, a ways and means motion is something I think all of us have a real interest in. When we have an opportunity, whether it is a last minute opportunity or not, to stand and speak in the House on things that matter to us, I am glad to have that opportunity.

Bill C-28, which we are talking about today, is not something with which we are 100% happy but, at the same time, do Canadians want an election? No. We have had plenty of them. The next election will be my fifth in eight years and I am not anxious to go on the hustings again. In fact, the \$500 million that an election costs, which is the last number that I heard, I would much rather see it being invested in our children, our seniors or helping to lower the tax rates, a variety of things.

A far better idea for us is to keep the government going and move it forward for all of us.

As my colleague said, we are supportive of a variety of things in the bill but there are other issues that we are not. The economic policies of the current Conservative government are different in some ways from the policies of the Liberals. They are much more designed to be focused on the next election, which the Conservatives have been most anxious to have. I am not sure they are as anxious today to have it as they were previously, but they were quite anxious to have one. Our party and our leader were quite clear in not taking the bait and falling into that trap of going back into an election that, at this particular time, is unwarranted and could quite possibly bring us back into the same situation, except we could be on the other side of the House rather than on the opposition side.

However, I for one am not interested in going down that road at this particularly moment. I want to go down that road when we have clear, decisive issues on which the public can make a decision.

Government Orders

Even though we support some of the measures in Bill C-28, the idea of reinstating our Liberal personal income tax cuts was quite interesting. We had reduced it to 15% but in the Conservatives' very first budget, which, to me, indicates who they really care about, they increased the very lowest rate up to 15.5%. That rate is not one that the corporations or the rich worry about but it is certainly one that affects thousands of low income Canadians.

Again, that, as with many other issues, has indicated to me where the Conservatives' priorities lie and they do not lie with many people in Canada who need that helping hand up, which many of us support.

We also oppose the Conservatives' economic vision. I do not think they have one. I think they have a vision strictly on the next election and on how to get there and how to get a majority government, which is not why Canadians sent us here. They sent us here to effect a positive Parliament and to work on behalf of all Canadians, not to have an eye on how soon we can have an election campaign so we can get a majority. Our job is to come here every day and to work in the best interest of Canadians, period, for those who are rich and well off and for those who are not as wealthy as they might like to be.

The GST cut is ridiculous. I know it was a political move by the government but I look at all of the things in which we could be investing that \$5 billion GST cut, whether we are talking about investing it in our seniors, in child care or in learning opportunities. We could be doing so much with that \$5 billion.

I am sure the Canadian public could think of what we should do with the \$5 billion rather than cutting the GST. We only need to look at our cities and the campaign in Toronto, which is the city I represent, for the 1¢ now out of the GST. We could take that \$5 billion and reinvest it in our communities or even target it to our major cities.

• (1150)

This week, campaign 2000 released a huge report about how much poverty there is in Canada. A lot of people like to think that the poverty level is quite low. It has been a very difficult issue to deal with and as much as we try to move forward and reduce it, we are reducing it very slowly.

Far more investment needs to be made in education so we can ensure people get an education because, as far as I am concerned, education is the key to ending poverty. A good education reduces poverty because education opens the door to many opportunities. However, education for some people is way beyond their means. Refocusing some of the \$5 billion on those opportunities would have been a good thing to do.

Early learning and child care would probably have been this century's newest and best social program. It would have provided help for a lot of struggling single parents. One area in my riding is quite affluent but I also have areas that are very high need areas. Many women in my riding who are single moms went back to school to get a job but now they cannot afford to put their children into child care where it is safe for their children or the waiting list for subsidies is huge.

As much as we say that we want to get people into a healthy economic stream, if we do not provide learning opportunities for

them and safe environments for their children, then we are wasting our time. We can spin our wheels as much as we want talking about how we will end poverty, but if we are not providing the opportunities for those people who are at the minimal level, then we will never succeed.

The Liberal Party made a commitment to early learning and child care, although it did take us a while to get it because when we came into government in 1993 we had a \$43 billion deficit. Canada was almost at the point of bankruptcy. It took six or seven years for us to deal with that issue and to get the country's finances in order. From that point, we were able to start reinvesting and working on achieving the goals that we all wanted to see go forward.

Unfortunately, that did not happen. We did not end up with the support of the NDP and the government was defeated. I expect that it will be a very long time before there will be a desire to have that new social program here in Canada again.

It took a long time to get the provinces on board and to do all of the work that is required for these kinds of agreements. They do not happen overnight. A lot of great work was done by my colleague and it is unfortunate that we were not able to see that program come to fruition. It was just one more casualty, but I do not think the people who voted thought that would happen.

Politics being what it is, governments come and governments go, as the Conservative government will. We will continue to ensure we move rapidly forward so that when an election does come, we will have plenty of opportunity to lay out our platform showing where we will go to ensure we have a richer, fairer, greener Canada.

If we want to have enough money to invest in our children, in low income seniors and so on and so forth, we need to ensure we also have a strong economy. Our manufacturing sector and our auto industry are suffering tremendously as a result of the rising loonie and we need to deal with that issue. We need to find a way to protect jobs.

When we talk about jobs we are not talking about \$7 an hour jobs. For people to feed their family and pay the mortgage, they need to earn more than \$7 an hour. The comment about how the number of jobs has increased is not a valid comment. As a result of various issues, we are losing the good quality jobs that Canadians had but we do not hear the Conservative government telling us how it will offset this problem.

An important issue for all of us is to ensure that Canadians are employed. We do not want our country to go into a recession. Many of us remember how difficult that was for many people. We want to have a strong Canada and we need to ensure we are moving forward in a positive way.

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•(1155)

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I know the Liberal member who has just spoken is not from Atlantic Canada, but hopefully we are all here in this place continuing ongoing nation-building.

The member will be very aware of the fact that what was originally labelled the Atlantic accord has become a major source of Atlantic discord. I am sure that the member will be aware that her members, together with all other opposition members, were represented in a briefing that finally came about. It was like a Keystone Cops routine, three times scheduled, three times cancelled.

It finally took place and what became most clear of all is that there is enormous discord between the federal government's interpretation of what the new provisions contained in the bill that is before us mean and what the Nova Scotia government interprets it to mean, and in fact was set out in a householder that went out to every single Nova Scotian.

I wonder if the member could comment on whether she thinks it is not really a cop-out for the Liberal opposition members to sit in their seats rather than take a stand against the budget for a number of reasons. Among them, there is the fact that the Atlantic accord, in its original form, a signed, sealed, legal document, no longer exists, and actually it exists in a form that is so wide open to interpretation that it actually is the same thing as shredding the Atlantic accord.

Hon. Judy Sgro: Mr. Speaker, I recognize that the hon. member is from Nova Scotia but I would like to remind her, in case she forgot, that I was born in the Maritimes, in Moncton, New Brunswick. There is a piece of one's heart, I believe, that is always where one is born, so the issues in and around the Maritimes are always things I am pretty sensitive to and am always concerned about, as I am for all of Canada, but I think all of us carry that little special part in our hearts about where we were born.

I would like to remind the hon. member, referring to Tom Flanagan's book on our current Prime Minister, that on page 230 there is a quote in regard to our last election. It says, "No matter how well-designed our campaign had been, it would have been hard for us to win if the NDP had not held up its end."

Therefore regrettably, when the accord was dismantled and put together again in what the Conservatives think is an acceptable way, which clearly is unacceptable to me or to the member, we would not be dealing with this issue had the NDP not supported the bringing down of the government.

However, in addition to dealing with the accord, there is the issue of \$39 million being cut from the regional economic development agencies. That is just one of the many cuts that the Conservatives made in the last budget.

I am sure that \$39 million would have been very helpful in the Maritimes in dealing with many of those challenges. They have to make sure that jobs are created, that money is reinvested in manufacturing and all of the other issues and the pressure areas that they deal with in the Maritimes, as they deal with other issues in the west and in central Canada.

There was an \$18 million cut from the literacy skills program. Again, there are areas of our country that use these programs intensely and welcome them. That was cut again. We have also called for that to be reinstated. Those continue to be just a variety of some of the many cuts that have been the Conservatives' priorities, rather than reinvesting in Canadians.

•(1200)

[*Translation*]

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Speaker, I am pleased to speak to the budget implementation bill that is currently before us.

The Bloc Québécois will not support this bill to implement, among other things, the economic statement and the Atlantic equalization accord. The major sticking point is the fall economic statement that we opposed both because of what it contained and because of what it did not.

Throughout Canada, in Quebec and in our communities, people are experiencing a range of serious socio-economic problems. Even though the government has recorded significant surpluses despite tax cuts and all kinds of breaks for oil companies, it has refused to act. For a government that prides itself on taking action and keeping its promises, the mini-budget, the economic statement, was pretty pathetic.

I want to start by talking about the crisis in the manufacturing and forestry sectors. We keep hearing about more and more forestry and manufacturing businesses closing their doors and going through tough times. These are not just numbers we are talking about; these are lives and this is reality. These workers, their families and everyone around them are going through very difficult times. This kind of economic upheaval affects communities in cities where factories can improve quality of life, boost prosperity and keep them from becoming ghost towns.

The Bloc Québécois proposed a number of solutions to help the manufacturing industry, but the government has refused to take action and always hands us the same line. The optimist party of Canada's Minister of Finance says that everything is just fine. The optimist party of Canada says that employment has never been as low as it is now, that the growth rate is good, that profits in Canada are high and that companies are making lots of money. But the optimist party of Canada's minister is out of touch with reality. In both Quebec and Ontario, where manufacturing and forestry industries are major parts of the economy, things are not looking so good.

The figures from the optimist party of Canada do not take into account that reality is being obscured by the oil boom in Alberta. Here is a simple example. If you go to a bar in a small town where people have just lost their jobs, and twenty or so unemployed people are there when Bill Gates, the president of Microsoft, walks in, statistically everyone in the bar is a millionaire. Obviously, it is just statistics. Once Bill Gates leaves, everyone is still unemployed and facing the same problems.

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The same thing is happening in Canada. While statistically there is an economic boom in Alberta, the situations are extremely difficult in Quebec and Ontario and economists are predicting a downturn because of the high dollar. Such is the economic reality and the effects and after-effects will not be felt until one, two, even three years down the road. If we do nothing about it right now, we will end up with even bigger problems in a few years. We need to take action right now.

Everyone who has come to see us in the Standing Committee on Finance lately, from employers, to unions, to representatives from society in general, has told us it is imperative to take immediate action in light of the high Canadian dollar and other problems the manufacturing and forestry sectors are experiencing.

● (1205)

In this context, it is rather sad to see that the government has preferred to push ahead with measures that have so little, if any, value added in terms of economic development. One need only think, for example, of the reduction of the GST. We will agree that it is certainly a popular measure. Of course, everyone is happy to pay less tax. In reality, however, all the economists who have spoken on this issue have said that reducing the GST will produce very little in economic terms.

The same goes for lowering corporate taxes for the big oil companies. They are already making exorbitant profits. The fact that they will now make even bigger profits will not help the manufacturing and forest industries because those companies are in trouble and are not making any profits. If they do not make a profit; they do not pay taxes. A drop in the tax rate is no help and does not improve their position.

However, they are starting to talk about it. The Bloc Québécois has been talking about this for a long time. Recently, we heard the minister say he recognizes that the manufacturing industry is having difficulties and that, perhaps, it may be necessary to act. Let us hope this change of heart will continue. The Bloc Québécois will continue to apply pressure.

That gets me thinking about the fiscal imbalance. At first, the Bloc Québécois was the only party talking about it. The other parties said there was no fiscal imbalance, it did not exist and we were inventing it. Finally, we succeeded in obtaining a significant amount in the 2007 budget for the fiscal imbalance, although the situation is not completely sorted out yet. There has been a transfer of money but still no transfers of tax fields. Yet, this was a situation that people thought was a fabrication by the Bloc Québécois. Now, we are getting some solid results.

We are in the process of doing the same work on behalf of the manufacturing industry. Only a few months ago, in fact, only a few weeks ago, the government was still saying here in this House that everything was fine, that there was no problem and the economy was doing very well. Now, we see that they are starting to change their position a little. We will continue to apply pressure to obtain measures for the manufacturing industry as quickly as possible.

One important measure that could have positive results, despite its rather technical nature, is refundable tax credits to companies for research and development. To offset the strength of our dollar, which

makes our companies less competitive in the United States and elsewhere in the world, we need to encourage companies to invest in research and development, as well as new equipment to increase productivity.

Traditionally, in most advanced countries with strong economies, companies receive tax credits to encourage this. This is currently the case in Canada, except that these tax credits are non-refundable. So, companies that do not turn a profit cannot claim them. They bank them and when they do turn a profit, they can claim the tax credits. For the government, that is a future tax expense. In a few years, when a company turns a profit, it can claim those tax credits.

The Bloc Québécois wants these tax credits to be immediately refundable for a company that does not turn a profit, but that decides to invest in order to increase productivity, become economically viable and then make a profit. In fact, when a company is not turning a profit and is experiencing difficulties is when it needs that money, that cash, to compete and to invest in equipment and research and development. Later, when it turns a profit, it will pay the taxes.

The government argued that this measure would be too costly. Obviously, if tomorrow morning companies started claiming all these tax credits, even if they are not generating a profit, there would be an increase in claims. They say it would cost billions of dollars. However, the government's calculations are incorrect, because they were done on an annual basis. But if they are managing a country and claim to be running it, they need a more long-term vision.

● (1210)

If we look over time, what is going to happen? In terms of the tax credits and refunds that the companies are calling for now, even if they are incurring losses, they would claim those tax credits in the future. So it is a measure that has virtually no effect. I will come back to this. There are costs, certainly. However, we have to take into account costs that will have to be covered in any event, in terms of tax revenue and tax spending in future.

Perhaps the example that is best known among the public and even members here is RRSPs. RRSPs are not income tax exemptions. They are deferred taxes. The money is deducted from the tax payable during our working years. When we reach retirement and withdraw the money from our RRSP, then we pay taxes.

That means the tax is simply moved to a later time. It is the same thing for converting these research and development tax credits into a refundable tax credit. You are doing the same thing, but you could really say it is the opposite. The principle is the same, however: giving an immediate tax refund that might have to be paid back later.

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If we take a model over 10 years, or over a longer period of time, and exclude cases where companies go bankrupt, and compare the two systems, non-refundable tax credits versus refundable tax credits, the cost should be zero, because over time, for the taxes we are refunding now, they would have to be paid back later in any event. Obviously, the cost is not zero, because inflation is going to eat up some of the difference. That is because a 2007 dollar is worth a little more in 2008, a little more in 2009, and a little more in 2010. But it is a cost that is ultimately marginal, in terms of the measure as a whole.

The second case where there would be a cost is obviously if a company that did not make a profit went bankrupt. In the existing system, a company that does not make a profit accumulates non-refundable tax credits, never claims them, builds them up, but when it goes bankrupt, it loses that bank of tax credits, and that represents a tax savings for the government.

If we had a system of refundable tax credits, as the Bloc Québécois is proposing, obviously, the government would have to pay back the refundable portion to the companies, as they incurred research and development expenses, and that would mean that this system would cost slightly more.

We are not saying there is no cost involved in this measure. Obviously there is a cost, but it has to be assessed in comparison with the benefits to society. When the manufacturing industry representatives and research and development people appeared before the Standing Committee on Finance, I was struck by the testimony of one person in particular.

We were told that manufacturing industries can be divided into three broad categories based on their position in this crisis. The first involves companies that are doing well, that are strong and that will get through the crisis no matter what, regardless of whether we help them or not. At the other extreme, obviously, there are companies that are in serious difficulty, that have major structural problems. Whether we help them or not, those companies are not going to get through the crisis. In the middle, obviously, is a category of companies that are promising, that are having problems at this point in time, and that could get through the crisis if the government took the trouble to give them the hand they need.

Let us take a closer look at the effects of the measure proposed by the Bloc Québécois, namely, to make the research and development tax credit a refundable credit for these three categories of businesses.

As for the companies that are doing well, that are making huge profits and getting through the crisis, our measure would have absolutely no effect, no impact, and would change nothing. It would be business as usual. In other words, they are already making a profit and claiming their tax credits. Whether they are refundable or not, this would not change anything; they would get them immediately.

• (1215)

This is an interesting point. Indeed, a general tax cut, like the one brought in by the Conservatives, helps businesses that are making a lot of money, but does not help those that are not turning a profit. Our measure does the opposite: it does not help those that have lots of money—it is status quo for them—but it helps those that need a hand to make it through this crisis.

Consider the second category of businesses, those that are having difficulty, but can make it through the crisis. It is precisely this kind of measure that can give them the boost they need to get through this crisis, because, among other things, this would give them cash assets by making the tax credits refundable. This would then give them the money they need to get through the crisis, while, under the current system, they will not get the money they need until later, although they need it now. How ridiculous.

In this case, as I mentioned earlier, this would not cost the government very much. It would basically mean the cost of inflation, since the tax credit would be postponed. If we take into account the fact that the boost will allow businesses to remain open, to pay taxes, to pay their employees who will also pay taxes, one can see how this measure would be beneficial for the entire Canadian tax system.

Take finally the last category of businesses, those that will probably not survive the crisis. If these tax credits are immediately refunded to them and they end up going bankrupt, the costs will be greater than what we have under the current system. If a company goes bankrupt now, these accumulated unused tax credits are just lost, which means more income for the Canadian tax system.

We certainly hope that this category of businesses that do not make it through the crisis in manufacturing will be as small as possible. In the view of the Minister of Finance from the optimistic party of Canada, which has a very positive view of our economy, not many businesses are likely to fall into this category. As a matter of fact, the more we help them, the fewer there actually will be.

All this is to say that the proposed measure to make research and development tax credits refundable is much less costly than the government claims. It would simply move up in time tax credits that in most cases would otherwise constitute an expense for the tax system if the companies earned a profit.

I have not mentioned accelerated depreciation yet for structuring investments, such as investments in machinery and equipment. The principle is the same. When accelerated depreciation is allowed at some point in time, there is a tax saving. However, as soon as the company has finished amortizing the equipment, it starts paying taxes. Once again, therefore, tax that is payable now is simply postponed until later. There is a cost to the government because inflation has to be taken into account, but the cost does not match the actual expense. The expense has to be spread out over a number of years and its total impact calculated.

As I said, we are opposed to this mini-budget because there is not much in it for our manufacturing industries. Other things are missing as well, but I did not have time to talk about them. I wanted instead to go into detail to explain our proposal on the refunding of research and development credits. There was no money to make the guaranteed income supplement fully retroactive, a promise that the Conservatives broke. There was no money for a program to help older workers. The government promised this in its first Speech from the Throne, but we have not seen the money yet. I also could have told the House about equalization, which is turning to Quebec's disadvantage. I will certainly have other opportunities, though, to talk about these things.

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● (1220)

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Mr. Speaker, I would like to point out to the member that the Standing Committee on Industry, Science and Technology submitted recommendations that received unanimous approval. Clearly, the government has failed to incorporate those recommendations. Now that the Minister of Finance is supporting just one of the recommendations that were adopted, we are having a hard time seeing how all 22 can be implemented.

Would the member elaborate on these issues, specifically as they relate to the manufacturing sector crisis in his province, Quebec, and in Ontario? Would he also discuss the impact of energy costs, the value of the Canadian dollar, and emerging problems in the service sector that we have to take into account?

Mr. Thierry St-Cyr: Mr. Speaker, over a year ago, the Standing Committee on Industry, Science and Technology unanimously adopted a report in which all parties, including the Conservatives, made 22 recommendations. In the last economic statement, just one of those recommendations was implemented, and only halfway at that.

Yesterday, the Standing Committee on Finance passed a motion asking the Minister of Finance to implement those of the industry committee's 22 recommendations that relate to fiscal measures. Once again, I do not know whether this is unanimous or not because the Conservatives did not vote. It is strange that the Conservatives are hesitating to implement recommendations that were unanimous.

The crisis is a major concern in Quebec and Ontario. The finance committee was impressed to see such rare unanimity among unions, management, industry and cities. Everyone is saying that something must be done right now.

This is especially important because we heard repeatedly about the problem of the time lag between the rise in the Canadian dollar and energy costs and the economic consequences in terms of plant closures and job losses. People said that one, two or even three years can go by between the two. For example, the plant closures that are happening at present are due to the strength of the dollar perhaps a year ago, when it was worth \$.80 American. In one, two or three years, when we see the impacts on our economy because the dollar is at \$1, \$1.01, \$1.02, \$1.03, \$1.04, \$1.05 and so on compared to the U.S. dollar, it will be too late. The situation will already have deteriorated.

It was unanimous. Everyone said that action was urgently needed. No allies of the Conservative government came to tell the Standing Committee on Finance that the situation was not that pressing, that manufacturers could wait until the next budget and that the minister had been right not to include any measures in his economic statement. Everyone said that the government needed to take action right away. That is why we could not support this economic statement. These measures absolutely must be included in the next budget. They should even be implemented as soon as possible.

I can guarantee the Minister of Finance that if he wants to put forward measures to help the manufacturing and forest industries in Quebec earlier than planned and he needs our cooperation in this House, we will give it to him so that we can take care of this quickly, if that is what he wants, of course.

● (1225)

[English]

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, when talking about the budget and the economic statement, the important thing to do is to start with context and how we came to be where we are today.

I can recall the year 1993. It is a good place to start. I had just graduated high school at the beginning of that year. I had the idea that I would get involved in my first federal election. I decided I would get very involved. I recall the state of the economy at that point in time. I recall the then prime minister was Brian Mulroney. I think he is currently being spoken of in another room at this particular moment. One of the things I remember is what a bad place Canada was in.

At that point in time we were going into debt some \$40 billion a year. That was our annual deficit. Our inflation rate was 14%. The unemployment rate was 12%. In fact, our situation was so dire that the *Wall Street Journal* at that time said Canada was an honorary member of the third world. Our position within the G-7 was hardly strong. In fact, it could be argued by many that we were losing any sort of relevance within the G-7. We were losing our way as an economic middle power.

In that environment, everyone can imagine, for those who were like me, who were getting ready to enter university or college, to begin a trade or to start off their careers, they were bleak times. They were times without a lot of hope or opportunity for the future of the nation.

We move forward to 2006. What a different story it was at that time. Canada had gone from having the worst debt to GDP ratio in the G-7 to having the best, from having the worst record on job creation in the G-7 to having the best, and from having record inflation that was crippling the economy to having record lows in both inflation and interest rates, allowing Canadians to buy their homes more cheaply and be able to afford their lives more easily.

We know that the economy was on fire. Instead of running huge deficits, we were running surpluses. Instead of running up more debt, we were paying our debt down. It was through sound economic policies and decisions between the period of 1993 to 2006 that were employed by the Liberal government which allowed our economy to get on its feet, to move from the bottom of the pack of the G-7 on almost every single economic indicator to the top of the pack.

With all of that prosperity, the decision is how to continue it. How do we make sure that we continue with the advances that we have made? Now that we were at the head of the G-7 how would we continue that position? We could continue the prosperity. We could ensure that Canadians continued to see an augmentation in their quality of life and we could address many of the issues that we could not address when we did not have the financial resources to do so.

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Naturally, one would assume when we are in a position of such strength, when we are able to turn in the kind of revenues that we are turning in, when our economy continues to move forward in the way it does, that it is time to take action on things like poverty, on access to post-secondary education, on the climate change crisis that grips most of our attention, and on things like infrastructure. Instead what we have gotten through two consecutive budgets, mini-budgets and economic statements is gimmicks. Probably the best example of this is the cut to the GST.

Probably the best way to assess the impact of the cut to the GST is to look at a single mother struggling to get by, struggling to pay her rent and struggling to afford groceries. Conversely, we can look at a Canadian who has been blessed with a lot of wealth, somebody who is maybe fortunate enough to buy a luxury car, a luxury yacht and take luxury vacations in luxury hotels. How are those two individuals impacted by the GST cut?

The first 1% cut cost us over \$5 billion and now there is another 1% cut that will cost us over another \$5 billion. The single mother who is buying her groceries will not see any benefit. For the rent that she pays, there is nothing. In point of fact, the GST cut did nearly nothing to improve her lot or give her the opportunity to make a difference for her children. Conversely, the individual who is fortunate enough to afford items of luxury is enjoying a massive windfall, incredible amounts of money coming back from luxury items that he or she would have purchased with that reduction now in the GST.

● (1230)

Instead of getting Canadians targeted relief to those who need it the most, making a difference for people who are struggling to get by and working so hard, there is a disproportionate tax cut that most advantages those who need it the least.

I will read two quotes on this decision. One was made by Marc Lee, senior economist for the Canadian Centre of Policy Alternatives, who said, “I think”—this tax cut—“also shows they’re really out of touch with the reality that most Canadians are facing”. I could not agree more. Don Drummond, chief economist at TD Bank, said, “The federal surpluses have offered a golden opportunity to move forward in a very decisive manner. The GST cuts don’t move that agenda forward at all”.

Let us delve deeper into the government’s approach to tax cuts. Virtually all economists, perhaps with the exception of those who are under the employ of the Prime Minister or the Conservative Party, are united against the GST cut. Even a report by the Department of Finance agreed that cutting the GST was the worst strategy for Canada in reducing income taxes or reducing taxes generally. It does nothing to improve the fairness of our tax system and the money that goes back into the pockets of Canadians is for the most part marginal, unless they are earning very large sums of money.

In point of fact, the finance minister once called cutting the GST a “relatively useless measure”, because it only advances spending “that would happen in any event”. The finance minister said he preferred cutting personal income taxes because it provides a “direct stimulus”. It seems that the finance minister once had the wisdom of trying to apply the Liberal vision of how tax cuts should be implemented. When he was the finance minister of Ontario, in fact,

he was quoted as saying that he agrees with the member for LaSalle—Émard. He went on to say, “With respect to reducing the GST federally and the RST provincially, I also agree with the federal minister, and we’ve talked about this. All you get is a short-term hit, quite frankly”. And this is my favourite part, “It has no long-term gain for the economy”. That is from the Ontario legislature *Hansard* of November 5, 2001.

The finance minister himself felt that a cut to the GST had no long term gain for the Canadian economy, but he chose to cut this tax, which has cost the government billions and yet gives Canadians nothing.

It would seem to me that this money should have, logically, gone to a couple of different areas. To continue on tax cuts, it should have gone where it would have made a real difference, such as helping Canadians who are struggling to get by and those who are in the middle class to reduce their burden, but instead of reducing income taxes in the last budget, the government increased them from 15% to 15.5%. To go back to the example of a single mother or someone earning a marginal income, that individual actually saw, on a net basis, his or her income tax burden rise. It is an utterly shameful thing, but it is the truth.

Now the government has said that it has reduced income taxes. The reality is it has simply brought them back to where they were in the beginning. We have seen the government raise the income tax rate from 15% to 15.5% and now, in a much heralded fashion, the government has reduced it back to 15% again. The bottom line is the government has not done anything in that area that would make the biggest difference to Canadians, the biggest difference on a real basis of allowing people to have more money in their pockets to improve their quality of life.

We in the Liberal Party believe that income tax cuts need to be targeted, that they need to focus first on those who need the help the most. We also believe firmly that a plan to reduce income taxes must include a reduction in the corporate income tax rate. When the Liberal government came to power, corporate income taxes were at 28%. There was legislation passed that took that down to 19% and would be implemented for the year 2010. The Conservatives, again in a much heralded way and with a lot of spin, announced that they were taking it down to 18.5% for the year 2011, a difference of .5%. That is it.

I know some in the NDP caucus would fight and rail against a reduction in income taxes saying that it is part of a right-wing agenda. The reality is it is part of an intelligent, middle of the road approach that has worked very successfully for other nations.

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•(1235)

We can take a look, for example, at Ireland or Sweden which have made large reductions in their corporate income tax rates and at the same time have seen much progress on social issues and on social programs. They recognized that as smaller nations they could have lower corporate tax rates, attract businesses to their jurisdictions, create more economic activity and that larger jurisdictions like the United States or other large European countries could not match those reductions simply because their scale was so much larger. The net result of it was more money and more resources to be able to move forward on progressive programs on social issues. Clearly, our position is that the .5% reduction, which is hardly a very visionary or meaningful reduction, is something that needs to be looked at further, and that further cuts are still desired.

When we take a look at some of the gimmicks that have been put in place and the rather backward strategy that is nearly impossible to find any economist to agree with, it will not be very hard to understand why or where this came from. I also happened to be a municipal councillor during the period of time that Ontario had a Conservative government provincially and the provincial finance minister then is the federal finance minister today.

What we do know is that Ontario was left with a deficit of \$5 billion. There were decisions like the selling off of highway 407, an impact that has had major ramifications in my own riding where the 407 ends at Brock Road. We look at that decision which in the very short term may have rounded the figures and made it look as though the deficit was not as bad as it was. What it has done in the long term is given a foreign company a massive amount of annual revenue and left taxpayers with an extremely expensive route when almost no options are available to get in and out of the city. People are forced to pay extremely high prices, the profit of which is not going back to improving infrastructure or making lives better or more accessible, but instead it is leaving Canada in profits to a foreign company.

Then too we saw tax cuts that most benefited those who needed it the least. When we talk to the average Ontarian about the difference those tax cuts made, it was marginal at best. At the same time, if we ask them how they noticed reductions in service levels, how they noticed the difference when they walked into a hospital or when their son or daughter went to school, those differences were big. They saw massive reductions in services. They saw big increases in property taxes because there was a downloading from the province onto the municipalities, but in terms of money in their pockets and increased quality of life, at the end of the day it simply was not there.

I am going to continue on the theme of municipalities. As I mentioned, I was fortunate enough to serve for nearly seven years as a councillor for the city of Pickering in the region of Durham before I came to this place. I witnessed how some of these strategies that are employed by the now finance minister impacted our municipality at that point in time.

I can recall vividly things like housing stock, where we were downloaded all kinds of housing responsibilities from the province. We were told that we had to bring those up to code, that we had to do all kinds of work to make sure that the housing stock was up to speed and yet we were given no resources to do it. We were left with

no recourse but to either increase taxes or cut services to handle the downloading that had been given to us.

Ambulance services were handed down to us and again we were given no resources, no money. Yet we were told that we had to increase service, that we had to decrease response time. Again we were left with no choice but to either pass tax increases or to cut services. This is part of the shell game that is played. Announcements are made, proclamations, big cheques, a lot of spin but underneath it all, it is just things being moved around, no substance, just gimmicks.

What we are left with in the municipalities is a government that is showing nothing but contempt. Municipalities and mayors are saying that they need money to fight critical issues like infrastructure, to deal with things like housing within their boundaries. What the Conservatives are saying to them is, "Be quiet. Stop whining. Go back and figure it out yourselves. It is not our problem".

In terms of the amount Canada gives to municipalities, in terms of the relationship of the federal government to the municipalities, it is one of the most backward anywhere in the modern world. The problems that are being faced by municipalities only started to be dealt with under the last government in a new deal for cities and communities in a recognition that municipalities needed to be treated as equals, in recognition of the fact that often municipalities are the engines of our economy.

•(1240)

They are the places that make the biggest difference in things like quality of life and often can make a huge difference in terms of the quality of our economy by making sure that they have the conditions right to hold, retain and allow businesses to grow.

Today, in a riding like mine, we face massive infrastructure challenges. Individuals who want to go to work in the morning, and I have a large population of people who commute, are faced with incredible gridlock. Options on transit are nearly non-existent.

Some of the measures brought in by the government, like this tax measure where people would get a bit of money back at tax time if they bought a transit pass, are utterly meaningless. Why would people buy a transit pass that does not take them anywhere?

If I were to leave from my house in Pickering and try to get to the GO station, that unto itself would be about a 30-minute or a 40-minute exercise. By the time I do get to the GO train, it is then another 40 minutes or 45 minutes to get into the city. It would take people almost an hour and a half when by car that same ride would only take perhaps 30 or 40 minutes, and that is if they are lucky enough to be working in downtown Toronto.

If people work in Scarborough or in Markham, transit can take two or three hours to get there. So, who is going to buy a bus pass that does not really take them anywhere? It does not make any sense. What we should be doing is investing in the infrastructure required to make transit meaningful and real as an option for individuals who want it.

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Municipalities today are struggling under the crippling responsibility of aging infrastructure, but they are also fighting a real battle that we need to be seized with here; that is, sustainable development.

We can talk about the environment, but how communities are structured, how they are built, what resources they have available to them, things like transit, how dense a core they have and what kind of cultural and recreational infrastructure they have within their boundaries so people can actually spend a day or an afternoon within their own municipality, becomes very relevant as well.

However, in the fight against climate change, municipalities have to be partners, not somebody we scold and boss around and pretend is not there but partners, people we invest in, people we work with on things like sustainable development. That is why the money that was flowed through, through the new deal, said that those projects had to go to improve sustainable development.

So, too, should money that flows to the municipalities as we assist them, whether it is in addressing the payment in lieu of property tax problem that leaves so many municipalities shortchanged or whether or it is as an additional revenue. This should go to say that that money that flows to the municipalities should result in meaningful changes, such as reducing the consumption of carbon-based fuels and reducing greenhouse gases, so that municipalities are making a contribution to reducing greenhouse gases and climate change emitting products.

On the environment, more broadly, what we have seen from this government is complete contempt for the issue of the environment and climate change. In fact, last January, almost a year ago, the Prime Minister was calling greenhouse gases “so-called greenhouse gases”. The government websites systematically, after the last election, eradicated any reference to climate change. It deleted them. It got rid of them.

We were getting calls from teachers who were using government websites to help teach their students how they could reduce their emissions and how they could make a difference to the planet. They were asking what happened to these aids on the Internet that they were using to help teach students how to create reductions. They were completely deleted.

We saw more than \$5 billion in cuts to climate change programs and instead replaced with only \$2 billion later with much fanfare when the Conservatives were pretending to do something.

We are the only member of the Commonwealth standing in the way of ensuring that we are a major partner in fighting climate change. We are blocking the rest of our Commonwealth partners, as example, at the conference that just happened, from joining together as a unit, setting mandatory targets and leading the world.

In short, what we are seeing in this and in so many other areas is a government that is focused on spin and gimmicks, and nothing on substance, that is so focused and preoccupied with trying to get to 41% or 42% that it is doing nothing on the real issues.

• (1245)

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Mr. Speaker, I listened to my colleague across the way discussing Bill C-28 and some other issues surrounding that and how it does not

help some of the less privileged Canadians, I think were some of his words, or lower income people, especially those who may be single and raising a family.

I think the member forgot that Bill C-28 has the working income tax benefit. This is concrete action to help low income Canadians with various measures, not the least of which is WITB, as the finance minister calls it. I suppose we could say that it would be our spin that it is a good idea because it is a good idea and we are saying it is. However, there are other folks who are saying it is a good idea.

The United Way of greater Toronto has said that it is a positive change that will help improve the situation of low income families. The Rotman School of Management sings its praises. The Ontario Liberal finance minister said, “It’s a positive move. I think it will help those at the lower end of the income ladder and I think the federal government has taken a good step”.

Indeed, the NDP member for Winnipeg North has said that WITB is an important program that goes in the right direction.

When the hon. member says that there is no help for lower income families, he is exaggerating profoundly the great benefits of Bill C-28. He says it is full of gimmicks. I see no gimmick when it does not take out of the pockets of the Canadian people some \$190 billion over the next five years and brings taxes to their lowest levels in about 50 years. There is some great amount of exaggeration going on here.

If I could enlighten those folks who might be listening, the member said the GST reduction to a family of limited income does not do anything. When this family goes to the grocery store, or the young mother who has young children, they are buying products that have a tax on them. The young mother may not even be paying any income tax. People who do not pay any income tax at all are receiving a tax break through the GST rebate.

I ask the hon. member: Has he really read Bill C-28? Has he really thought through all the comments he has made?

Mr. Mark Holland: Mr. Speaker, I would begin by saying, and it may come as a surprise to the member, that most groceries are in fact actually not taxed. Things such as everyday grocery items do not have the GST applied to them. If we take rent as an example, it does not have the GST applied either.

Someone of limited means and with most of their income going toward groceries and rent is deriving no benefit, or extremely little benefit. Maybe when they buy some Hubba Bubba gum or something, then they are going to get a cent off.

The member has mentioned one program and that is well and good. The reality is that the GST cut represents more than \$10 billion in the 2% that is being removed. Imagine what the government could do to help a single mother with something like early childhood development by having a national early childhood development strategy that places creating nurturing advanced environments for those children to make sure that they get an edge on life, particularly when we know that those three years are so critical.

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Imagine what some of that \$10 billion could have done for students. In many cases, students do not find post-secondary education something that they can access. Imagine what could have been done with accessibility.

Imagine what could have been done with that \$10 billion to help in a targeted way those who are in the middle income bracket, those who really need the break, and those who really need the change. Instead, what we got was a gimmick. The problem was that it cost us \$10 billion of other opportunities.

• (1250)

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, Canada's productivity has dropped to 16th place, the U.S. dropped to 6th and Ireland has gone down to 21st in ranking, whereas the high taxing countries, Switzerland, Finland, Sweden and Denmark have gone up. They are always at the top in their productivity. They put a lot of money into innovation and research and development.

The hon. member talked a lot about investing in municipalities and investing in the social good, yet he would not say how much the investment would be, where would the money come from? Is it coming from an increase in income tax? Is it hiking the GST?

The Liberal Party talked about reducing the corporate tax rate of 18.5%. After the speech by the Leader of the Liberal Party, the Conservatives did reduce it. It announced the corporate tax rate would go from 18.5% to 15%. I cannot tell the difference between the two parties because they say to bring it down further.

Where would the money come from and what is in this mini-budget? Is the corporate tax rate 18.5% or is it 15%?

Mr. Mark Holland: Mr. Speaker, I am not in a place today to launch the Liberal Party platform for the next election and to speak about the specifics of exactly how we will implement all the things that we are talking about. I thank the hon. member for her enthusiasm to see the Liberal platform. I just ask her to hold on a little bit. Depending on how things roll out here, she will get ample opportunity to see just how we are going to implement this ambition for Canada.

Ms. Penny Priddy (Surrey North, NDP): Mr. Speaker, I actually want to agree although I have a question. For single moms, particularly working single moms, like the one who I saw at our food bank who was there with her little girl, who was about seven, and she tugged on her mother's sleeve and said, "Don't worry mommy, I will try not to eat so much", this budget makes absolutely no difference.

For the parent who has to pay \$1,400 a month for licensed infant care, this budget has made no difference whatsoever. There is no support, there is no education, there is no child care, and it makes no difference for the single mom.

I am wondering, for that single mom who the member describes in his riding and who I see in mine, what does that mean when the Liberal caucus refused to stand up, take a position, and say that it cares about those single mothers who are not able to make ends meet without the food bank, who are not able to get child care? When they see the entire Liberal caucus sitting there, and abstention is really a yes, what is the message that goes to that parent?

Let me tell you, the parents who have talked to me have said that means they will talk about it, but they will not stand up for it.

The Acting Speaker (Mr. Andrew Scheer): I remind the hon. member for Surrey North to address her questions and comments through the Chair and not directly at members. The hon. member for Ajax—Pickering.

Mr. Mark Holland: Mr. Speaker, we will do precisely that. The difference is we are not going to do it when the NDP tells us to do it.

We have a responsibility as the official opposition to choose when we are going to go into an election, to choose what issues we are going to go on, how we are going to fight that, and what is the best way to ensure that Canadians have all of the choices presented for them so that they can choose the best direction for this country.

When the time is right, we will stand up, and we will fight against what is a regressive, backward budget that puts the priorities of Canadians way down and instead focuses on gimmicks and tricks.

Mr. Rick Norlock: Mr. Speaker, just a short period ago the member said that \$10 billion could go a long way to helping people meet their family needs. That is precisely why the government reduced the GST and intends to reduce the GST further. It is because it is \$10 billion that stays in the pockets of Canadians and specifically those Canadians who do not pay any taxes.

The member might be shocked to learn that I in my previous occupation happened to do the shopping for my family for about 30 years. Therefore, I am very much aware of what is taxed and what is not.

What is taxed are a lot of the necessities, like keeping our clothes clean, like keeping ourselves clean, and like those personal products that everyone buys. That is \$10 billion that are in the pockets of Canadians and allows them to meet additional needs of their families. Perhaps the member needs to rethink that amount.

• (1255)

Mr. Mark Holland: Mr. Speaker, if they want to give \$10 billion back to Canadians, then they should do it in an intelligent way. They should have targeted at those who need it the most and make a difference for students, those who are in low income situations and those who are in the middle class. Instead of giving 2% off a million dollar yacht or a \$100,000 car, luxury items that most individuals could never dream of affording, they should focus that money on individuals who really need it.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Mr. Speaker, I am pleased to speak today to Bill C-28. In the view of New Democrats, this was an unprecedented opportunity to invest in Canadians. Instead we see a Conservative government that continues to take Canada in the wrong direction.

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It was not a balanced approach. It could have provided targeted tax relief for those who needed it most, instead of providing billions of dollars in tax relief to the friends of the Conservatives, the oil and gas companies. It was an opportunity to close that ever increasing prosperity gap. However, as we have seen in many of the programs and legislation that comes from the Conservative government, it has not invested in working class and middle class families, in ordinary Canadians.

With regard to the wrong direction, the Canadian Centre for Policy Alternatives, in a 2007 paper called "Why Inequality Matters: The Canadian Case", talks about that growing prosperity gap. It sees income distribution deteriorating.

The rich and poor gap is at a 30 year high, in after tax terms, the fastest growth in the past 10 years under economic conditions that traditionally lead to it falling. There is a far greater polarization of incomes. The bottom half has been shut out of economic gains of the last 30 years, despite working more hours. As a cohort, these families raising children are better educated and working more than those 30 years ago. On average, those families are working 200 hours more a year. That truly is a prosperity gap.

In the economic statement, the government talks about delivering broad based tax relief for individuals, families and businesses. Let us do a bit of a reality check around that.

The government's own document says that families earning between \$15,000 and \$30,000 will pay on average almost \$180 less in tax in 2008. My question has always been this. Exactly how many child care spaces, how many child care days, does \$180 in tax relief pay for?

Social Planning Cowichan recently issued a report in October. It talks about quality child care. I will read briefly from that because my community is in a crisis around child care. It says:

Quality, affordable child care is crucial to the social and economic welfare of the Cowichan Region. The successful development of our children, especially in the early years, has a long term impact on our region....

Currently, there is a critical lack of licensed child care spaces in the Cowichan Region, with enough spaces to serve only 48 percent of the estimated 4,862 children under the age of 12 who need child care. For the estimated 1,047 aged three and under who need child care, there are only 165 licensed spaces, or 16 percent of the number needed.

This situation continues to worsen due to the current labour shortage and increasing cost of housing which requires that most families need two incomes to afford a home which is resulting in an estimated 70 to 75 percent of mothers entering the workforce.

Three significant barriers to providing quality child care are consistently identified by information gathered from interviews with local informants as well as the websites of many provincial, national and international organizations involved in promoting quality, affordable child care: lack of child care spaces; funding for child care services and programs; staffing, training, recruitment and retention in birth to three year services.

The economic statement would have been an opportunity to take meaningful action around child care. The Conservatives will talk about choice in child care when they talk about the \$100 a month, but that \$100 a month simply does not create new child care spaces.

The New Democrats have put forward Bill C-303, which calls for meaningful attention to early learning and child care. One would hope, with the kind of support this bill has garnered, that the Conservatives would have seen fit to take the opportunity in the

economic statement to invest in the creation of child care spaces and in early learning. Instead, we have seen tax relief of \$180 a year for people earning between \$15,000 and \$30,000 a year. This kind of tax relief will not create child care spaces.

• (1300)

In my province of British Columbia, and I know in other provinces, many industries are facing severe labour shortages. We could have encouraged people to join the labour force by ensuring there would be affordable, quality, regulated child care. This was a missed opportunity to invest in working and middle class families. This was a missed opportunity to close that prosperity gap.

Another element that is of critical importance to Canadians, certainly to those living in my riding of Nanaimo—Cowichan, is housing. On October 22, the United Nations special rapporteur on adequate housing, Miloon Kothari, took a preliminary look at the Canadian housing situation. I will quote from his report because he says it far better than I could. He says:

Everywhere that I visited in Canada, I met people who are homeless and living in adequate and insecure housing conditions. On this mission I heard of hundreds of people who have died, as a direct result of Canada's nation-wide housing crisis. In its most recent periodic review of Canada's compliance with the International Covenant on Economic, Social and Cultural Rights, the United Nations used strong language to label housing and homelessness and inadequate housing as a "national emergency".

This is an international overview of what is happening in Canada. People are saying that the housing situation is in a crisis.

Mr. Kothari goes on in his report to talk about why there has been a significant erosion of housing policy rights over the past two decades. Not only is the current Conservative government not taking the kind of action that is required in terms of a national housing strategy, but when the Liberals were in government, they directly contributed to the crisis that we are in today.

Mr. Kothari says:

—Even more dramatic housing cuts in the coming years as the federal government "steps out" of its financial commitments under the 1973 to 1993 national housing programme.

—Reductions in income support programs at the federal level, and in every province, that have left many Canadians with little money to pay for ever-increasing housing costs, and

—A shift in housing policy to provide support for homeownership, mainly through the tax system, while eroding support for social and rental housing.

It is clearly a failure of leadership, both under the Conservatives and under the previous Liberal government.

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The Cowichan Valley fall 2006 report talks about the crisis that has emerged in Nanaimo—Cowichan. It talks about the fact that no new rental units have been built in the Cowichan region during the last 20 years, therefore the supply is scarce. Vacancy rates in private rental buildings in the city of Duncan and in North Cowichan have declined in recent years from 8.4% in October 2002 to 1.6% in October 2005.

Under rents and incomes in the same report, in 2001 more than 6% of households in the CVRD had incomes of less than \$10,000, and an additional 14% had incomes of between \$10,000 and \$19,999 and a further additional 12.9% had incomes between \$20,000 and \$29,999, in total, 35% of the households. Clearly, the ability to afford rent is a significant issue for many people in the region. The proportion of households spending more than 30% of their gross income on rent was higher in the CVRD than for B.C. as a whole. Thirty-five per cent of the households in my riding are making under \$30,000. The \$180 tax relief is in the pockets of 35% of the households in my riding. How will \$180 help someone rent an apartment when rents are rising because of the severe shortage in supply?

A national housing strategy looked at a continuum housing, from homelessness, transitional shelters, accommodation for singles and families, up to aging in place. We need a continuum. We need that national strategy. That was in the Cowichan Valley. It is no different in the city of Nanaimo.

● (1305)

Another report talked about the market rental and row housing vacancy. It was 3.4% in 2002 and down to 1.4% in 2005. They are turning away people from emergency shelters. Transition houses that responded cited the increasing cost of housing, both owned and rental. They also cited the increasing incidence of homelessness and raised concerns about the declining stock of rental and market housing.

A number of suggestions have been made on actions that can be taken to deal with it. It is no surprise that people in Nanaimo are calling for a range of housing types catering to different ages, family types and income levels, including smaller unit sizes to low income single adults and seniors.

Back in March, a panel, sponsored by the Nanaimo Canadian Federation of University Women, talked about the fact that there were a significant number of women in Nanaimo living on the streets. The Haven Society's Willow WAI for Women have said that 99% of homeless women generally have addiction or mental health issues, are undereducated, lack employment life skills and many commit crimes to support an addiction. They become homeless because of estrangement from their families due to violence or drug use, or marital breakdown or incarceration, or they have been evicted and lack affordable housing.

Affordable and adequate safe housing is only one part of dealing with homelessness in a community. We certainly see that very visible face of homelessness in many of our communities. The economic statement and the throne speech were an opportunity to take leadership both in Canada and internationally in a meaningful national housing strategy. It was a failure in dealing with some of these very serious issues confronting our communities.

Again, the economic statement talked about the fact that people who worked on our shop floors and assemble lines or in our forests and mills were struggling, that the manufacturing and forestry sectors were bearing the brunt of a strong Canadian dollar, that they were facing increased competition from emerging economies and that this is a difficult situation.

I argue the fact that a difficult situation is probably an understatement. In many of communities in Nanaimo—Cowichan our forestry sector reeling. Another one of the pulp and paper mills in my riding has applied for bankruptcy protection, and those are important jobs in our community. Forestry is not a sunset industry. Forestry is a vibrant and vital industry in the province of British Columbia and in other provinces across the country. We are not seeing a strategic investment and national leadership in forestry.

In my province and in my riding, raw log exports continue to be a source of aggravation. Our raw resources are being shipped elsewhere for processing as our sawmills close down. The closure of those sawmills is having repercussions for the pulp and paper mills. When the Bloc put forward a motion calling for some attention to manufacturing and forestry, the Conservatives voted against it and the Liberals abstained, instead of taking a strong stand for our forestry communities across the country.

Our critic for industry, the member for Parkdale—High Park, has compiled some good statistics. She talks about the fact that we have seen significant job loss. She said that there were job losses resulting in 8% of wood products. In British Columbia the manufacturing and forestry sector has lost 13,700 jobs. That is partly to do with the softwood lumber agreement. It did not take into consideration the downturn in the housing sector in the United States. This means the price per board foot has now dropped below that threshold, so we are now paying a 15% tax.

The economic statement acknowledged that forestry was struggling, that these were difficult times, yet there was no commitment in either the throne speech or the economic statement to develop a national strategy to ensure that our forestry sector would remain as a vibrant and vital part of our economy.

● (1310)

When we are talking about closing the prosperity gap, let us just turn for one moment to first nations.

First nations, Inuit and Métis across this country continue to be the poorest of the poor. One of the pillars that we know will contribute to raising people out of poverty is education. The throne speech did mention education. The minister said that there needed to be investment in skills training and development with regard to industries emerging in the north. I would argue that there needs to be a far broader plan for education in this country.

Government Orders

We are seeing discrepancies throughout the first nations education system from coast to coast to coast. In an article today in the *Winnipeg Free Press*, there is an editorial on education on reserves. The numbers here highlight the difference. On one hand, we hear the Minister of Indian Affairs and Northern Development talking about the importance of standards and looking at provincial standards, curriculum and those kinds of things, and yet, on the other hand, he is telling first nations schools on reserve that he wants them to meet the standards but that he does not actually want to give them the same amount of money.

We have provincial standards on a per capita basis that talk about how much provincial governments say is necessary to provide an adequate education in the K to 12 system, but then we have the federal government telling first nations on reserve schools that it wants to deliver the same standards of education but that it does not want to give the money needed to do it.

Let us talk about some of these numbers. In this editorial it states:

The base funding—per student grants—from Indian and Northern Affairs Canada for on-reserve schools across Canada is lower than provincial grants, and that extends to grants that cover special education. As an example, in Manitoba the Opaskwayak Education Authority receives total federal funding that works out to \$6,400 per student.

Contrast that to the Wapanohk Community School in Thompson—whose student body is almost entirely aboriginal—which is under a public school board that spends an average \$9,384 per student. On average, Manitoba school boards spent \$8,900 per pupil. Across the western provinces, the average was \$8,386, according to a report compiled by the Society for the Advancement of Excellence in Education.

There is roughly a \$3,000 difference between what the province of Manitoba is spending and what is funded for, in this case, one on reserve school. This is not atypical. This is happening in provinces across this country.

In 2004, the Auditor General said that the department did not have a good handle on the funds that were required for education and did not know whether or not it was actually getting results for the money it was spending.

Right now the first nations educational renewal is up in 2008 and there is something called a band operating funding formula. Here we are, at the end of November, and there still has not been agreement on this band operating funding formula. We know there are huge discrepancies. At a meeting with the department and the minister this morning, they said that it was difficult and that there were different things happening in different provinces.

We talk about a prosperity gap. First nations are certainly in the middle of that prosperity gap. One in four first nations children live in poverty, which means their families live in poverty. We know that one of the elements to raising people out of poverty is adequate education so why are we not investing in education?

The same thing is happening with the building of schools. We have schools in Manitoba that have been on wait lists forever. We have schools in Saskatchewan where, from the department's own records, there is a serious problem with the funding. We heard from the department today that it is juggling funding around when there is an emergency.

If we truly mean that we are committed to education, we need to put the money into the education system for first nations, Métis and Inuit so they have access to an adequate education.

The economic update and the throne speech are missed opportunities to close that prosperity gap and it clearly takes Canada in the wrong direction. Therefore, we will not be supporting that.

• (1315)

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Mr. Speaker, while I obviously disagree with some of the comments made by my NDP colleague to my right, I do appreciate her passion in wanting to help Canadians, and that is to be commended.

I want to go back to something that was said earlier today. I am not sure whether my colleague was in the House but I know some of her other colleagues were. The member for Halton stood and talked about the things he wanted to see in the bill.

My question for the member goes back to the credibility of the member for Halton on commenting on this. We must remember that the member for Halton was a so-called professional financial advisor who advised all the people he worked for and his clients to put all their money into Nortel. We know the record on that and how good that was. He was also a member who deliberately wrote statements in his blog that were not true and he lied about other members of Parliament.

From that standpoint, does the member think that member has the right to have that kind of opinion on a budget like this that we would all like to see pass?

Ms. Jean Crowder: Mr. Speaker, I am not prepared to comment on the performance of another member of the House. The most logical people to comment on someone's performance and veracity would be his or her constituents.

What is important is that we take the opportunity that is before the House to invest in working and middle class families, to ensure that working and middle class families have adequate, affordable housing and access to education. We know post-secondary student loan debt is through the roof. We should ensure that working and middle class families have access to quality, good paying jobs. This is a missed opportunity.

The member talked about members of the House supporting this legislation. I can assure him that the New Democrats do not support this legislation. We see this as taking Canada in the wrong direction. The Conservatives chose to put this forward and the Liberals chose to abstain.

I am proud to stand and talk about these issues that are very important to working and middle class families. I would encourage members of the House to get together and talk about how we can invest in our communities in a meaningful way.

Hon. Shawn Murphy (Charlottetown, Lib.): Mr. Speaker, I have a question for the member across. I concur with what the member said in regard to the government's direction. The government certainly seems to be going in the wrong direction.

Government Orders

A number of groups have been on the Hill over the last couple of weeks and I am sure the member opposite has met with them. There have been mayors of the municipalities, cities, towns and communities; the students; people from aboriginal communities; and farmers from certain sectors that are really experiencing difficulties. All we are hearing is that there are some tax cuts.

The Prime Minister has introduced legislation dealing with restrictions to the federal spending power which was used to develop medicare, the old age security, the Canada pension plan, et cetera. Again, he answers all the groups that have come here, especially the students. The script from the Prime Minister's Office talks about tax cuts.

Does the member agree with this concept of limiting and restricting the federal spending power, which ties the hands of the federal government, a federal government that is supposed to speak for all Canadians from coast to coast with a pan-Canadian vision?

• (1320)

Ms. Jean Crowder: Mr. Speaker, over the last number of weeks we have been meeting with groups that are being impacted by the throne speech and the economic update. One of the groups that the member talked about was the municipalities. I was a former municipal councillor and what we know is that trouble rolls downhill.

We are seeing, whatever it is called, the offloading, downloading or softloading to the municipalities. In my municipality we are looking at transportation as a critical element. For example, we have a rail line that runs through my community but there are not enough dollars to help smaller communities. People keep talking about infrastructure and investment in transportation. Our rural communities, which are not part of the big cities, simply do not have enough dollars to invest in the kind of transportation that is needed.

The rail line is a good example. It crosses different regional boundaries and provincial boundaries. When we are talking about roles and responsibilities, we need to listen to people like the Canadian Federation of Municipalities to ensure the people on the ground are included in decision making and in the allocation of funds in a meaningful kind of way.

The Canadian Federation of Students and the Canadian Federation of Municipalities are really important groups that should have some inclusion in the process when we are making decisions on how money is allocated.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, I am pleased to rise on behalf of my constituents of Don Valley East and represent them in this debate of Bill C-28, an omnibus bill that would implement certain portions of budget 2007 and the recent economic statement.

In particular, the bill covers personal income tax rates, corporate tax rates, interest deductibility, and the GST. Therefore, I would like to begin with the so-called personal income tax cuts announced in the October 2007 economic statement.

These cuts are no surprise to my colleagues in the Liberal caucus because they were contained in the last Liberal budget in 2005. The Liberal budget proposed to lower the personal income tax rate for those who earned the least in society from 15.5% to 15%. The effect

would be to take 20,000 low income Canadians off the tax rolls and deliver tax relief where it is needed most.

Lo and behold, when the Conservatives assumed office, their first budget eliminated these tax measures. What did the government do instead? It increased the personal income tax rate from 15% to 15.5% and claimed it was reducing income tax.

Canadians are not foolish. They understood this.

Instead of giving a personal income tax cut, the government cut the GST by 1%.

Let us look at what effect this Conservative budget had on average Canadians in 2006.

For a single-income taxpayer earning \$35,000 a year, the Conservatives increased his or her personal income tax by \$122, so that the same person could then save a penny on a cup of coffee by the GST cut. But the devastating impact is that if the personal tax rate is increased so that a person is paying \$122 more, that person would need to earn \$12,200 more in order to get the same benefit in a GST cut.

The Conservatives were making no sense. They were not helping the people that we are here to help, the very low income earners.

This GST cut makes absolutely no sense. Most economists at that time agreed that the first Conservative budget suffered from a certain lack of fiscal sense.

Now, after almost two years, the Conservatives still suffer from confused priorities. The October economic statement effectively restores the Liberal tax cuts announced in 2005, yet the finance minister again refused the advice of leading economists and once again implemented a 1% reduction in the GST.

Let us be clear on this. The reason why a personal income tax cut makes more sense than a reduction in GST is quite simple. Canadians would far prefer a larger paycheque over a minuscule cut to the GST.

The GST is a consumption tax. I have already given one example. Another is that a Canadian who earns \$300,000 and buys goods valued at that amount would benefit from probably a \$3,000 saving. However, a person who does not earn that amount of money and wants to have a \$300 benefit from a GST cut actually would have to spend \$30,000, and that does not even guarantee anything. This really impacts low income earners.

The Conservatives could have gone a lot further with personal income tax cuts, yet they have chosen to squander another opportunity. Canadians would benefit if the Conservatives reduced personal income taxes.

Government Orders

•(1325)

There have been a lot of deputations by economists, poverty groups, community groups and tax groups. They all state that the consumption tax is not a good economic strategy. As well, the GST rate reduction represents a significant loss of federal tax income, which will have an impact on our fiscal future.

Therefore, the question is very simple: why not reinvest the approximately \$12 billion in lost GST revenue in municipal infrastructure?

I recently met with the Federation of Canadian Municipalities, which is warning us that our crumbling infrastructure, most of it constructed in the 1950s, 1960s and 1970s, must be addressed now. The FCM estimates that we currently face a \$123 billion infrastructure deficit across the whole country.

Without a significant federal investment, we will face a catastrophic loss of critical infrastructure at a significant cost to the taxpayer. As my mother always used to say, a stitch in time saves nine, and this is why it is very important to have a strategy now rather than wait to replace the whole of our capital works.

The FCM recommends that we adopt a national strategy to address this deficit. We in the Liberal Party were in the forefront of the cities and communities agenda and we believe that cities and communities must have stable and predictable long term funding.

The cities and communities agenda put forth by the Liberal government had municipalities at the table with the federal government and the provinces in order to address this problem. Unfortunately, the Conservatives are choosing to ignore this advice at the expense of our future.

Let us now turn to corporate taxes. The previous Liberal government reduced the federal corporate tax rate from 28% to 19%. The Conservatives are now talking about taking a bold step by further reducing the tax rate to 18.5% by 2011.

It is clear that Canadian firms need a corporate advantage on the international stage. That is why the Liberals argue for significantly lower corporate tax rates in order to compete at the global level.

That therefore brings me to another curious misstep by the Conservatives with respect to interest deductibility. Budget 2007, the second Conservative budget, contained what the former chairman of the Canadian Tax Foundation, Allan Lanthier, called “the single most misguided policy” to come “out of Ottawa in 35 years”.

I am not referring to the disaster caused by the Conservatives in the income trust sector in October 2006. Rather, I am referring to the tax measure tucked away on page 242 of budget 2007 regarding interest deductibility and foreign affiliates. It would have essentially thrown a major hurdle in front of Canadian firms that want to make foreign acquisitions by removing the interest deductibility from money borrowed to carry out those transactions.

While the Conservatives may fancy themselves as the party of free enterprise, the fact is that the finance minister is no longer a welcome face on Bay Street, nor is he any longer considered a friend of industry in Canada.

Tom d'Aquino of the Canadian Council of Chief Executive Officers commented that the proposed policy “may seriously undermine the competitiveness of Canada's homegrown champions—the companies that are most active and most successful in building global businesses from head offices” in Canada.

What the finance minister called a tax loophole is actually a competitive edge for Canadian firms to compete globally on an even playing field with firms enjoying similar tax measures in the United States, Japan and Europe.

•(1330)

Therefore, it was beyond belief why the minister was so determined to hobble the Canadian economy. According to tax specialist Neal Armstrong: “it is typical for a Canadian parent company to arrange most of its borrowing in Canada, then use the funds to invest in foreign acquisitions”.

Yet the Conservatives wanted to take this tool away from business. This policy proposal made no sense whatsoever. As Mr. Armstrong pointed out, the result is that “Canadian banks will lose the income from those loans, and the government in turn will lose the tax benefit from that income”.

Mr. Armstrong went on to say “that doesn't do us any good, because the bank in a foreign country isn't paying any [Canadian] tax”.

Tax specialist Karen Atkinson predicted that many companies would have had to “jump through hoops” to create financing structures, calling the finance minister's proposal a “make-work project” for lawyers and accountants.

Fortunately, thanks to a determined effort by the Liberal caucus, and especially the work done by my colleague, the hon. member for Markham—Unionville, the finance minister was forced to flip-flop on this issue and order a full retreat last May.

The finance minister was compelled to announce that interest deductibility would be preserved for Canadian companies investing abroad and that the policy would now target so-called double-dippers, or those companies that claim the same deduction in multiple jurisdictions.

Again, this confused leadership at the Department of Finance is not appreciated by the business community in this country. This is the same minister that brought on the income trust debacle and Canadians have had enough.

In conclusion, one has to wonder why the Conservatives so desperately lack an economic vision for the country.

•(1335)

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, it is a pleasure for me to speak, on behalf of the Bloc Québécois, on Bill C-28, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007 and to implement certain provisions of the economic statement tabled in Parliament on October 30, 2007. Other economic statements have also been included in this bill.

Government Orders

I will explain the Bloc Québécois position. But I will start by saying that this bill implements the economic statement tabled in October 2007, which does not meet the five priorities of the Bloc Québécois. That is why we will vote against Bill C-28. As the House will recall, the Bloc Québécois strongly defended the interests of Quebecers and expected that, with the 2007 budget, the federal government would eliminate the federal spending power in provincial jurisdictions. We were expecting direct assistance to resolve the manufacturing crisis, and that was not announced. We also wanted to see the necessary investments to help the most disadvantaged. Once again, there was nothing in this regard.

What we saw in the economic statement was that the oil companies obtained the lion's share and benefited from corporate tax reductions included in the bill, while Quebec manufacturing firms, which are not turning a profit, did not. It is quite something to see the Conservative members, even those from Quebec, rise in this House to say that they have helped the manufacturing and forestry industries by lowering taxes. To take advantage of tax cuts, you have to make a profit. When you do not make money there are no tax reductions and you do not benefit from the measures announced by the government.

The government often claims that it is creating conditions that are favourable to the development of industry. In the manufacturing and forestry sectors, whatever favourable conditions that the federal government may create will never be able to stem the crisis, which has been catastrophic for Quebec as well as Ontario, among others. There is a good reason why the premiers of Quebec and Ontario asked to meet with the Prime Minister, which they did yesterday.

Once again, the Conservative government is trying to buy time for there to be more closures and consolidations, so that when it comes time to help businesses, the government will have to help as few businesses as possible. This Conservative approach to governing, giving the market free rein, is killing a big part of Quebec's economy in the forestry and manufacturing sectors, among others.

This bill does not include any measures to help the manufacturing sector, which is in full crisis, as I was saying, nor the forestry sector. Furthermore, it abandons the least fortunate seniors and does not include any provisions for full retroactivity of the guaranteed income supplement. It is unbelievable. As hon. members know, to receive the guaranteed income supplement, seniors have to apply for it. It is not automatic. Even though the government has our tax return and is aware of all our income and of our financial situation, it still has not understood that those who do not reach a certain level of income should automatically receive the guaranteed income supplement. Again, why require seniors to apply for it? Because some of them do not even realize it exists. They are being kept in the dark. In Quebec, there are still 40,000 people who are entitled to it who did not receive it because they did not apply.

Year after year, the Bloc Québécois has been working hard to try to make members of the government understand that. All they have to do is listen. There is nothing hard about it. It is time for them to stop saying they have the power. It is time for them to use that power.

I am very glad I am part of a political party that will never be in power in this House. That way I can defend the interests of my

constituents without having to defend the interests of my party. Such is the reality for Bloc Québécois members of Parliament. We are here to defend the interests of the people of Quebec. I stand up every day in this House knowing that I am defending the interests of Quebecers, which is not the case for my colleagues in the Conservative Party, the Liberal Party or the NDP.

• (1340)

They have to defend the interest of their party because they are in power or might be some day, because they are hoping to join cabinet some day or because they are looking forward to getting a position and pursuing a career in politics. Therein lies the problem. That is why they do not listen to their constituents.

That is why, once again, in this House, they failed or refused to understand that there is simply no need to have seniors fill out forms to get the guaranteed income supplement. Anyone 65 and over who files an income tax return and whose income is lower than the prescribed level should automatically qualify for the guaranteed income supplement. Then, we would not have to denounce the fact that 40,000 Quebecers are still not receiving it.

There is worse. The Bloc Québécois launched an operation to locate those who were entitled to the GIS but were not receiving it. More than half of them have been located. That is one of the efforts made by the Bloc Québécois for all these people among the most disadvantaged. When they apply for the supplement, retroactive payment is limited to 12 months. That is the harsh reality.

Cases have come to our attention. For example, CBC/Radio-Canada reported the case of a Toronto woman who explained that, having reached a ripe old age, she should have been receiving the guaranteed income supplement for a number of years. Had full retroactivity been applied, she would have received \$12,000. Unfortunately, she did not get it. She only got what was allowed by law. But whenever the federal government is owed money, we can be certain that it will go back much farther, all the way back to the origin of the debt, and will not limit itself to a 12 month period. There is a double standard. If the government owes us money, it goes back 12 months, but if we owe the government money, it will go back to the day when we made a mistake. That is the Conservatives' policy.

What is surprising is that when the Conservative Party was in opposition and aspiring to power, it supported a Bloc Québécois motion calling for full retroactivity. When it came to power, however, it decided to do the opposite. That is hard. I hope that the Quebecers who are watching understand that there is a difference between a member who wants to take action and a member who takes action. We in the Bloc Québécois always act in the interests of Quebecers, every time we rise in this House.

Government Orders

In addition, Bill C-28 does not include any measures or any older worker assistance program like the famous POWA, for those who remember it. In 1996, the Liberal government put an end to that program. This was also when the government decided that the employment insurance fund would be made up solely of employer and employee contributions. Consequently, in 1996, after the Liberals put an end to the POWA and other programs, a major decision was made in this House that employers and employees would pay the whole shot when it came to employment insurance and that the government would contribute nothing.

Since that decision was made, the federal government has pocketed \$54 billion. That is what actually happened. The government decided that the employment insurance fund did not exist, but was part of the government's consolidated revenue fund. The government decided that surplus employer and employee contributions, which have amounted to \$54 billion since 1996, would be applied to other expenses. The government has paid down the debt and done lots of things, except reinvest this money where workers need it. Once again, this is the way the Liberals and Conservatives govern: they take money from the poor so that they can give tax credits and tax breaks to big businesses like the oil companies, as they have done in this budget. That is how things work.

The program for older worker adjustment targeted men and women over 55 who were losing their jobs and gave them a decent income until they reached retirement age.

• (1345)

It is a program that might have cost about \$700 million, that had been evaluated and that could have been paid for from the employment insurance fund; a fund that year in and year out has a surplus of between \$1.5 and \$2 billion. The Conservative government lowered premiums and got themselves some good press with that. Every week, every two weeks or month, they give back pennies, peanuts, on the salaries of workers. No employee has even noticed this reduction in employment insurance premiums announced by the Conservatives.

However, one thing is certain. The people who lost their jobs in the forestry and manufacturing sectors, and who were 55 or older, know how much a support program for older workers could have helped them toward a decent retirement. They devoted 25, 30, or 35 years of their lives to the companies that were forced to close their doors.

The rise of the Canadian dollar is a support program or a nuisance program that nobody ever asked for. The workers are suffering from it and, once again, the government talks about the free market. Well, the free market is causing the loss of jobs in Quebec—a great many jobs in the forestry and manufacturing sectors. The government could have helped workers who are 55 or older and who lost their jobs. They could have benefited from a support program until age 65 but the government said “No.” Even though surpluses are piling up in the employment insurance fund, they tell us there are none. People are making profits because the Conservatives understand profit and loss better. The Conservatives give assistance to companies that are making profits and they take the profits from the employment insurance fund to pay down the national debt; but they do not help

those who need help most. That is the outcome of Bill C-28 and it is another reason why we are against it.

What is more, the bill enhances a special agreement that unfairly benefits Nova Scotia and Newfoundland and Labrador. That agreement cuts the heart out of the equalization program and puts Quebec at a disadvantage. The Quebeckers, and even the Canadians, who are listening to us must understand that this program had been promised to Nova Scotia and Newfoundland and Labrador in relation to oil royalties. Because of the Hibernia project, the Liberal government had promised an amount of money in compensation related to oil production. That compensation should never have existed at the time when that was decided. Once again, it was a matter of election promises.

What do people do to get into power? They do things that they should never do; because the Hibernia debt was not paid off. It should never be forgotten, and I could tell the whole story, but the fact is that Hibernia was paid for with money from Quebeckers and Canadians. More or less, Quebeckers paid 25% of the total cost of Hibernia. That is the reality.

On the other hand, in Quebec, the cost of developing hydroelectricity was paid for in full by Quebeckers through the various taxes, income tax and royalties and charges paid to Hydro-Québec. Yet, there has never been any compensation for Quebec. It is always a double standard when it comes to Quebec, and not just once. That is one reason why many people see Quebec sovereignty as the solution. However, as long as we are still in this country, we must all play by the rules.

Equalization is guaranteed under their Canadian Constitution and takes into account the provinces' relative wealth and poverty. Under the accord with Nova Scotia and Newfoundland, oil revenues will not be counted as wealth and will not be part of the equalization formula. This bill would implement the accord, thereby letting provinces that benefited from federal investment—25% of which came from Quebec—benefit from Hibernia as well. They want to have their cake and eat it too, and they want it à la mode to boot.

Not taking oil revenues into account skews the numbers used to determine equalization payments, restore fiscal balance and calculate the amount of money that Nova Scotia and Newfoundland will collect. These provinces are considered to be less wealthy than they really are, which results in lower equalization payments for those provinces that are poor. The very nature of the federal government means that Quebec benefits from equalization.

When I witnessed the closing of the only automobile assembly plant in Boisbriand, Quebec, I understood.

• (1350)

Because of our hydroelectric development—which, I repeat, was paid for entirely by Quebeckers—Quebec is one of the world's largest producers of aluminum and magnesium. About 65% of these resources are used in automobile manufacturing. Yet despite the fact that Quebec is a major mineral producer, there are no automobile manufacturing plants in the province. Everything is concentrated in Ontario. That is the reality of the situation.

Government Orders

When I entered politics in 2000, I was in Mirabel and Prime Minister Chrétien was in power. During the election campaign, he said that Ontario had the auto industry and Quebec had the aerospace industry. When I came to Parliament, Quebec had 60% of Canada's aerospace industry. This year, just 51% of Canada's aerospace manufacturing happened in Quebec.

The Conservatives are always trying to make Quebec smaller. It is even more surprising to see MPs from Quebec take part in these decisions. They do it unknowingly and innocently, but they nonetheless participate every day in these decisions to try to chip away at Quebec. We see that in the manufacturing and forestry industries. Help? Conservatives do not help. Conservatives allow the free market to reign. They allow companies to merge. They allow plants to close in our villages. That is what Conservative MPs do every day in this House. Now they are politely asking the Minister of Industry and the Minister of Finance if there will be an aid program. The Minister of Industry then stands up in this House and says they have just provided one and that they created the economic environment that will make industry flourish in Canada.

The dollar has never been so high. It has never been so difficult for our exporters to sell abroad. The softwood lumber crisis still has not been resolved. We end up with this forestry crisis on the heels of the softwood lumber crisis that affects the two biggest provinces in Canada, Quebec and Ontario. Again, according to the Conservatives, we should let the market reign, let our constituents lose their jobs in their regions and we should definitely not create an aid program for older workers or help them get to retirement with dignity. That is the Conservative philosophy.

Is that how MPs from Quebec get elected under the Conservative banner? I am not here to judge what they do and how they do it. They probably want to advance their careers and that is up to them. But that is not the choice I made. I could have made a career in a party in power, but that is not what I was interested in. I was interested in standing up in this House every day to defend the interests of my constituents. That is the only goal of every Bloc Québécois MP in this House, to stand up every day to defend the interests of Quebeckers.

That is why since 1993 there has been a Bloc Québécois majority of members in this House. Quebeckers have understood. In the next election campaign, the same thing will happen again. Everyone is trying to understand why. It is because Quebec is probably the only province that understands they have to elect members to stand up for their interests, and not members to defend their party's interests to the public. This reflects how Quebec has developed, having always been in the forefront in Canada when it comes to everything having to do with assistance programs or anything else.

Quebec is the place in North America that does the best job of sharing the wealth among the people who live there. We are happy about that, we are proud of it, but we are not proud to see what the rest of Canada is doing in many areas. We are even less proud that there are Quebec members who belong to the Conservative Party and who rise to vote against Bloc Québécois proposals, when all the Bloc Québécois wants to do, every day, is help their fellow citizens. Obvious examples can be seen here in this House. We have never shied away from this work.

That is why we oppose Bill C-28. As long as the bills introduced by the Conservative government are of no benefit to people who are unemployed and workers in the forestry and manufacturing industries, we will oppose them.

• (1355)

[*English*]

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, no wonder Canada's productivity has dropped and keeps dropping. It is not going anywhere fast. In 1983-84, post-secondary education funding, in terms of investment, was about .56% of all the funding given in all of the grant areas. By 1993-94 it was .41% of GDP and in 2007 has dropped to .22% of GDP. No wonder our productivity is not going anywhere fast.

In terms of the environment, I noticed that this budget actually continues to promote the government's failed clean air act targets and includes the inadequate 2050 target. This works out to be a 31% reduction below 1990 levels when the House has been talking about an 80% reduction. Is that something the member can support?

[*Translation*]

Mr. Mario Laframboise: Mr. Speaker, the question gives me an opportunity to explain the following to my NDP colleague. She was talking about the environment. We must not forget that from 1970 to 1999, with the consent of the NDP, the federal government spent \$66 billion on fossil fuels. The federal government, which is as centralist as the NDP could wish for, spent money on Hibernia, 25% of which belonged to Quebeckers. That is the reality.

We all support that. But no one has ever recognized that in Quebec, the energy industry has been developed without any contribution from the federal government: zero, zilch, nada. It does not make us happy to say that. On the contrary, it hurts, for the good and simple reason that it was the efforts of Quebeckers that once again went into developing our own energy, while the rest of Canada, with the support of the Liberal Party, the Conservative Party and the New Democratic Party, decided to spend \$66 billion on fossil fuel and nuclear energy.

When it comes to oil, once again, the oil companies are getting tax credits while poor people are dying of hunger. In reality, it is being done with the support of all of the parties that hope to take power in this house one day: the Conservative Party, the Liberal Party and especially the New Democratic Party.

[*English*]

Mrs. Irene Mathysen (London—Fanshawe, NDP): Mr. Speaker, my hon. colleague spoke at length about the employment insurance fund. I remember the election of 1997 when a certain prime minister, Mr. Chrétien, gave a speech in front of a crowd of supporters who had paid \$250 a plate for their lunch. The business elite of the day were applauded by the then prime minister for all of their sacrifices in terms of wrestling that deficit down.

Statements by Members

We found out that it was done by taking a great deal of money out of the employment insurance fund, to the point where two-thirds of all contributors to that fund can no longer collect benefits when they are unemployed and in difficulty. We see the same thing now, despite the fact that the current minister disputes it—

The Acting Speaker (Mr. Andrew Scheer): I have to stop the hon. member there because I have to let the hon. member respond before question period.

The hon. member for Argenteuil—Papineau—Mirabel.

[*Translation*]

Mr. Mario Laframboise: Mr. Speaker, my colleague is entirely correct.

This is particularly true in that, with respect to the surpluses in the employment insurance fund, the Conservative government is always telling us that there are none. It is part of the revenue and expenditures. And there is more revenue in the employment insurance fund than there are expenditures. So to the government's mind, that is the way it goes; the money stays in the vault.

The problem, and the tragedy for workers and the unemployed, is that the Conservative government and the Liberals have retained surpluses of \$54 billion to spend on other things rather than to help people in need, the unemployed or older people who lose their jobs. That is the hard reality.

The Acting Speaker (Mr. Andrew Scheer): The hon. member for Argenteuil—Papineau—Mirabel shall have five more minutes to comment after oral question period.

STATEMENTS BY MEMBERS

• (1400)

[*English*]

SENIORS

Mr. Norman Doyle (St. John's East, CPC): Mr. Speaker, we owe a debt of gratitude to our seniors. They built our country by working hard and paying taxes, and they deserve a break in their retirement years. That is why the government has given them a significant tax break by allowing pension income splitting for couples. We also have increased the amount of money seniors can claim through the age and pension income credit on their annual income tax returns.

This government has also increased the maximum guaranteed income supplement benefit and the refundable medical expense supplement. Of course in the latest economic statement, the government lowered income taxes for all Canadians, including seniors, and lowered the cost of living by reducing the GST from 7% to 5%.

Seniors deserve our support and respect. In the case of this government, we not only talk the talk, we walk the walk.

BOBBY SIMPSON

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Mr. Speaker, amid the excitement of Sunday's Grey Cup game, there is sad news from the family that is the Canadian Football League. Yesterday, at the age of 77, Ottawa Rough Rider great Bobby Simpson died in an Ottawa hospital.

After 13 seasons, Bobby Simpson held the record for career touchdown passes that stood for 15 years. Four times, he was named all-Canadian and six times an Eastern Conference all-star.

[*Translation*]

In 1956, he was runner-up for the Outstanding Canadian Player award and was nominated for MVP.

Ottawa fans will long remember the role he played in the 1960 Grey Cup win. Anyone who had the chance to meet Bobby Simpson will remember his enthusiasm, his big heart and his powerful voice.

[*English*]

Football lost a great Rough Rider yesterday. Sports lost a great athlete and Canada lost a great soul. Bobby Simpson will be missed.

* * *

[*Translation*]

MEMBER FOR ROBerval—LAC-SAINT-JEAN

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Mr. Speaker, I would like to point out to the member for Roberval—Lac-Saint-Jean that we feel he has made some completely inconsistent statements. Since he has been in this House, he has on more than one occasion voted against measures to help Quebec out of the forestry crisis, which affects a large number of companies and families in his riding. He has also voted against measures to turn around the crisis in the manufacturing industry, after making a campaign promise to defend and help the voters, companies, organizations and seniors of Roberval—Lac-Saint-Jean.

We have nothing to learn from this member, who has already been portrayed in his riding as Pontius Pilate.

He should think about the promises he made to his voters and in the future, support the Bloc's initiatives, which truly address Quebec's needs.

* * *

[*English*]

NEW DEMOCRATIC PARTY POLICIES

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, I rise today to thank the residents of Windsor West for their activism in a number of campaigns.

Statements by Members

When the Chrétien Liberals tried to cancel the disability tax credit, we blocked them. When we learned that Liberal laws allowed companies fined for polluting our environment and poisoning our children got generous tax shelters, we ended it. When the Conservatives considered a new tax on consumers' TV cable and satellite bills, we stopped it.

Now we are fighting unfairness on other fronts, by introducing laws that ensure car owners have the right to repair their vehicles at the lowest cost, demanding a refund for Canadians for the hundreds of millions of dollars in overcharges they suffered from the phone monopolies, and changing our tax codes so small donors and charities are treated as well as political parties.

While the Liberals and Conservatives are consumed with damage control about who took money, how much and the envelopes of cash exchanged in their political worlds, New Democrats are fighting for fairness and protecting the pocketbooks of average Canadians and their families.

* * *

ST. THOMAS POLICE SERVICES

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Mr. Speaker, the St. Thomas Police Services was recently awarded the Canadian Automobile Association's ninth annual School Safety and Patrol Program Police Achievement Award for exceptional support for its patrol program.

The CAA has credited Constable Tanya Calvert, the community services officer who is in charge of the patroller program, for her dedication, leadership and pride taken in delivering a top-notch program to help keep the students of St. Thomas safe. Her role as the community services officer is to provide support to the front line officers by promoting education and awareness in the community.

I would like to congratulate the St. Thomas Police Services and specifically Constable Tanya Calvert on receiving this award.

On a personal note, the support of our spouses is key to our careers. I would like to thank my wife Geri for 32 years of marriage on today, our anniversary.

* * *

● (1405)

POVERTY

Hon. Gurbax Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, Canadians have had enough of the government's inaction on the issue of poverty. That is why the Liberal Party recently announced its plan to reduce the number of Canadians living below the poverty line by at least 30% and cut in half the number of children living in poverty within five years.

Immediate action must also be taken to support the United Nations millennium development targets to reduce poverty, hunger, gender inequity, environmental damage and the rate of HIV-AIDS around the globe by 2015. This deadline is fast approaching, with much headway still to be made.

I call on the government to follow the lead of the Liberal Party and make the elimination of poverty, both in Canada and around the world, a top priority.

[Translation]

QUEBEC NATION

Mr. Luc Harvey (Louis-Hébert, CPC): Mr. Speaker, it has been a year since my government took a major step in the history of Canada by recognizing the Québécois as a nation within a united Canada.

I am delighted by this step, which demonstrates our Prime Minister's vision and leadership. Indeed, by taking that action, he strengthened our ideals and highlighted the solid foundation of our shared aspirations.

I remember this motion and the fact that the leader of the Bloc Québécois changed his position three times on this simple matter—something that he says he has been supporting and protecting for the past 10 years. In the end, the Bloc Québécois also recognized the wisdom of the Prime Minister's proposal.

Finally, since it was so difficult for the Bloc Québécois to reach a decision on such a simple matter, we understand why the members of the Bloc can do nothing more than shout and ask questions here in this House.

* * *

HIV-AIDS AWARENESS WEEK

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, this week is HIV-AIDS Awareness Week. In Canada, someone is infected every two hours, but according to the Conservatives, there is no place for prevention.

The Minister of Health continues to claim that next year, the \$84.4 million goal will be reached. According to the Public Health Agency of Canada, in 2008, permanent reductions to the tune of \$16.7 million will affect these subsidies and contributions. Added to that, in 2007, is a reallocation and other cuts to the tune of \$10.2 million to the prevention budget.

This year, agencies still have not seen a dime of the money for the supposed increases announced by the minister. He has to stop burying his head in the sand and admit his inaction in HIV-AIDS prevention. It is high time that he invest the money in HIV-AIDS prevention.

* * *

[English]

WIRELESS INDUSTRY

Mr. Colin Carrie (Oshawa, CPC): Mr. Speaker, yesterday the Minister of Industry announced the rules for the advanced wireless services, AWS, spectrum auction, which will begin on May 27, 2008.

This is great news for the industry and for consumers. Because we are taking measures to allow new players to enter the market, consumers should see real benefits in terms of greater competition and more innovation.

Statements by Members

As one analyst said, this is a grand slam for consumers. A more competitive wireless market is in the best interests of all Canadians. At the end of the day, our goal is lower prices, better service and more choice for consumers and businesses.

We are getting the job done.

* * *

VANCOUVER AIRPORT TASER DEATH

Hon. Raymond Chan (Richmond, Lib.): Mr. Speaker, on October 14, a terrible tragedy befell Canada when Robert Dziekanski, an innocent immigrant, needlessly lost his life. His death was caused by the failure of the federal system to protect him and ensure his security.

The circumstances around Robert's death have tarnished Canada's reputation as a welcoming, peaceful country and drawn into question the Conservative government's ability to competently run this country.

The Conservatives' lack of courage to take responsibility for this failure is shameful and has created a vacuum of leadership in government which has led the B.C. government to cross jurisdictional boundaries and call a full public inquiry.

Where are the ministers responsible when we need them? The ministers of public safety, transport and immigration, and the Prime Minister have proven that they are incompetent and cannot be trusted when Canadians are in need.

* * *

[Translation]

THE ENVIRONMENT

Mr. Steven Blaney (Lévis—Bellechasse, CPC): Mr. Speaker, how can anyone believe that the world will avoid catastrophic climate change if three of the five major emitters of greenhouse gases—the United States, China and India—do not do their fair share?

“Canada's Prime Minister is right: everyone must be on board for the post- Kyoto strategy.” These comments by editorial writer André Pratte, with which I wholeheartedly agree, were published this week in Montreal's *La Presse*.

This is a long way from the pitiful and pathetic foot-dragging of the opposition parties, which are mired in a partisan logic to the detriment of future generations and which have held Canada back for too long.

With the help of Australia, Canada is now showing true leadership in climate change on the international stage, as it did in Bonn, Germany, Asia, at the UN, in Tanzania and as it will soon do in Bali in order to achieve tangible and concrete results for the planet.

What Canadians expect from us and what the world is hoping for is exactly what our Prime Minister and our Conservative government are giving them.

● (1410)

CITY OF MONTREAL

Mr. Thomas Mulcair (Outremont, NDP): Mr. Speaker, I am very proud of the fact that on October 18, 2007, Montreal became the first urban centre to sign the National Geographic Society's geotourism charter.

By inviting Montreal to be the first urban centre in the world to sign the charter, the National Geographic Society has granted an exceptional degree of recognition to the city.

The society chose Montreal because of the city's accomplishments in destination stewardship and because of active collaboration among greater Montreal's tourism and cultural sectors.

Since the National Geographic Society first introduced geotourism charters, the concept has evolved. The first urban geotourism charter demonstrates the Society's desire to adapt the geotourism charter to urban centres.

I want to emphasize that many Montreal stakeholders worked in concert to apply for the National Geographic Society charter, including co-applicants Héritage Montréal and the World Centre of Excellence for Destinations.

* * *

FOREIGN AFFAIRS

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, on behalf of my constituents of Greek origin, who have already expressed their discontent, I would also like to share my concerns and indignation regarding a decision made by this Conservative government, which continues to thumb its nose at international institutions.

In an attempt to resolve the dispute between Greece and the former Yugoslav Republic of Macedonia regarding the use of the name Macedonia, all UN member states agreed to accept the final agreement resulting from negotiations between the two countries in question.

So why did this Conservative government decide to short-circuit that agreement?

By agreeing, on September 20, 2007, to recognize the former Yugoslav Republic of Macedonia as the Republic of Macedonia, instead of helping to find a solution, this government has done nothing but show its lack of understanding of international affairs and institutions, unfortunately sowing discord in a segment of the Canadian public.

* * *

HENRI MASSÉ

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, Henri Massé is stepping down as president of the Fédération des travailleurs et des travailleuses du Québec after 10 years of faithful service, not counting his time as general secretary. It was nearly 40 years ago that Henri was hired as an advisor by the Canadian Union of Public Employees in 1968.

Under his leadership, the FTQ, which has more than half a million members, has become a major player that, with others, can make a difference for hundreds of thousands of workers and Quebec as a whole.

On Monday, at the opening of the organization's general meeting, he said that he hoped the FTQ, the union movement and our nation would stay united in order to rise to the challenges facing Quebec.

A dedicated sovereigntist, a passionate man and a bit of a rebel, he has engaged in many battles to move our society forward, and he will continue to do so.

I pay tribute to him today as a colleague, since I was formerly general secretary of the CSN. On behalf of the Bloc Québécois and the people of Quebec, I want to thank him for his outstanding commitment.

* * *

[English]

CANADIAN FORCES

Hon. Maria Minna (Beaches—East York, Lib.): Mr. Speaker, in 2001, Colonel Ken Scott, the director of defence medical policy, assured the Standing Committee on National Defence and Veterans Affairs that it was not possible for our soldiers to develop cancer from exposure to depleted uranium. He said publicly that Canada always takes care of its soldiers. But under his policies Balkan veterans do not receive benefits for cancer.

Recently, the UN voted overwhelmingly for studies on the effects of the use of armaments and ammunitions containing depleted uranium because it fears that the use of DU poses carcinogenic risks to the human environment. Canada abstained from this vote.

One of my constituents, David Sherbanowski, a former NATO peacekeeper, has PTSD and recurrent Hodgkin's lymphoma. He believes he contracted cancer in Bosnia. I am appalled that his life has been destroyed through service to his country.

It is deplorable that we do not recognize and compensate for a critical illness sustained on tour. It is unthinkable that Canada should not even study this issue further.

* * *

•(1415)

HIV-AIDS

Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC): Mr. Speaker, as we approach World AIDS Day this Saturday, our government commends the front line workers and community groups for their work to stop the spread of this terrible disease and to improve the lives of those affected by it. We support their efforts. That is why next year our government will spend in excess of \$84.4 million on HIV-AIDS in Canada, more than has ever been spent in this nation's history.

It is unfortunate that, because of the Liberal 2004 and 2005 budgets, which were voted for by the NDP and Liberals, including the member for St. Paul's, who was then secretary of state for public health, we are legally required to find \$16 million in savings at the Public Health Agency.

Oral Questions

However, I can assure this House, and indeed all Canadians, that this government cares about those suffering with HIV-AIDS. Despite the Liberal budget cuts, we are investing more and taking action to fight this terrible disease.

ORAL QUESTIONS

[Translation]

AIRBUS

Hon. Stéphane Dion (Leader of the Opposition, Lib.): Mr. Speaker, these past few days, the Minister of Justice has repeatedly told this House and the parliamentary committee that he did not have the authority to delay Mr. Schreiber's extradition. Yet, we learned today that his department made precisely that offer: to delay Mr. Schreiber's extradition by 10 days. Of course, the department would not be making such an offer if it did not have the authority to do so.

Is the minister so inept that he does not understand the powers vested in him or is he deliberately misleading this House? I would like him to tell me which it is.

[English]

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, with respect to the general powers granted to the Attorney General under the Extradition Act, Mr. Don Rennie from the Department of Justice has forwarded a letter to the ethics committee setting out the parameters for the Minister of Justice's jurisdiction.

With respect to any individual case that is before the court, it would, of course, be inappropriate to comment.

Hon. Stéphane Dion (Leader of the Opposition, Lib.): Mr. Speaker, let me try again in English. On Monday—

Some hon. members: Oh, oh!

The Speaker: Order, please. The hon. Leader of the Opposition has the floor and we will have a little order. We have to be able to hear the question.

Hon. Stéphane Dion: Mr. Speaker, let me try in my English. On Monday, the minister said that he did not have the power. Today we learned that his department is ready to use the power he pretends he does not have.

What is the truth? Is the minister incompetent to the point where he does not know the power that he has or is he misleading the House? Which one is right?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, I listened very carefully to the hon. member's question and I must say that it makes even less sense in English.

Some hon. members: Oh, oh!

The Speaker: Order, please. The Minister of Justice has the floor to answer the question he was asked. We do not need 25 questions. The Minister of Justice has the floor.

Oral Questions

Hon. Rob Nicholson: Mr. Speaker, again I would refer the hon. member to the outline of the responsibilities the justice minister has under the Extradition Act, as set out by Mr. Rennie in a letter to the Solicitor General for the ethics committee.

Of course, with respect to any individual case, I have not commented publicly on any case up to this point and I do not intend to do so now.

• (1420)

Hon. Stéphane Dion (Leader of the Opposition, Lib.): Mr. Speaker, in English and in French everyone understood the question except the minister.

I will ask the question once again. Will he confirm that his department offered to use the power he claims he does not have, the power to delay the extradition of Mr. Schreiber by 10 days, yes or no?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, the hon. member is asking about a specific case. Surely he has had advice from somebody in his party who is aware of these matters that it would be totally inappropriate to comment on any specific case.

If he wants to know the general law with respect to extradition, he can have a look at the opinion of Mr. Rennie.

Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.): Mr. Speaker, what representations did Elmer MacKay make to his own son, the current defence minister, concerning Karlheinz Schreiber? What representations did the defence minister make to the Prime Minister or any other government official about the Schreiber matter?

Hon. Peter MacKay (Minister of National Defence and Minister of the Atlantic Canada Opportunities Agency, CPC): None whatsoever, Mr. Speaker.

Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.): Mr. Speaker, fathers speak to sons, fathers even use fax machines. Ministers speak to other ministers barely five feet apart. The answer is not credible.

[*Translation*]

Let me put the question in French. What representations did the Minister of National Defence make to the Prime Minister about Mr. Schreiber?

Hon. Peter MacKay (Minister of National Defence and Minister of the Atlantic Canada Opportunities Agency, CPC): Mr. Speaker, the answer in either language is exactly the same: none whatsoever.

[*English*]

I would say that for a sophisticated legal mind, the member opposite should spend a little bit more time crafting his questions.

* * *

[*Translation*]

FINANCE

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the government has forecast a budget surplus of \$11.6 billion for 2007-08, even though back in the spring it was forecasting a surplus

of \$3.3 billion. Yet the Conservatives repeatedly criticized the Liberals who, when they were in power, underestimated the surplus year after year and always allocated it to paying down the debt, without any debate.

Since by underestimating the surplus the minister is doing exactly what the Liberals did, could he at least hold a debate on the use of the surplus, just as his party called for when it was in opposition?

[*English*]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, I am proud of the fact that we have reduced debt by a remarkable amount in the 21 or 22 months that we have been in office.

Not only have we done that, but we have made a commitment to Canadians in a tax back guarantee that every time that we reduce debt and have that interest savings on the debt, that savings will be passed on to Canadians in their personal taxes. That is a huge saving for every Canadian. Not only is it huge, but it is every year going forward.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, thousands of workers and older people are living below the poverty line. The manufacturing and forestry sectors also have urgent needs, as do all these people.

By refusing to have any debate, even though that is what the Conservatives called for when they were in opposition, and by dedicating almost all of the surplus to the debt, does the minister realize that he is depriving thousands of people of basic financial assistance, which he could immediately provide to them with his \$11.6 billion in surplus?

[*English*]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, the member is ignoring what we did in the fall economic update in particular, and that is reduce taxes dramatically for Canadian businesses, including the forestry sector, the auto sector and all the manufacturers in Canada across the board, long term, broad based tax cuts, historic tax cuts that permit the manufacturing sector to go ahead in Canada and invest in machinery and equipment.

Not only that, but six months before, in March we gave this huge incentive to buy through the accelerated capital cost allowance more machinery and equipment. This is the strength in the Canadian economy—

• (1425)

The Speaker: The hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup.

[*Translation*]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, what is certain is that these are historic tax reductions for oil companies.

Yesterday the Standing Committee on Finance unanimously adopted a Bloc Québécois motion recommending that the government promptly introduce the tax measures proposed in the unanimous report, to benefit the manufacturing sector. These measures include refundable tax credits for research and development, which would allow businesses that are experiencing problems to improve their competitiveness and protect their jobs.

Does the Minister of Finance not realize that he must immediately follow up on the unanimous motion of the Standing Committee on Finance, otherwise entire sectors of the manufacturing industry could disappear?

[English]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, on October 30, we announced tax reductions that will total \$60 billion over this year and the next five years. This includes accelerating the small business deduction to 11% as of January 1, 2008.

If the member opposite wants to talk about big business he can, but we are concerned about small and medium size businesses in Canada and reducing their tax burden.

The member opposite knows, from experience in small businesses, that if we reduce the burden then they can reinvest and create more jobs. Guess what? We have record unemployment in Canada as a result of these reinvestments.

[Translation]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, those who know the reality better than anyone else are the people in the manufacturing sector. They know full well what they are up against. In recent weeks, we have received letters from, among others, the CAW, the industrial engineers, the Quebec manufacturers and exporters association, the forest products association, and the Quebec federation of chambers of commerce. In their letters, all these stakeholders demand immediate action by the federal government to support manufacturing businesses.

Why is the Minister of Finance stubbornly turning a deaf ear? He should realize that, with anticipated surpluses of \$11.6 billion, he has the means to take immediate action.

[English]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, I hear what the member opposite says but I also hear what the Canadian manufacturers and exporters say. They say that the reduction in the federal corporate tax rate is an extremely important step in sustaining Canada's ability to retain and attract business investment.

Similarly, the move we made on October 30, the dramatic reduction in business taxes, was applauded by the Quebec manufacturers.

I do look forward tomorrow, as part of our prebudget consultations, to having the opportunity to listen to Quebec manufacturers in Quebec City where we will be tomorrow for prebudget consultations.

Oral Questions

HUMAN RIGHTS

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, Amnesty International cites Russia as one of the worst human rights offenders in the world.

Garry Kasparov, an opposition party leader, was just let out of jail today after a five day sentence. What was his crime? He was walking in a peaceful protest against the Putin government.

Canadians are very concerned about human rights abuses in Russia. They are also concerned about the conduct of free and democratic elections.

Did the Prime Minister raise concerns about Mr. Kasparov and the unjust penalty he received and about human rights abuses in Russia when he met with the prime minister of Russia today?

Hon. Helena Guergis (Secretary of State (Foreign Affairs and International Trade) (Sport), CPC): Mr. Speaker, I will remind the hon. member that the Prime Minister is meeting at this moment with the president of Russia.

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, we will look forward to hearing whether he raises the following facts, because in today's Russia, 17,000 children are serving prison sentences, 14,000 women die every year at the hands of their husbands, the Russian military is responsible for the hazing death of at least 100 soldiers a year and torture is widespread and accepted in prisons.

I know members want to try to shout down free speech, even in this House, but let us hope the Prime Minister is raising the questions of free speech and free functioning democracy with the Russian leader.

Will the Prime Minister raise these facts in the discussion?

Hon. Helena Guergis (Secretary of State (Foreign Affairs and International Trade) (Sport), CPC): Mr. Speaker, as the hon. member knows, Canada does have a strong and vibrant relationship with Russia. The hon. member also knows that the Prime Minister has been very clear on issues of human rights abuses and he will always stand up for issues of human rights.

I cannot comment on exactly what is going on in the conversation at this very moment but I am sure the Prime Minister will relate that to Canadians as soon as it is complete.

* * *

● (1430)

AIRBUS

Hon. Robert Thibault (West Nova, Lib.): Mr. Speaker, now that Mr. Schreiber has stated under oath that he retained Mr. Mulroney's services for \$500,000 while he was still prime minister and now that he has also stated that the pasta business had nothing to do with the cash transaction of \$300,000, will the Prime Minister absolutely guarantee that Mr. Schreiber will remain in this country until both the ethics committee and the public inquiry can get the full truth and finish their work?

Oral Questions

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, there is a process in place. The individual in question was before the ethics committee today and the Prime Minister has set in place a process by which an independent third party will advise on the terms of a public inquiry.

We should let Dr. Johnston do his work.

Hon. Robert Thibault (West Nova, Lib.): Mr. Speaker, Mr. Schreiber knew that Mr. Mulroney would meet the current Prime Minister at Harrington Lake in 2006, from the website I am sure. Mr. Mulroney was to ask for help on Mr. Schreiber's extradition.

After the meeting, Mulroney assured Schreiber that the Conservative government would do the right thing to help him.

Who is not telling the truth, the current Prime Minister or his valued adviser, the former Conservative prime minister?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Of course, there is the possibility of a third individual in that question, Mr. Speaker, but the Prime Minister addressed this matter on November 2 when he called for the appointment of an independent third party.

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, today Mr. Schreiber confirmed that he received correspondence from this Prime Minister and his office. That letter of January 22, 2007, says it will also be forwarded to guess who? The justice minister. Why has the government repeatedly denied that the Prime Minister's Office ever saw any correspondence from Mr. Schreiber?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, I appreciate that the hon. member wants to get into the business of letters and evidence, but as has been indicated by the government, we are setting in place a process by which an independent third party is going to set the parameters for an independent public inquiry. I think the hon. member should wait for that.

[Translation]

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, letters and emails relating to the Mulroney-Schreiber issue explicitly refer to the Prime Minister and his advisors.

Why did the Prime Minister, his advisors and the Minister of Justice deny corresponding with Mr. Schreiber?

And this time, perhaps the Minister of Justice could reply in French.

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, the hon. member's comments are wrong.

[English]

In addition, we put a process in place that I think should satisfy all reasonable individuals.

[Translation]

MANUFACTURING AND FORESTRY INDUSTRIES

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, in the Antoine-Labelle RCM, 1,800 direct and indirect jobs have been lost. The unemployment rate is over 22% and 14 of the 17 lumber mills have closed. The government has the money to help this region, as well as others, which would be better than putting it all towards paying down the debt.

What is the minister waiting for to implement the measures suggested by the Bloc Québécois, such as a \$1 billion fund to breathe new life into companies affected by the forestry crisis by stimulating value-added processing?

Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC): Mr. Speaker, in the throne speech, we mentioned that the forestry and manufacturing sectors as well as the tourism sector would be priorities for our government. As mentioned earlier, first of all we have put in place measures and new tools to foster the economic development of Quebec regions, SMEs and diversification. In addition, we are working on the forestry file.

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, the forestry sector needs life-saving measures and needs them now. Other measures could be implemented. For example, \$2 billion could be allocated to the manufacturing sector by establishing a fund to replace Technology Partnerships Canada for research and development and another fund to help companies modernize.

What is the government waiting for to introduce these measures rather than putting all the money toward the debt?

• (1435)

Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC): Mr. Speaker, the Economic Development Agency of Canada, the agency I oversee, helps companies become more innovative and more competitive. We have put in place six new tools especially designed to help companies that wish to grow, expand or start up.

Here is the bottom line: in 18 months, 680 projects for the manufacturing sector in Quebec received assistance, resulting in 11,240 jobs maintained and 5,363 jobs created.

* * *

EMPLOYMENT INSURANCE

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, the minister has not mentioned lost jobs however. The Prime Minister said that it was immoral not to respect majority decisions of the House. Today, we are asking the government to improve the employment insurance program, as are all the opposition parties and all the delegates at the FTQ convention.

Will this minority government respect the parliamentary majority, which is speaking on behalf of workers, and give royal recommendation to Bill C-269?

This year alone, the employment insurance fund surplus stands at \$1.5 billion. That is more than enough to take action.

*Oral Questions**[English]*

Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC): Mr. Speaker, the fact is of course that the government has both improved benefits and reduced premiums. Most importantly, we are investing more in training than any government in history which is extraordinarily important because today we have a job market where employers are looking for workers.

So far in Quebec this year 90,000 new net jobs have been created and the great news is that last month the most successful job seekers of all were older workers. That is tremendous news.

* * *

*[Translation]***GUARANTEED INCOME SUPPLEMENT**

Mr. Raymond Gravel (Repentigny, BQ): Mr. Speaker, this week, the Quebec National Assembly adopted a unanimous motion calling on the federal government to ensure that seniors who are entitled to the guaranteed income supplement receive the money they are owed. Today, the Association des retraitées et retraités de l'enseignement called for the same thing. The government wants to use almost all the surplus to pay off its debt. That is immoral. The first debt the government should be paying off is the debt to our seniors.

What is stopping the government from using the surplus to pay our seniors the money they are owed under the guaranteed income supplement?

[English]

Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC): Mr. Speaker, there are so many misstatements in what the member says it is hard to know where to start.

The fact is that the government has been very active in pursuing seniors, no matter where they are in the country, to make sure that they are aware of the benefits for which they are eligible, including going into homeless shelters to tell them about it and going on to reserves.

I have to point out that at the end of the day if any jurisdiction, including the Government of Quebec, wants to go ahead and provide more transfers to seniors in that province they are welcome to do it.

* * *

WIRELESS INDUSTRY

Hon. Scott Brison (Kings—Hants, Lib.): Mr. Speaker, the industry minister's decision on wireless spectrum came after months of intense lobbying by industry executives.

In the long run-up to this announcement, were there any meetings, conversations, communications or contacts of any kind with any ministers or federal officials, arranged or facilitated directly or indirectly by Brian Mulroney or any of Brian Mulroney's associates?

Mr. Colin Carrie (Parliamentary Secretary to the Minister of Industry, CPC): Mr. Speaker, I cannot believe the nonsense. The minister's bold announcement yesterday is heralded as a home run for Canada's wireless industry and for consumers.

We want more competition, more choice, reduced prices and better services. This is great news and it is in line with our decision to rely on market forces. I cannot believe the member's hogwash.

Hon. Scott Brison (Kings—Hants, Lib.): Mr. Speaker, Luc Lavoie is registered to lobby the industry minister on this file on behalf of the same company for which Brian Mulroney serves as director.

Mr. Lavoie is also Mr. Mulroney's official spokesperson. On November 9, the Prime Minister demanded that his ministers end any dealings with Brian Mulroney. Did that prohibition apply to Mr. Lavoie?

● (1440)

Mr. Colin Carrie (Parliamentary Secretary to the Minister of Industry, CPC): Mr. Speaker, again this is totally ridiculous. The minister yesterday took a bold step to ensure that Canadians get access to wireless, get cheaper prices and more competition. This is ridiculous.

* * *

HIV-AIDS

Hon. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, last week at the health committee the minister confessed he took \$15 million from Canadian HIV-AIDS programs to match the Gates Foundation dollars for the HIV vaccine initiative.

Gates Foundation policy clearly states that money previously committed to HIV-AIDS will not be matched because it does not want to take away from domestic programs.

Will the minister stop the shell game and reinstate that money now and promise never again to tamper with precious resources for the Canadian HIV-AIDS community?

Mr. Steven Fletcher (Parliamentary Secretary for Health, CPC): Mr. Speaker, I am really surprised that the member has the gall to stand up and complain about the \$16 million in cuts that her government made when she was the minister of public health.

Fear not, the government has invested \$84.4 million in HIV-AIDS and that is more than any other government in the history of Canada.

Hon. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, we now have the government's track record on HIV-AIDS and that member knows it.

The community was counting on \$84.4 million by 2009. There are 4,500 Canadians that become infected every year. Cuts to community programs mean that number goes up.

Will the minister admit to the Canadian AIDS community and to Mr. Gates that he stole that money and will he put it back in the program?

Some hon. members: Oh, oh!

Oral Questions

The Speaker: Order. I think perhaps the phrasing of the hon. member's question is unfortunate, but I can see that the parliamentary secretary has an answer and is prepared to respond, so we will hear from him.

Mr. Steven Fletcher (Parliamentary Secretary for Health, CPC): Mr. Speaker, the hon. member really needs to reflect on her record as minister of state for public health because it was really quite disappointing. The fact remains that \$16 million was cut under the previous government. We are legally obligated to follow through on that.

However, we are investing \$84.4 million for AIDS. I encourage the member to embrace this government's approach and chill out. It will be good.

* * *

AGRICULTURE AND AGRI-FOOD

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Mr. Speaker, I think I will change the topic.

The TD economics report yesterday provided a glowing vision for the future for agriculture in Canada. It said:

—through ongoing efforts to adapt and adjust, many agricultural producers have emerged from this period in a position of strength, with the sector as a whole retaining its status as an important driver of productivity and prosperity in this country.

Could the Minister of Agriculture and Agri-Food explain to the House how this government will continue to ensure a bright future for Canada's agriculture producers?

Hon. Gerry Ritz (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): That is probably the best agricultural question yet, Mr. Speaker.

While we continue to work with the livestock sector to get it past its present difficulties, it is encouraging to see the tremendous potential of agriculture and agri-food. The TD economics report gives credit to the hard work of farm families. Along with them, we are working with provinces and stakeholders to build a firm foundation for the future of agriculture.

Canadian farmers are ready to produce food, pharmaceuticals, as well as biofuels for Canada and the world. Canadian farmers want lower taxes, streamlined regulations, and a more responsive safety net. Because this government always puts farmers first, we are getting that job done.

* * *

THE ENVIRONMENT

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, Statistics Canada reports that spending by industry on capital investments to reduce its greenhouse gas emissions actually dropped by 35%. Oil and gas slashed its investments by 46%, while the power industry cut its investments by 96%. The government ensures that Canada will fall further and further behind.

When will the government stop following failed Liberal policies, and stop subsidizing and start penalizing the biggest polluters?

● (1445)

Hon. John Baird (Minister of the Environment, CPC): Mr. Speaker, the government is working aggressively on massive regulatory measures against the large emitters, the large polluters in this country. For far too long we had a voluntary, hope everything went well approach. That is not good enough. That is why we are working aggressively to tackle climate change, something that did not happen for 10 long years under the previous government.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, it is a little sad and quite pathetic that after almost a year as minister, he continues to compare himself to a failed Liberal policy to measure up to Canadians.

The National Energy Board has said that his policy will not meet Canada's targets. Big polluters are not investing because the government refuses to regulate them.

How many regulations does the minister have sitting on his desk that he has not signed and why after almost more than a year has he not brought in one single regulation against big polluters?

Hon. John Baird (Minister of the Environment, CPC): Mr. Speaker, we signalled this past April that large final emitters, the large polluters in Canada, are going to have to reduce their emissions by 6% a year for the first three years of our plan and then a constant 2% improvement. We are working aggressively on these measures, as I know industry is as well.

* * *

JUSTICE

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Mr. Speaker, National Parole Board documents show that a Canadian citizen facing execution in the U.S. did not commit his crimes alone. However, his accomplice, who made a plea bargain and was transferred to Canada, is now a free man.

Did the Minister of Public Safety, in his ideological driven bent to change the policy on commutation of death sentences on Canadians abroad, even bother to consult and to look at this document, and to recognize the obvious extenuating circumstances of this case?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, I think we have made it very clear where the government stands on this particular issue. Inasmuch as the individual in question has now filed an application or started a lawsuit, I think it would be inappropriate to comment.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Mr. Speaker, that minister and his colleague in public safety have already made comments on this matter, to the detriment of Mr. Smith. In terms of what the minister's response has been and given his lack of respect for equality and justice before the law, he has indeed been walking away from the defence of a Canadian in terms of our own position with respect to the death penalty.

Oral Questions

Will the justice minister admit that there has been a failure to study all the facts surrounding the Smith case and that the government's knee-jerk decision not to seek clemency is a complete disregard for the rule of law that he and his colleagues apparently believe in, and, that in this error, this may very well lead to the execution of a Canadian abroad?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, I listened carefully to the hon. member's question, but the individual in question has filed a lawsuit on this very issue with the Canadian courts and of course it would be inappropriate to comment.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Mr. Speaker, as we heard, National Parole Board documents show that the Canadian prisoner on death row in the U.S. for whom the government refuses to seek clemency did not act alone. His accomplice was returned to Canada long ago.

They were co-accused. How could the government make such a decision that clearly puts one Canadian's legal status and life above another's?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, I think we have made it very clear that a lawsuit has been filed on this matter, within the last couple of weeks, I believe, and therefore it would be inappropriate to comment.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Mr. Speaker, it is not okay to brush this issue off with non-answers. The government's knee-jerk decision on this case will result in the death of a Canadian, a policy decision that a majority of Canadians does not support.

Did the government read the documents produced by the National Parole Board? If so, why did it come to such a quick conclusion in a case that is not exactly black and white?

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): As I have said, Mr. Speaker, it would be inappropriate to comment.

* * *

[*Translation*]

THE ENVIRONMENT

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, the Minister of the Environment said yesterday, and I quote:

There are 13 provincial and territorial governments, and they are all entitled to take a position. I have the support of the House of Commons for my position.

This is totally untrue. What planet is the minister living on. What greenhouse gas has he been breathing? How can the minister make such statements when, for weeks now, the opposition has been criticizing the government, which is intent on killing the Kyoto protocol?

• (1450)

[*English*]

Hon. John Baird (Minister of the Environment, CPC): Mr. Speaker, the government has been very clear. We laid out in very specific terms our position with respect to the environment and the need to work globally for a solution to climate change. We put it all in the Speech from the Throne and it was adopted by this House.

[*Translation*]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, it takes some nerve to say today in this House that he has the support of the majority.

Is that not why he wishes to exclude the opposition, so he can continue to peddle his hare-brained ideas and say he has the support of the House? Does he not wish to exclude the opposition so he can say whatever he likes, to whomever he likes and however he likes on the international scene, just as he does here, in Canada?

[*English*]

Hon. John Baird (Minister of the Environment, CPC): Mr. Speaker, the government is required to maintain the confidence of the House. We put forward our environmental program in the Speech from the Throne. That Speech from the Throne was adopted. Decisions in this country are made by those people who show up and vote.

I would concede that I am a little bit more careful about my travelling companions.

* * *

DARFUR

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, yesterday in question period the government said that it must do everything to ensure that atrocities like gang rape do not occur, but gang rape and mass murder are occurring right now in Darfur.

Shockingly, the Minister of Foreign Affairs and his senior officials said that his government would do nothing and contribute nothing to the new hybrid force and for the essential air and ground transportation the force needs to stop the genocide.

Why is the government not going to contribute anything to the new AU-UN hybrid force for its air and ground transport—

The Speaker: The hon. Secretary of State for Foreign Affairs and International Trade.

Hon. Helena Guergis (Secretary of State (Foreign Affairs and International Trade) (Sport), CPC): Mr. Speaker, we continue to be deeply concerned about the dire humanitarian situation in Darfur. As the hon. member knows, we are part of an international effort. In fact, Canada is the fourth largest donor to this mission.

The situation in Darfur has been referred to the International Criminal Court, which has issued arrest warrants for crimes against humanity and war crimes. The determination of the crimes as genocide is a matter for the court to decide.

We, the Government of Canada, continue to call on the Government of Sudan to cooperate with the International Criminal Court and to turn over the suspects.

*Oral Questions***AIRPORTS**

Mr. Dean Allison (Niagara West—Glanbrook, CPC): Mr. Speaker, this past Wednesday, Canada's blue sky policy celebrated its first birthday.

In my riding of Niagara West—Glanbrook, the Hamilton International Airport is one of the beneficiaries of this policy. Last summer, Canadians were able to fly non-stop from Hamilton to Ireland with round trip fares of under \$400. Air travellers are delighted with such low prices.

I know that the blue sky policy is also benefiting airports in other regions of Canada. Could the Minister of Transport tell us about future agreements under this initiative?

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Indeed, Mr. Speaker, that low-cost Hamilton to Ireland flight is a result of our new blue sky agreement.

The objective is to offer new international air service to people in every region in the country. As a result, Calgary, Edmonton, Halifax, Hamilton, Montreal, Ottawa, Toronto and Vancouver have new non-stop flights to places such as Algiers, Amman, Auckland, Belgrade, Cancun and Dublin. They are all over the place.

As well, we have started to negotiate another agreement, with the EU, and hopefully that will give us more advantages.

* * *

HIV-AIDS

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, despite what the parliamentary secretary said earlier, AIDS groups across the country are struggling to deal with the prevention of HIV-AIDS. Today, Ontario groups learned they are facing a 30% cut in funding to let the government off the hook for the commitments it made to the Bill & Melinda Gates Foundation.

Why is it that the government has enough for corporate tax cuts, with billions in a surplus, but it breaks its commitment for a new vaccine and diverts money from local groups that are struggling to survive? There is more than enough money to go around.

Why has the government broken its commitment to those local organizations that are doing this important work?

• (1455)

Mr. Steven Fletcher (Parliamentary Secretary for Health, CPC): Mr. Speaker, the government takes the issues of HIV-AIDS very seriously. That is why we are committing \$84.4 million in the upcoming year to HIV-AIDS. That is in fact the largest commitment in Canadian history.

I think the member should be concerned about the Liberal cuts of 2004-05, but we are doing our best to fix the Liberal mistakes.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I will tell members what we are concerned about: the government continues to ignore evidence based results.

Harm reduction is gone from the government's drug strategy. It has put millions into enforcement, abandoning treatment and prevention, and now it is recklessly diverting money from critical AIDS prevention programs.

Surely the minister must know that this decision will result in lost lives, so I will ask him the question again. Will the minister stand today to honour his commitment for major new funding for a vaccine and commit that there will be no cuts to existing AIDS programs? Will the government make that commitment?

Mr. Steven Fletcher (Parliamentary Secretary for Health, CPC): Mr. Speaker, again I would like to emphasize that the government is making investments in HIV-AIDS that are historic in Canadian history and are the largest investments, at \$84.4 million, and we are partnering with the Bill & Melinda Gates Foundation.

I think that is a testament to the government's commitment to HIV-AIDS.

We are going to find a cure and a vaccine for this terrible disease.

* * *

DARFUR

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, the Secretary of State for Foreign Affairs has just said that her government wants to stand up for human rights. That is hot air, because what the government has said, right up to this week, is no. It has said no to any contribution to the African Union hybrid force, and CIDA officials have said that if any resources are available, they are not going to Darfur, they are going to Afghanistan.

What is the government going to do to stop the genocide in Darfur? Will it contribute money to the African Union force, yes or no?

Hon. Helena Guergis (Secretary of State (Foreign Affairs and International Trade) (Sport), CPC): Mr. Speaker, I think the hon. member failed to listen to the response that I had previously given. Let me remind him that Canada is the fourth largest donor to the mission. That is significant.

I also think the hon. member would recognize the importance of ensuring individual accountability that does not vary according to the category of crime. Impunity is no more tolerable for crimes against humanity or war crimes than it is for genocide. We have been and will continue to be on the forefront of efforts, both diplomatically and financially.

* * *

[Translation]

HOG INDUSTRY

Mr. Luc Harvey (Louis-Hébert, CPC): Mr. Speaker, Canada's hog industry has been in difficulty for several years now. The rise in the value of the dollar, international competition and porcine circovirus are causing huge headaches for producers.

Oral Questions

All this time, the Bloc Québécois has never been able to do anything to help hog producers, except yell, of course.

Can the Secretary of State (Agriculture) tell us what the Conservative government is doing to help producers?

Hon. Christian Paradis (Secretary of State (Agriculture), CPC): Mr. Speaker, I thank my colleague for that excellent question.

In addition to all the actions that the Minister of Agriculture and Agri-Food mentioned yesterday, I was in St-Hyacinthe on November 15 to announce \$25 million in financial assistance for producers, to cover diagnostic testing and vaccination for circovirus. This retroactive assistance will cover 50% of costs incurred since March 1, 2006.

That is action. While the Bloc keeps on yelling, we keep on taking action. And we are going to help our producers weather this storm.

* * *

[English]

EQUALIZATION PAYMENTS

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, Ind.): Mr. Speaker, in the two briefings regarding the October 10 agreement to replace the Atlantic accord, Department of Finance officials told MPs and senators present that they had prepared best case and worst case scenarios for revenue projections.

Will the government now make those projections public?

• (1500)

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, certainly the goal has been to make the briefings as fulsome as possible. If the member opposite feels that the briefings have not been adequately fulsome, then we can arrange for more briefings.

* * *

[Translation]

CINEMATIC INDUSTRY

Mr. Luc Malo (Verchères—Les Patriotes, BQ): Mr. Speaker, on November 24, 2005, the Standing Committee on Canadian Heritage denied, in a report, the existence of a Quebec film industry. At the time, no federal political party had supported the Bloc's motion calling for recognition of the Quebec film industry. Moreover, the budget for the Canada Feature Film Fund has not increased over the past seven years, and this has a direct impact on the production and distribution of Quebec films.

Does the Minister of Canadian Heritage, Status of Women and Official Languages recognize the existence of a Quebec film industry, and what is she waiting for to invest \$50 million annually, of which \$20 million will go to the Quebec film industry, to make up for the increase in production and marketing costs?

Hon. Josée Verner (Minister of Canadian Heritage, Status of Women and Official Languages, CPC): Mr. Speaker, I had the pleasure of meeting committee members during the lunch hour and, as I indicated, the government is committed to the film industry in Canada, including its French-language component.

[English]

VIOLENCE AGAINST WOMEN

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, earlier today Nobel Peace Prize laureate Jody Williams reminded parliamentarians that brutal crimes against women have become the norm as weapons of war in Darfur, Congo and elsewhere.

In 2000, when Canada supported Security Council resolution 1325 on women, peace and security, the government pledged to develop a plan of action for protecting women in warfare and involving women in peace processes. Seven years later, Canada has no plan.

With millions of women victimized by unspeakable sexual atrocities, where is the promised plan? What is it going to take for the government to act?

Hon. Helena Guergis (Secretary of State (Foreign Affairs and International Trade) (Sport), CPC): Mr. Speaker, I would like to remind the hon. member that Canada of course is taking a lead role in Afghanistan, where we see many women who have been living through 30 years of tyranny and violence, and often we hear the NDP calling for us to abandon those women in Afghanistan. I think the hon. member might want to reconsider her question.

* * *

MANUFACTURING INDUSTRY

Mr. Lloyd St. Amand (Brant, Lib.): Mr. Speaker, the owners of local manufacturing firms in my riding of Brant are in Ottawa today, desperately concerned about their chances of survival in light of the high dollar and lower priced import competition. All they get from the government is condescension and indifference.

Manufacturing job losses are real. The federal surplus is huge. The provinces are trying to help. Why will the government not give manufacturing workers and their employers a glimmer of hope before Christmas? EDC and BDC are there, use them.

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, we do not have to wait until Christmas. We did it in on March 19, with an accelerated capital cost allowance, which was recommended unanimously by the industry committee of the House.

The member opposite should know that. He should read the budget. It is \$1.3 billion of assistance for manufacturers across Canada.

* * *

PRESENCE IN GALLERY

The Speaker: I would like to draw to the attention of hon. members the presence in the gallery of the Hon. Richard Brown, Minister of Development and Technology for Prince Edward Island.

Some hon. members: Hear, hear!

The Speaker: I would also like to draw to the attention of hon. members the presence in the gallery of Ms. Jody Williams, winner of the 1997 Nobel Peace Prize.

Some hon. members: Hear, hear!

*Government Orders***BUSINESS OF THE HOUSE**

Hon. Ralph Goodale (Wascana, Lib.): Mr. Speaker, since the government has not given any indication of its agenda for Parliament beyond next Tuesday, could the government House leader provide us with a more complete agenda for the next full eight days and in doing so, since that takes us essentially to December 10, could he indicate which day next week will be designated as the last opposition day in this semester?

• (1505)

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, this week's theme is getting the job done on justice and tax cuts. I am proud to say that our government got the job done on justice yesterday. The tackling violent crime act passed the House at third reading and the bill is now over at the Senate.

The government expects the Liberal dominated Senate to respect the will of this democratically elected House of Commons and quickly pass the bill, certainly before Christmas so Canadians can enter the new year safer and more secure in their neighbourhoods.

[*Translation*]

Today we will continue to get the job done on tax cuts by debating the budget implementation bill, which grants tax relief to all Canadians, especially by reducing the GST to 5%.

[*English*]

Next week will be economic certainty and prosperity week. Hopefully the budget bill will pass second reading this week so next week will begin with the Standing Committee on Finance considering it. The budget bill is an important part of our plan to provide economic certainty and prosperity for all Canadians.

The government hopes that the committee, once it receives the bill, will quickly review it and report it back to this House so it may proceed through the legislative process and receive royal assent before January 1, 2008. Canadians do not want to lose the reduction in the GST if parliamentarians fail to pass it into law before Christmas.

In this chamber next week we will continue to provide economic certainty and prosperity.

[*Translation*]

We will debate Bill C-23, to amend the Canada Marine Act, and Bill C-14, An Act to amend the Canada Post Corporation Act.

[*English*]

Both bills will help create jobs and a dynamic Canadian economy.

[*Translation*]

We will also debate Bill C-30, establishing an independent tribunal to which superior court judges will be appointed, to help resolve specific first nations claims.

[*English*]

This will deliver greater economic certainty for first nations and all Canadians.

We will also debate Bill C-29, which modernizes how loans are made to political parties, candidates and associations and how those loans are treated under the Canada Elections Act. This will create greater certainty by closing a loophole in our current campaign financing rules.

If time permits, we will debate our bill to strengthen the Youth Criminal Justice Act, Bill C-25.

Finally, in response to the question from the opposition House leader, Thursday, December 6 will be an allotted day provided that we have achieved early passage of the budget implementation bill and associated tax reductions.

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POINTS OF ORDER

ORAL QUESTIONS

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, during one of my responses to the Leader of the Opposition, I referenced my inability to understand his question in one of our official languages. I did not mean my response to sound like I was commenting on his ability in either official language. Therefore, if I caused any offence, I want to apologize at this time.

Mr. Paul Dewar (Ottawa Centre, NDP): Mr. Speaker, during question period, the leader of the New Democratic Party posed a question to the government. In the response, the Secretary of State (Foreign Affairs and International Trade) said that the Prime Minister was meeting with the president of Russia. I think she will find, once she has clarified with the Prime Minister, that in fact the Prime Minister was meeting with Prime Minister Zubkov of Russia.

I wanted to clarify for the record and for the House that this was indeed the case.

The Speaker: I can tell the hon. member's clarification is much appreciated.

GOVERNMENT ORDERS

[*Translation*]

BUDGET AND ECONOMIC STATEMENT IMPLEMENTATION ACT, 2007

The House resumed consideration of the motion that Bill C-28, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007 and to implement certain provisions of the economic statement tabled in Parliament on October 30, 2007, be read the second time and referred to a committee.

The Speaker: Before oral question period, the hon. member for Argenteuil—Papineau—Mirabel had the floor to respond to questions and comments after his speech. He has five minutes remaining.

The hon. member for Jeanne-Le Ber.

Government Orders

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Speaker, I have a question. For a long time now, the Bloc Québécois has been recommending that tax credits for research and development be refundable, especially during the current crisis in the manufacturing sector. The government claims that this represents an extremely significant tax expenditure. What the government is not saying is that unused tax credits will represent a tax expenditure one day or another. When the business in question makes a profit, it will then use these credits.

The purpose of the Bloc Québécois proposal is to allow this tax credit to be advanced and applied now, without necessarily creating a new gift for businesses, as is the case in the tax reductions for the oil companies. The last budget granted a general tax reduction.

Can my hon. colleague explain how this refundable tax credit we are proposing, instead of a general tax reduction, would be more beneficial to the industries that really need it?

• (1510)

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, I want to thank my colleague from Jeanne-Le Ber, who does such a fine job on the Standing Committee on Finance. He is quite right. The Bloc's suggestion of a refundable tax credit is easy to understand. The tax credits proposed by the government will not do anything for the forestry and manufacturing businesses that are not profitable in these difficult times. On the other hand, a refundable tax credit would produce some income for them. If the government issues them a cheque in the amount of their tax credit for the current year, they can use it to modernize, even though they do not have any income or profits.

Once again we are faced with this Conservative trait of not understanding the real needs. It is hard, especially when the Conservative members from Quebec are incapable of rising in the House to defend the interests of their constituents and the working people who have lost their jobs or are on the verge of losing them. The crisis in the forestry and manufacturing sectors means that companies are being merged and taken over. Sawmills and other forestry operations are being shut down in our villages. We are very much aware of this.

My colleague's proposal of a refundable tax credit rather a tax credit for future use when companies have returned to profitability would be much more effective. It would be of direct assistance to companies and would help them modernize, create added-value products and expand, rather than remaining mired in losses and penury.

[English]

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, I will follow up with a question on manufacturing. When the Minister of Finance answered a question in the House, he talked about the capital cost reduction allowance. The government has only moved on two years of the recommendation of the industry committee, of which I was a part. This is a very grievous situation. It should have been five years. Many companies have already made decisions about their original capital purchasing. They will benefit from that, which is fine.

We wanted to get the third, fourth and fifth year investments. After that, there was to be a review for a potential extension of five

years. This would send a strong message. An important distinction is the equipment would get on the plant floors in the manufacturing sector of Ontario and Quebec and the rest of the country because of the capital stay, as opposed to a general corporate tax cut where that money could move offshore, as it has been doing historically.

What does my colleague think of the fact that the minister has completely disregarded this aspect, which hurts the investment strategies that need to be made today to protect jobs?

[Translation]

Mr. Mario Laframboise: Mr. Speaker, the Bloc Québécois agrees with the NDP's position on this and defended it in committee. Capital cost allowance is still an expense. It is all very well to make it possible to amortize a purchase more quickly, but once again, only for companies that are profitable because the item is still an expense. When companies are losing money, even if they can write things off more quickly, the losses are already there and losses cannot be amortized. The losses mount even higher and nothing comes in.

That is the part the NDP forgets. It is like the Conservatives and Liberals and always thinks of profitable companies. Some of them need it too, of course, because they are on the verge of no longer being profitable. But in manufacturing and especially forestry now, we have companies that are already losing money. This requires prompt assistance programs and fresh money to invest in the company. Once again, if a company is not making any money, its problems cannot be solved by increasing its expenses.

• (1515)

[English]

Hon. Shawn Murphy (Charlottetown, Lib.): Mr. Speaker, I am pleased to rise today to say a few words on Bill C-28, an act respecting the March budget and the October economic update. I want to say a few things about the general direction of both these documents, or I should say, the lack of direction and the lack of vision.

We have heard a lot of talk in the House over the last number of weeks and from any group that comes to Ottawa, and any questions that are put to the Minister of Finance. Basically it is talk about tax cuts and some numbers. I want to point out to the House and to all Canadians, that I do not represent numbers. I represent people, real people who have real jobs and real families, and those people do not like what is coming out of the government.

There were certain tax cuts in the last economic statement. They should be part of what I would classify as a productivity agenda but we do not hear anything about that. The right tax cuts are very much a vital part of this productivity agenda, as is skills training, as is funding for post-secondary education, as are initiatives that reduce any constraints on the mobility of capital, labour or goods, as are innovation, science and technology. The tax cuts can be put into four classifications.

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We had the corporate tax cuts, and in my opinion these were good tax cuts. The minister is to be congratulated. These tax cuts will be beneficial to Canadian companies and will help the productivity of this nation.

On the individual tax cuts there was an increase in the basic personal exemption. In my opinion, that was a good move. The \$10,000 which was announced originally by the Liberal government was decreased and now it is gradually going back up. It is a step in the right direction. This move certainly benefits lower income families as opposed to higher income families.

The individual tax rate cut from 15.5% to 15% was basically a removal of a tax increase which occurred one year ago when the tax rate was increased from 15% to 15.5%. Now it is being decreased from 15.5% to 15%, so really, it is an insignificant event.

Most of the money in the tax cuts came from cuts to the GST. I believe that every living, breathing economist in Canada would suggest that this is absolutely the wrong direction. It does absolutely nothing for productivity. It is inflationary. It is certainly geared toward the higher income Canadian. Again, it is something I do not think should have happened at all and I believe history will bear me out.

People expect more from a federal government. The situation in Canada is the agenda of the government of the day is to allow each of the 13 provincial or territorial jurisdictions to erect a firewall or a moat around their particular jurisdiction and have their programs and policies geared to the particular ideology of the government of the day. As such, the federal government has no role, other than in aboriginal affairs, fisheries and immigration. It has no role in the lives of Canadians. That is not my vision of Canada at all. That is not the vision of the people that I represent.

Over the last three or four weeks, we MPs have met a lot of people visiting Ottawa. A lot of sectors have come to Ottawa to meet with us, to talk to us and to plead with us for more assistance.

• (1520)

The manufacturing sector has been to Ottawa. We have lost 90,000 jobs in the manufacturing sector this year alone as a result of the Canadian dollar and the movement of jobs to other jurisdictions. The answer we get from the Minister of Finance is that we have tax cuts.

Well tax cuts just do not cut it for those 90,000 people who have lost their jobs, or for those who think they may lose their jobs, or a mayor or city councillor who represents a city or town that has lost a lot of jobs in the manufacturing sector.

Last week many representatives from the Federation of Canadian Municipalities were here. This is a very important component of Canadian society, especially the large capital regions. They actually drive the economy. They are looking for assistance in immigrant settlement, in skills training, in research, in post-secondary education, in early childhood development. Most important though, they are looking for assistance in infrastructure. We have heard their pleas. There is a \$123 billion infrastructure deficit.

I am pleased to be part of a previous government that did respond. It was not a total response to the plight of cities and municipalities,

but it was a very good response with the gas tax rebate, the GST rebate, the municipal and rural infrastructure program and the strategic infrastructure program. These were starting to make a big difference.

There is a new package coming out. I call it re-gifting. The government has taken the bundle and put it in a much smaller box and put a big bow on it. Instead of being over three years it is over seven years, and it is approximately 50% of the previous programs.

No one should think that the mayors and city councillors are being fooled as a result of this announcement. These people have to go back to their constituents and they have to get re-elected. They know exactly what is going on.

These people were in Ottawa last week and they met with the Minister of Finance. They were told three things. The first thing they were told was that the government is not in the pothole business. The second thing they were told is that they should stop their whining. The third thing they were told is that they should go home. They are going home, but I do not think they are going to be quiet.

Over the last three weeks we have met with two separate pan-Canadian organizations representing students at our post-secondary institutions. They pleaded with politicians to do something about their plight. A country is only as strong as its educational system. We know the debt crisis that some of these students are facing. They did meet with the politicians and they did meet with the government, but they went home empty-handed. They were told about these tax cuts.

The week before last, several of the agricultural sectors were in Ottawa. Not in all, but in certain sectors, farmers across Canada are having a very difficult time, especially the beef and pork producers. In fact, in my career here, I have never seen the pork industry in worse shape. It is facing a perfect storm. There is the high Canadian dollar, feed costs are going through the roof, and other import costs are increasing dramatically. Also, the price of their final product is at an all time low. The primary producers are shutting down in record numbers.

I want to quote one of the leading producers from my province, Mr. Eddie Dykerman, a Prince Edward Island farmer from the Canadian Federation of Agriculture:

At a time when the federal government is basically embarrassed by its surplus... it's a big disappointment that something couldn't be done for agriculture when people are actually walking off their farms and losing their houses and their way of living and everything else...

• (1525)

A lot of farmers who are closing their farms, especially in the pork sector, have been third, fourth and fifth generation farmers. They are very efficient farmers but they are caught in this perfect storm, and again, we have a government that is doing absolutely nothing.

I recall three or four years ago, when the Conservatives were in opposition they were talking about agriculture. Now that they are in government, we are seeing absolutely nothing. I, like most Canadians, especially the Canadians in these sectors, am extremely disappointed.

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The list goes on and on. What did the aboriginal people see in Bill C-28? What did they see in the previous budget? Did the people who are concerned about climate change and about the environment see anything in either of these two documents? Students and poor people saw nothing. The list goes on and on.

That is the direction in which we are heading. The Prime Minister announced that he intends to introduce legislation in the House putting constraints on the federal government's spending power. This power was used by successive governments of various political stripes to develop, to maintain and to enhance social programs, such as medicare, employment insurance, the Canada pension plan, the child tax credit, the old age pension, the old age security, et cetera. Those programs responded to the needs, the hopes and the dreams of Canadians from coast to coast to coast.

However, we have a government now that is prepared to put a moat or a wall around each jurisdiction and that is prepared to introduce legislation in the House that would restrict the power of any future government to develop any programs like medicare, like the Canada pension plan and like old age security. Let me say right here and now that is not my vision of a strong federal government.

In Canada, we need a federal government that speaks for every Canadian, regardless of where they live or in which sector they are involved, but as a pan-Canadian vision. I do not see that in the policies, the programs and the initiatives that are coming forward in either Bill C-28 or in any other legislation that has been introduced in the House.

I will get questions at the end of my speech and I hope I do because it will give me an opportunity to expand on some of the points I raised.

In the House, the Prime Minister issues talking points and the Conservatives will be talking about 13 years. I will address that right here and now.

I was a member of Parliament on that side of the House for the last five years of that government and that government has a tremendous record. When it came to power, the annual deficit was \$43 billion.

We had a Conservative government in power for nine years. Interest rates were at 12% and unemployment was at 11%. The debt to GDP ratio was at 73%. The world monetary bank had an active file monitoring this country. We were basically under active engagement with that world organization. We were down to days before this country would have been broke. I say that the country would have been broke, not the prime minister, Mr. Brian Mulroney. He was not going broke, according to the media reports and what I am hearing in the House right now. It was the country. We need to make that distinction before we go any further. It was not Brian Mulroney.

We did respond to the needs of Canadians. We developed a lot of assistance for the cities, the towns and the communities. We had the gas tax agreement, the municipal rural infrastructure program, the strategic program and other programs that assisted the cities, because there was in Canada a real imbalance developing between the cities, that level of government, and the other levels of government.

There were dramatic increases in the amount of research moneys going to not only post-secondary institutions but other foundations. We developed a program of early childhood development. We substantially increased maternity benefits for families. We developed the child tax benefit, which, in my opinion, was probably one of the greatest social programs ever developed in this country. We also increased the guaranteed income supplement.

• (1530)

I could go on and on. However, I do want to clarify that the Liberal government did have problems at first. When we were left with a \$43 billion deficit from the Mulroney years, we had to make tough decisions. Yes, we made tough decisions but we did respond to the needs of Canadians. That will answer any questions that members on the opposite side have.

We also introduced \$100 billion in tax cuts that again responded to the productivity agenda of this country.

I am disappointed in the direction the government is taking.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Mr. Speaker, while listening to my hon. colleague, it was interesting to hear him refer to some of the challenges faced by cities. I would point out that our government has provided record amounts of infrastructure funding for provinces and cities. I would also point out that we have provided record increases in federal funding for post-secondary education, an issue that he raised. It is an interesting contrast, particularly to the Liberals, who, as he mentioned, cut \$25 billion in transfer payments to the provinces.

However, the Liberals did have priorities. They did find millions of dollars to run Liberal campaigns during that same time. It was good to know that they at least had some priorities back then. Right now they apparently have a little difficulty with priorities and decisions, as evidenced by their lack of ability to make decisions on which way to vote, for example, on important issues facing the country right now.

I have a couple of questions. First, now that the hon. member has had time to think about how to vote on this fall economic update, will he vote yes or no?

Second, his leader and several other key Liberal members have mused openly about raising the GST from 5% to 7%. I would be curious to hear, again, in a yes or no answer, with no dancing around, what he is feeling on this. Is he in favour of raising the GST from 5% to 7%?

Hon. Shawn Murphy: He could have just asked me over here, Mr. Speaker. He did not need to get up on his feet.

I have a couple of points on that. On the infrastructure, I want to point out that the package announced by the Conservative government is a re-gifting. It has taken all the Liberal programs and put them in a package that adds a bit of money. The original programs were over three years but it has extended it over seven years. It is re-gifting but it is re-gifting in a much smaller box with a bigger bow.

Government Orders

Some people in this chamber might be fooled but I would suggest that they go back to their ridings this weekend and talk to their mayors and city council and I assure everyone that they are not fooled. They have to stand for re-election so they know exactly what they are being presented with. They know that there is a \$123 billion infrastructure deficit in this country and that the government is not responding to it.

I would repeat the comment the Minister of Finance made to municipal leaders. He said, “we're not in the pothole business”, stop “whining” and go home.

On the issue of voting, we will decide when and at what time the Canadian people want an election. We are certainly talking to Canadians and we will let the hon. member know in the fullness of time.

As to the point on the GST, there is absolutely no indication from my party that we would be raising the GST.

• (1535)

Mr. Bill Siksay (Burnaby—Douglas, NDP): Mr. Speaker, I am a little surprised that the member is disappointed in these financial statements. His lack of a vote would have led me to believe that he was not so disappointed with where the government was going on this measure.

I also find it a little strange that he is disappointed in the corporate tax cuts that the Conservatives proposed since his own leader proposed exactly the same tax cuts. In fact, a lot of people think that the challenge from the Leader of the Opposition led the government to the lengths that it went in the budget, to go even lower in terms of the corporate rate, and that he in fact gave them permission to do so.

I am really concerned about the gutting of the fiscal capacity of the government by these massive corporate giveaways to big oil, to the big banks and to the wealthy in Canada. It is undermining our ability to address program needs, like the ones he talked about, like students, the need for post-secondary education, the infrastructure needs that are very serious all across the country and like the agriculture programs that he seemed so concerned about.

I am also concerned about the financial planning that the government is doing that eliminates the surplus from any reasonable consideration of the needs of Canadian society. It is always a big surprise and it is always automatically turned right over to the debt. We agree, money should go to pay down the debt, but not all of the surplus should go to that and it should be involved in the financial planning process in this place and in government. It seems that the Conservatives have adopted the same policy with regard to that as the Liberals did.

Why would the member be so disappointed in the economic statements when they follow the exact same planning path that the Liberals adopted? Why would he not adopt his party's own policies?

Hon. Shawn Murphy: Mr. Speaker, I may not have made myself absolutely clear but on the corporate tax cuts I am not disappointed. In fact, I congratulate the government. I think the cuts are very much a part of the productivity agenda and I think they are good. I said that in my opening remarks and I thought I had been clear.

These corporate tax cuts are not a major part of the overall tax cut package. The most significant part is the cut in the GST. As I explained in my remarks, that cut is inflationary, it is the wrong way to go and it is much more beneficial to higher income Canadians versus lower income Canadians.

Under the capacity of the federal government, I agree with what the member said. People from across Canada are looking to the federal government to respond to some of their concerns in the sectors, whether it is the manufacturing, agriculture or farming sectors or students. Certain sectors in Canada right now are suffering and it is incumbent upon the federal government to at least talk with them and, if there is a legitimate case, to respond to their concerns.

On that very point, this is something that will be debated in the House, but the announcement by the Prime Minister that he intends to introduce legislation to constrain federal spending powers, which governs successive political stripes used to develop medicare and the Canada pension plan, that will be gone if the legislation passes, and that would be very regrettable.

As people watch this, I have one comment. What would Sir John A. Macdonald, Lester Pearson or Tommy Douglas think if we were to do that?

Mr. Leon Benoit (Vegreville—Wainwright, CPC): Mr. Speaker, I have always had a great deal of respect for the hon. member. His comments are interesting but he did provide a lot of revisionist history today that simply is not accurate.

For example, he talked about our \$160 billion in tax reductions and criticized it in so many different ways. He talked about the \$100 billion that his government, he claimed, put in place, but he forgot to talk about the fact that it increased taxes in other areas and the net tax reduction was very minimal indeed.

However, I want to ask the member for his comments on the hog and beef sectors of agriculture being hard hit by so many things going wrong at once. Our government fully recognizes that. With most of the members of the Conservative Party being from rural areas, of course we understand that fully. Our agriculture minister and our party are doing everything we can to deal with what is an extremely difficult issue and not one that can be effectively dealt with, quite frankly, to be completely honest about it. The high dollar simply makes it far more difficult for hog and beef producers to compete. The dollar increasing so rapidly is the biggest part of the problem, that along with increased import costs.

I acknowledge that the member is absolutely right on that issue but not when he says that our government is not doing anything about it because we are doing more than any government in the past has.

• (1540)

Hon. Shawn Murphy: Mr. Speaker, I disagree with the member across that it cannot be dealt with. I am not going to suggest for a minute that I am blaming the government for the rise in the Canadian dollar. We all know that is basically outside the control of one government. However, there are programs that should be looked at for the hog industry. It is a perfect storm; I have never seen it worse.

I have seen sectors go through very difficult times, but this is probably the worst I have ever seen. These people are walking away from their farms. They are losing their farms. Time is very much of the essence and I plead with the government to provide assistance to this sector immediately.

[*Translation*]

Mr. Thomas Mulcair (Outremont, NDP): Mr. Speaker, today we have an opportunity to discuss Bill C-28, which has three important parts: the implementation of last spring's budget, the economic statement issued a few weeks ago, which is commonly referred to as the mini-budget, and the Atlantic accord.

For the members of the New Democratic Party, it is also an opportunity to take stock of the differences between the various parties here in the House of Commons.

If there is one observation we can make in light of the most recent budget statement, it is that the Conservative Party, which is now in power, simply does not believe in the role of government in the economy. That is a purely ideological stance, and it prevents the Conservatives from seeing that, in an economy as diversified as Canada's, the government absolutely must be aware that it has to rebalance things when they get out of balance.

What caused the current economic imbalance? The overheated oil economy in western Canada, which affected the value of our dollar. In turn, the rise in the value of the Canadian dollar led to higher export prices, naturally. What sector has been affected? The manufacturing and farming sectors have been particularly hard hit, as the member for Charlottetown just said. It would be a bit easier to believe the Liberals' hand-wringing over these sectors if they had had the courage to vote against the government's budget. Still, we believe the member was talking in good faith when he said he wanted to do something for farmers.

The third sector that is feeling the effects of the rising Canadian dollar is forestry. Mill and plant closures in Quebec and the rest of Canada are the direct result of our loonie, our Canadian dollar, increasing in value by over 50% over the past five years. Despite extraordinary gains in productivity, plants that have been around for ages have been closing one after the other in Quebec, particularly in regions such as Montmagny and Beauce. Around Sherbrooke, we were all very sad when Baronet, a high quality furniture maker that has been around for over 60 years, closed its doors. It is one thing to say that a factory has closed its doors—that is kind of cold and unemotional. It is another thing to watch very skilled workers lose their pride and their ability to support their families.

How does the Minister of Finance respond when we tell him about these things? He stands up and says that according to them, they are cutting taxes for businesses, which is good news for productivity. Our poor unfortunate Minister of Finance does not seem to understand a thing even though, apparently, he is an educated man. It is hard to believe that he can be so completely unaware of how ridiculous his position is. He needs to understand that if a company, such as a sawmill on the lower North Shore in Quebec or a furniture factory in Beauce, did not make a profit last year, it cannot benefit one iota from a so-called tax cut because it did not pay any taxes last year.

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Now for a rhetorical question: which companies did rake in huge profits last year? Oil companies in western Canada. Who will get the lion's share of these tax cuts? Oil companies. Who else recorded huge profits? The banks, which cleared \$18 billion.

Let us examine what is going on in these two sectors so that we can better understand our Conservative government's priorities—or lack thereof.

It is primarily the Liberals who are to blame with the oil sector, since they did nothing for 10 years, although they were supposed to reduce greenhouse gases. They had the largest increase in greenhouse gases out of all the Kyoto signatories. It is a disgrace. The Liberals are responsible for this.

Now that the Conservatives are in power, what have they done? They have made it worse. They are busy denouncing the Kyoto protocol. They have no intention of respecting it. They have no regard for future generations. Their political base is in oil sands country, which is responsible for producing massive amounts of greenhouse gases. They have no intention of finding a solution to the problem.

• (1545)

Furthermore, they are giving bonuses for environmental misconduct in the form of tax cuts, without the slightest effort being made—in terms of sustainable development—to internalize the cost of adding these greenhouse gases to our atmosphere.

Now let us look at our Minister of Finance's absolutely classic bad track record with banks. Many people have their paycheques deposited automatically at the bank. It is not even their choice. Why should a worker whose pay is automatically deposited have to give a tip to the bank president to have access to his own money? Our tireless Minister of Finance, cap in hand, visited the bank presidents last year and was told to get lost. He got nothing at all, but that is no big deal. At least he made an effort.

Then, at Halloween, he decided to give the banks a little present. He gave them more tax cuts and benefits, with the result that the banks, which are already raking in huge profits and do nothing to reduce ATM fees, will get even more money. There is absolutely no vision.

Let us take a look at what is happening in the manufacturing sector, in Ontario and in Quebec, in the industrial heartland built up after the second world war, part of a balanced economy. Yes, we do have a lot of natural resources, yes, we need a manufacturing sector; yes, we need a resource sector like the one out west; and yes, we need a service sector. However, we are sacrificing our manufacturing sector on the altar of dogma, of far right ideology, which states that governments play no role in the economy. This is the narrow-minded vision that has taken hold of Canada.

Government Orders

Next week, Mark Carney will appear before a parliamentary committee. He will eventually take over for David Dodge who, unfortunately, remains in his position as somewhat of a lame duck. In fact, his successor was announced more than one month ago, and since then the value of the loonie has swung wildly, as never before.

Some companies have benefited a great deal, particularly companies such as Goldman Sachs, Mark Carney's previous employer. We can hardly wait until next week to ask Mr. Carney some questions about his work at Goldman Sachs because many economies in the world today are guided by former Goldman Sachs employees. It will be interesting to hear the vision of Mark Carney, the man who sold the public's share in Petro-Canada. Is that the best way to go about things? He was the one who pointed out the tax leakage arising from income trusts. I will quickly add right away that we never supported income trusts, but unlike the Conservatives, we would never have lied.

The outcome of all this is quite interesting. Certain companies that paid taxes in Canada now no longer pay any because they are registered elsewhere in the world. Is that the vision that Mark Carney will present to the Conservative government if he becomes the Governor of the Bank of Canada for seven years? These are some of the very interesting questions that Mr. Carney will be asked next week by a parliamentary committee.

It is because of the New Democratic Party that Mr. Carney will appear before a parliamentary committee. I suggested it to my colleagues and they unanimously passed a resolution to that effect.

• (1550)

[English]

This discussion around Bill C-28 is an appropriate opportunity to look at, analyze, and compare the different philosophies that exist in this House.

Just as in the matter of greenhouse gas production, Canadians now realize that they have a choice amongst a government that refuses to act, a Liberal official opposition that never did anything when it could act, and the Bloc Québécois that will never be in a position to do anything because it cannot act. The only real option right now on these issues is the New Democratic Party of Canada. We are the ones who are leading the charge on these important issues, such as greenhouse gas production.

When we look at the differences between our different parties, there is nothing clearer than the fact that for ideological and dogmatic reasons, the Conservatives are completely destroying the manufacturing sector of our economy. They are sacrificing it on the altar of their dogma and their ideology. They simply do not believe that governments can play a role in the economy. They have this idealism that somehow there is a pristine free market that works out the best solutions.

We have, geographically speaking, the second largest country in the world populated by fewer than 35 million people. We have, especially since the second world war, built a modern, solid and balanced economy.

Our country's beginnings were in the resource sector and it remains an important part of our economy. But we have also built

hundreds of billions of dollars of infrastructure in manufacturing that is now being ruined by the Conservatives' inability to comprehend that the government can and should be acting on behalf of those sectors that are suffering from the sudden flight of our loonie.

What has been driving that increase in the value of the Canadian dollar? A very strong petroleum sector in the west that, of course, is producing greenhouse gases that the government refuses to understand is driving global warming. But that sector is also warming up the Canadian economy and destabilizing what was a relatively balanced economy.

As the Canadian dollar increases of course, it becomes more and more difficult for manufacturing and forestry firms to export their products because, the Canadian dollar being worth more, those exports cost more for people in other countries to buy. So it has been having a serious effect on them.

Instead of intervening in those sectors of the economy and trying to help maintain a balanced economy in Canada, the Conservative government announces with great fanfare, in the documents that are before us, that it is providing across the board tax decreases for all businesses.

What does that mean for a manufacturing company that made no profit last year? It means absolutely nothing because that company paid no taxes. What does it mean for a forestry firm that is teetering on the edge of bankruptcy and made no profit last year? It means absolutely nothing because that company did not pay any taxes.

Who is getting the lion's share of these supposed tax decreases? Lo and behold, it is the energy sector out west because it is making huge profits. It is also the banks that are making huge profits. Anybody who looks at these things understands that a solid banking structure is indeed the backbone of a sound economy. But is it necessary to have strong banks in Canada to gouge the little guy? What about someone whose paycheque is deposited directly in a bank? Why should that person have to give a \$3 tip to the bank president to have access to his own money?

Our Minister of Finance went cap in hand last year to the banks and was sent packing. He received nothing except their contempt. He came back here to the House and said he had at least tried. He does not seem to understand that he is the Minister of Finance and the banks answer to him, not the other way around. But then again he is a Conservative so he cannot understand that. He thinks that all these structures are the boss and he is the underling.

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We in the NDP understand that the government can and should play a constructive role in helping manage a modern economy like Canada's economy. We know that if in Europe people had the same approach as the Conservatives, they would never have something like the train à grande vitesse that now criss-crosses Europe at 300 kilometres an hour. It took vision. It took government involvement. It took the best brains. It took long term planning, something the Conservatives simply do not understand because they do not believe in it. They do not think that governments can play that sort of proactive role. That is why they are always coming up short on Kyoto. They are always embarrassing us internationally on climate change.

• (1555)

Canada once had a proud reputation around the world as being an environmental leader. After 12 years of inaction by the Liberals, and now the embarrassment of the Conservatives, we have lost a lot of that credibility. We can hardly look anyone in the eye internationally any more on these environmental issues, and it is a tragedy.

It is the same thing for the profound changes that we have undergone in Canada's role as a peacekeeper. We were once a proud country, with a role that goes back 60 years. The rest of the world has looked us and said that we are the country they can count on to help build peace when the time comes. If we look at what John de Chastelain did to build peace in Northern Ireland, we will see the archetype of what Canada can do when it works at its best.

What is the worst example? Our current involvement in a combat mission in southern Afghanistan, which has nothing to do with us, nothing to do with our traditional role in the world as a peacekeeper and a peace builder.

That is the Tory record. That is the tragedy of the current Tory government.

However, there is one saving grace in all of this. The Conservatives have decided to move forward and make it increasingly clear that is their agenda, that is who they are. As we say in French, "Le chat sort du sac". It is becoming increasingly clear, and more and more Canadians are seeing the Conservatives in their true face.

They are great emulators of the George W. Bush White House. They are more comfortable with American foreign policy. They are like the current American administration, tragically, blissfully unaware of the right of future generations to have us think about the effect on them of the decisions we take today. That is the essence of sustainable development. It is the obligation of every government in every action that it takes to weigh and to consider the effect on future generations.

I love it when I see senior members of the Conservative government, including the Prime Minister, pose with young people, the future generation, during campaign ads. It would really be nice to see them actually do something for those future generations instead of just posing with them during their campaign ads. One of the favourite things is to pose with kids skating. Pretty soon there will be no outdoor skating left in southern Canada for one good and simple reason. There will not be enough winter.

Some people might not lament the fact that our temperatures are starting to rise. However, we have to realize that it will have a profound effect not only on our future, but on the future of the planet. This is why it is such a tragedy to listen to the bumbling facile answers of our Minister of the Environment as he continues to embarrass us and goes off to Bali to spout the same animismes that come out of his mouth every day here in the House of Commons.

On our side, the New Democratic Party firmly believes the government can and should play an active role in maintaining a stable and balanced economy. We should look out for the interests of average Canadians in their daily lives. Modern families require a government that understands its obligations toward future generations and its obligations toward them on issues like day care, housing and overtaxation.

We understand the average family needs a break from government, but what we also believe firmly is governments have to play a role in the modern economy. That is something the Conservatives have completely let down. That is why the forestry, the agriculture and the manufacturing sectors are in such a dire crisis right now, and the fault for that rests squarely on the shoulders of the Conservatives. They are going to be judged very severely for it in the next general election.

Mr. James Moore (Parliamentary Secretary to the Minister of Public Works and Government Services and for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, I was not going to rise to speak on this, but toward the end of his speech the member started talking about how our government is failing young Canadians.

The Speaker, I believe, was elected at the age of 26. I was elected at the age of 24. I am frankly quite proud of the record of the Conservative government when it comes to standing up for young Canadians. We are delivering for young Canadians.

One thing young Canadians are sick and tired of, quite frankly, are politicians who spend money that they do not have on promises they cannot keep, driving the futures of young of Canadians into the ground, with high taxes due to high debt that we cannot maintain. The NDP is a political party throughout the country, federally and provincially—

• (1600)

Mr. Brian Masse: Check the record.

Mr. James Moore: Mr. Speaker, I did not heckle the member when he spoke. He can offer me the same courtesy.

The federal NDP and the provincial NDP, whenever they have been in government, have driven every one of those provinces to high taxes, high debt, less opportunity. The NDP in British Columbia took British Columbia from the fastest growing have province in Canada to the worst economic record in all of North America. That is the New Democratic Party record.

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Our party, this government, stands up for young Canadians. We pay down our debt so young Canadians are not burdened by the failed promises of failed politicians. Our government is being responsible for families. We are being responsible by lowering taxes.

The New Democratic Party has an unbroken record of failure on economic policy in the country in every province where it has been tried, especially in B.C. and in Ontario. Our government will not listen to a political party that has failed in every election to get elected because the Canadian people have more common sense not to elect failed socialists to ruin the economy.

Mr. Thomas Mulcair: Mr. Speaker, I can only thank my Conservative colleague for proving my point in shopworn clichés. What a pathetic attempt coming from someone who is a member of the only federal party that does not have youth wing. It scrapped it last year.

The other thing that is not true in what he has said is that there has been anything other than balanced budgets, with one exception, and I will deal with that in a second. Look at the fact that in Manitoba right now has the third consecutive majority NDP government with consistent balanced budgets from day one, an admirable record of competent, first class public administration serving the public interest. Although a new group has come in, we finished five consecutive mandates in Saskatchewan, with nothing but balanced budgets.

Those are the facts about the NDP, good competent public administration with a heart. Yes, we wear our hearts in the right place, which is on the left.

I said I would talk about the one exception. I have to agree with my colleague on one thing. There was an unfortunate exception and it was in Ontario under Bob Rae. Look where Bob Rae is now.

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, one part of the spectrum that the NDP has always etched out and defended is the reinvestment in human capital, people who come to our country looking to take part in the economy, aboriginal people who have fallen outside economic opportunities, people who require literacy programs, skills upgrading programs, apprenticeship programs, whether they are employer initiated or labour partnerships.

I may be wrong in my history, but I think the previous Liberal government, with the support of the NDP, had \$3.5 billion in such programs that invested in people. Out of those investments were partnership programs with the provinces under labour market agreements. I did not hear the member talk about that part at all.

Would he like the opportunity to address what I think is extremely part of that productivity equation, and that is investment in people so they can become full partners in the economy, which in many sectors is threatened but there are opportunities?

Mr. Thomas Mulcair: Mr. Speaker, I am very pleased but somewhat surprised that a Liberal member of the House would afford me that opportunity. It gives me the occasion to remind people that under the member for LaSalle—Émard, who was prime minister of Canada for a very brief period, the New Democratic Party held the Liberals' feet to the fire. Instead of giving a \$4.5 billion tax break to their corporate buddies, we managed to take that money and spread it out among three main categories of public spending.

One was for post-secondary education. It was a shot in the arm, well needed and well deserved, for a sector that had suffered a great deal in recent years because of a lot of inaction and lack of attention on the part of successive governments.

Another very important area that got attention with the NDP budget was public transit, which received a similar \$1.5 billion. I know the member has a long and respected history as a senior manager in the field of public transit, so it is another area about which I am sure he knows.

The final \$1.5 billion went to public housing.

• (1605)

[*Translation*]

Also, it is interesting to note that, in areas like public transit, post-secondary education or housing, we have managed to come to an agreement with all the provinces over the years.

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, I want to start by congratulating my hon. colleague from Outremont on his election, because we had not had the chance to do so. I think this was his first full speech in the House on a matter as important as this one.

A Liberal member just questioned him on the reinvestment in human capital. This concern is to the credit of the NDP, and the Bloc Québécois as well, because we are pretty consistent in that respect. The same can hardly be said of the Liberals and the Conservatives.

I would like to hear my hon. colleague from Outremont on the position taken yesterday on Bill C-357, providing for the establishment of an independent employment insurance account to ensure that only those paying into it—that is, employers and employees—be allowed to manage this account and that it no longer be used for other purposes. We know that \$54 billion has been diverted from that account. The bill was designed to put an end to such misappropriation and ensure that the funds are managed in accordance with the account's mission, which is to pay out EI benefits.

Yesterday, both the Liberals and the Conservatives voted against that bill. I would like to hear my colleague on that.

Mr. Thomas Mulcair: Mr. Speaker, I want to say that the NDP supports this initiative. I would also like to recognize the outstanding job my friend and colleague, the member for Acadie—Bathurst, has done over the years. He has always taken the lead across Canada on these employment insurance issues. He has worked tirelessly. This is an issue he understands. In addition, he has the utmost respect for people who need employment insurance, and he completely understands what they are going through.

Yes, surpluses are currently being used for other purposes. This is unacceptable and must stop. A dedicated fund will be part of the answer.

Government Orders

We have to say that, as usual, the Liberals are talking out of both sides of their mouths. Yesterday, we had a stunning example of this when a Liberal member from New Brunswick stood up during question period and dealt a blow to the Conservative government with a stinging question designed to defend employment insurance recipients. That same evening, when it came time to support or reject the motion calling for real action to help people in this situation, the NDP and the Bloc were there, but the Liberals spoke in favour of the motion but voted against it. That is the truth about the Liberal Party of Canada.

[English]

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, in June 2005 the Prime Minister, who at the time was the opposition leader, wrote a letter to a widow of a veteran saying that if his party were in government, it would immediately extend VIP services to all widows and veterans. The budget does not address that aspect—

The Acting Speaker (Mr. Andrew Scheer): I am not sure a question on veterans issues is related to the bill before the House. We will have to move on to the next speaker because the time for questions and comments has expired.

Resuming debate, the hon. member for Markham—Unionville.

Hon. John McCallum (Markham—Unionville, Lib.): Mr. Speaker, I am very pleased to rise on this bill. I am only disappointed that I did not get a chance to reply to my colleague from Outremont, but I guess we will have to save that for another day. I might mention a few words about him, however, and I think his basic problem is that he is new to the NDP. Until recently he was a Liberal and I do not think he really quite understands the party into which he has entered.

It is irrelevant when the NDP refers to the achievements of provincial New Democratic governments because those governments have to meet a payroll. I admire some of those governments for balancing their budgets over history, in Saskatchewan and elsewhere, but that has no connection to the federal NDP, which has never been a government and never will be a government, and whose basic problem is that it may have a heart, as it knows how to redistribute income, but it does not have a brain.

It has to have a heart and a brain. Redistribution of income is a good thing, and we Liberals believe in that, but we also must have a brain to create wealth, to grow income, because if we do not grow the pie we will not have much to distribute. The problem with the federal New Democrats is that while they can talk up a good show on sharing income, they have absolutely nothing to say and no credibility on growing income and creating the wealth to share.

The reason for that is that the federal New Democrats are an unreconstructed and antediluvian Labour Party. They have not followed in the footsteps of progressive leaders such as Tony Blair. Tony Blair should be a model for that party because Tony Blair escaped from old Labour, which did not know how to grow a bigger economic pie, if I can quote one of my colleagues in an earlier life. Tony Blair transformed that party.

If the member for Outremont had understood that, he would have tried to follow in the footsteps of not only Tony Blair but also his Labour colleagues in Sweden, Denmark and Norway, because they

have escaped from the antediluvian old Labour past in which that party is still mired. They have moved forward, much in the manner of the Liberal Party. We are very close to Tony Blair and have learned not only how to have a heart, that is to say redistribute, but also how to have a brain, that is to say, grow wealth.

That is the difference between the Liberals and Conservatives and the NDP. Maybe the NDP has a heart, but it has no brain. The Conservatives definitely have no heart and I wonder whether they have a brain. Perhaps they do, more than the NDP, but if Canadians want a party with a brain and a heart, then they have one natural destination and that is the Liberal Party of Canada.

Now let me come more specifically to the question of the budget bill. We certainly are opposed to this, for two reasons. First of all, it is dishonest. Second, it is incompetent.

Let me deal with the dishonesty first.

Certainly there is a huge broken promise on the Atlantic accord and on promises made to the province of Saskatchewan. I will not go into detail on that. My colleagues from those parts of the country have no doubt dealt with it. However, there is a second gross dishonesty, and that has to do with personal income so-called tax cuts.

Let me explain what the Conservatives did. In the previous budget, they took the tax rate from 15% to 15.5% and called that a tax cut, even though the rate went up. Then, in the latest economic statement, which is a part of this bill before the House, they took it from 15.5% back to 15% and called it a tax cut. In that case, they were right, but this was Conservative arithmetic, and how is it possible to have two tax cuts and end up in the same place?

We are at 15% now, which is where we were under the Liberals, and the Conservatives had two tax cuts to take us back to where we were before they came into office. Obviously the first one was a tax hike, not a tax cut, and Canadians should understand that all the Conservatives have done is raise their taxes in order to bring them back down again to where they were under the Liberal government.

• (1610)

The Conservatives simply failed to come clean and acknowledge the truth, which all Canadians understand, that when you take the tax rate from 15% to 15.5% it is called a tax increase. It is not called a tax cut.

Let me now come to the question of incompetence. As exhibit A for incompetence, there is this interest deductibility measure that the Conservatives put into their budget. What they said was that Canadian companies would no longer be able to tax-deduct the interest on money they borrowed in order to make foreign acquisitions.

Government Orders

The trouble with this is that every other major country allows such deductions, so Canadian companies in this highly competitive world were forced to compete with one hand tied behind their back. This had a huge negative effect on the competitiveness of our companies and it made them much more vulnerable to foreign takeovers.

A well-known tax expert, Allan Lanthier, characterized this move as the worst tax move “to come out of Ottawa in 35 years”. It was clear that the finance minister had no idea what he was doing. As in so many cases, he was totally out of his depth.

The whole weight of Canadian industry came crashing down on him. We in the Liberal Party denounced this move and told him to remove it from the budget. In the end, he did. He retreated. He ripped it out of the budget. He ripped out this interest deductibility provision, thereby acknowledging that he was incompetent, thereby acknowledging he did not know what he was doing, and thereby acknowledging that he was out of his depth. Of course he tried to hide that, but it was there for all to see.

Then it came back in another form, not quite so damaging but equally stupid. It has come back in the form where he says that double-dipping will not be allowed. But we had seven or eight experts in front of the finance committee who were unanimous in saying that the issue is not double-dipping. The issue is something called debt dumping. Again, even though he ripped out the first version, which was a good thing, and he acknowledged that he did not know what he was doing, he came back with something even dumber, and that is the thing that is in this bill. That is the first charge of incompetence.

The second charge of incompetence, at least at the level of economics if not at the level of politics, is that he took \$12 billion per year of government revenue, of fiscal space, to devote to a lower GST. That is a huge amount of money. Economists, commentators and even Conservative economists, from the OECD or the IMF, it does not matter who is asked, are unanimous that the last thing Canada needs is lower consumption taxes.

What we need is lower income taxes, which give people the ability to save those things, to invest them, to give them to their children or their parents, not just a tax cut that they get only as and when they consume. We have an aging population. We have a need for more saving, not a need for more consuming. This was an extremely costly and unfortunate move by the government.

There is a third element with which we certainly disagree. We have always been the party of broad based tax cuts. We had a \$100 billion income tax cut in the 2000 budget, as some members in the chamber may recall. The thing about an income tax cut that is broadly based is that it goes to every Canadian and every Canadian can do what he or she wants with that money depending on their circumstances. People can consume it. They can save it. They can give it to their aging parents or their young children, whatever they want to do with it, as opposed to a GST cut, where they get nothing unless they consume.

The other advantage of a broad based income tax cut that goes to everybody is that it is fairer and it leaves families to decide how to spend their money, whereas this social engineering Conservative government prefers to give just narrowly targeted tax credits targeted

to electoral groups that it believes might vote Conservative. So we have special tax credits for young hockey players, but we have nothing at all for young violin players.

Why is it incumbent on the government, unless it is a social engineering government, to arbitrate between hockey playing and violin playing or piano playing? Is that not best left in the hands of the families? That would certainly be our approach.

• (1615)

This government does not let those decisions be left to families. In their social engineering fashion, the Conservatives say that hockey players deserve a break and piano players do not. This is the edict of the government. I think that is inappropriate. It is up to the families to decide how to allocate their funds in this way. It is not up to the government.

The last point I would like to mention is a huge missed opportunity. I am referring to the Canadian dollar being in the stratosphere around par—and it has been over par—and the fact that the layoffs we have seen so far as a consequence of that high dollar, particularly in forestry and in the auto sector, are just the tip of the iceberg if the dollar stays high, which most economists believe it will.

If we look forward a year, we will see far more layoffs. The layoffs we have seen are just the beginning in manufacturing, tourism, forestry and other sectors that are exchange rate sensitive, unless something is done about it. The government had the opportunity in its economic statement, its last budget and its previous budget to do something. It has not done anything.

It is true that the government has cut the corporate tax rate. We agree with that. If the NDP members were of the Tony Blair type of new Labour instead of the antediluvian old Labour of the NDP and if they were in agreement with their Swedish and their British colleagues, they would agree too, because that is a good move. That is central to competitiveness. It is central to attracting capital and investment into this country as opposed to elsewhere, so that is good.

But the government does not seem to understand that it is not enough. The corporate tax cut only takes effect some time down the road and it does not deal with the immediate crises facing forestry, manufacturing and other industries.

Much of the forestry industry is on life support today and the government does nothing except cancel our \$600 million plan, which would have invested in that industry to help workers adjust and to help modernize the industry. The Conservatives scrapped that.

Government Orders

The Conservatives are doing nothing for the auto sector, except that they have put not a penny into it. We put in \$300 million. They put in nothing. They are foolish. This is another example of incompetence. The whole industry has dumped on the stupid feebate program. It takes a lot and is very difficult to give a subsidy to an industry and have the whole industry criticize one for it. Normally if we give industry money, it thanks us, but the whole industry is up in arms against this ill-considered government feebate, which benefits largely just one make of car, which is imported.

The Conservatives have not put any money into the car industry. They have a hugely damaging and silly feebate program and they are pursuing free trade with South Korea, notwithstanding huge non-tariff barriers. They are hurting the car industry. They are hurting the auto sector. They hurt the tourist industry by taking away the visitors' GST rebate. They are wounding industries that are already bleeding instead of making positive moves to help them.

I think this budget, this economic statement, is a total failure. One thing the Conservatives did was the accelerated capital cost allowance, but they only allowed two years. The industry committee members unanimously said it had to be five. Those in the industry said unanimously it had to be five. The government was not listening or did not understand. The government made it two years and that is totally inadequate.

To conclude, it is a dishonest budget because it breaks its promise on the Atlantic accord and its promise to Saskatchewan. It has an ill-considered and totally dumb feebate program. It has interest deductibility, which was so stupid the Conservatives had to rip it out of the budget. It is also incompetent on interest deductibility.

It is incompetent on GST cuts versus income tax cuts and on boutique versus broad based tax cuts. Finally, and perhaps most importantly, looking forward it has missed a huge opportunity for all those vulnerable industries that are exchange rate sensitive, such as forestry, manufacturing and tourism. Instead of doing something positive to help them, the government kicks them when they are down. It adds salt to their wounds when what is needed is a positive program to help jobs and to help the economy grow this year, next year and in coming years.

● (1620)

Mr. Ted Menzies (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, I listened with great interest to the hon. member for Markham—Unionville in his talk. Pardon me for the hesitation; I was not too sure how to describe it.

There were several things that piqued my interest. The hon. member mentioned that it would be good to allow families to allocate their funds where they wish. Is that not what this government did in its child care program? If I am not mistaken, I think the Liberals voted against that. The national day care program was the only way to go as far as the Liberals were concerned. That would certainly be one question. Maybe we misinterpreted why the Liberals voted against parents actually being able to have the choice to decide how they look after their children.

There was much discussion by the hon. member about double dipping. I will quote the hon. member for Markham—Unionville, who stated, "When the finance minister says that we should go after abuses by tax havens and double dipping, we agree. We welcome the

finance minister to go after abuses like tax havens and double dipping". Unfortunately, I got a different message today.

Does the hon. member support his leader's position that the Liberals would raise the GST if they were back in office?

● (1625)

Hon. John McCallum: Mr. Speaker, child care and early childhood learning is a fundamental need for Canadians, a fundamental social program which Liberals believe in and which a large majority of Canadians believe in.

I would remind the hon. member that no one is forced to use these facilities. I would remind the hon. member that we are not objecting to the transfer of cash to families. I would remind the hon. member that his government promised to create day care spaces and yet zero have been created. It has failed in that commitment.

He did not answer my fundamental point about social engineering and family choice, which is, why does the member favour one kind of activity for young Canadians, like hockey, and gives nothing at all for other kinds of activities, like music, dance and things of that nature? That is where he deprives Canadians of choice and that is where he puts that choice inappropriately into the hands of the government.

Yes, of course, I believe that government should go after abuses. As I have said many times, and perhaps more important, as seven out of seven witnesses before the finance committee said, what we should go after is not double dipping—that is a figment of the finance minister's imagination—it is something called debt dumping. The finance minister does not seem to know the difference between those two expressions. All of the experts, to a person, told us in the finance committee that the abuse is to be found in debt dumping, not in double dipping, and yet the minister goes after double dipping.

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, it takes a lot of nerve to come into the chamber as a Liberal, cast aspersions on the budget, claim that Liberals have all the solutions which they are willing to follow through on, but they will not vote to stop what is happening.

To an auto worker who is out of a job right now, to someone in the tourism sector who is out of a job right now, or to someone who cannot get the proper child care right now, none of that matters because the member and his party refuse to vote in the chamber.

What is really interesting about this situation is that before we even started to debate the issue, the Liberal Party ran up the white flag and did not even negotiate some changes to this budget, which historically has been done. The Liberals rolled over on their own behalf and against the issues they said they were going to support.

The Liberals finally came forward in support of an analysis of and to take a close look at the South Korea trade deal, something the member who crossed over to the Liberals is bringing forward right now, but at the same time they are not going to stand up today.

Government Orders

I would ask the member directly, why will you not vote? If you really believe you have the solution for the automotive industry and all the different things that you are claiming, why do you not vote now?

The Acting Speaker (Mr. Andrew Scheer): Order. I just want to remind the hon. member for Windsor West to direct comments to the Chair. I of course will not be claiming anything. I will let the hon. member for Markham—Unionville answer the question.

Hon. John McCallum: Mr. Speaker, the more interesting question is not why we did not vote, but why the NDP did vote to bring down the Liberal government in 2005. As a consequence of that vote, we do not have child care. As a consequence of that vote causing the election, we do not have the Kelowna accord. The NDP members do not even have a heart. We know the NDP members have no brain. If they had a heart, they would have voted not to get rid of child care, not to go down with Kelowna, not to go down with Kyoto. Those failures are the responsibility of the NDP members because of that misguided vote they took in 2005.

• (1630)

The Acting Speaker (Mr. Andrew Scheer): The hon. member asked a question and then seemed to try to help the hon. member to answer the question, so if hon. members have a question to ask, they should let the member for Markham—Unionville answer the question, not provide him with help along the way.

The hon. member for Edmonton—Mill Woods—Beaumont.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Mr. Speaker, as usual the Liberal member is speaking before his light is on.

I want to comment on his comment about the member for Outremont. I would point out that if one has a brain, it is only good if it is actually used when it is time to vote in this place. It does no good to have a brain if one is not going to actually stand and use it to make a decision.

What I am really curious about is that the leader of the member's party has publicly stated his intention, or at least a direction that he would like to raise the GST from 5% to 7%. In fact another member went on television and reasserted the same thing. I do not want to see any dancing around as Liberal members have done previously. I would just like a yes or no answer.

Does the member support the stated Liberal intention to raise the GST from 5% to 7%?

Hon. John McCallum: Mr. Speaker, my response is very simple. There is no such stated intention, so there is nothing with which I can agree. Our leader has never said that he would raise the GST from 5% to 7%. The premise is incorrect so there is no question to answer.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Mr. Speaker, I wanted to ask the hon. member about the raising of the GST or actually about the GST itself. He stated that most economists do not agree with that.

I wonder what his reply would be to the service industry. The Canadian Restaurant and Foodservices Association has told us that sector has about one million employees, that 4% of the GDP is contributed by restaurants and the detrimental effect the GST has had on their economy.

In a riding like Chatham-Kent—Essex with 110,000 people, if we do the math, it would distribute another \$12 million within our riding. Does that not make an effect on our economy? Is that not a good thing? Are we not moving in the right direction by reducing taxes and giving more money especially to those people that the NDP rightfully point out are the ones in the groups who need it most?

Hon. John McCallum: Mr. Speaker, it is not a matter of whether we lower taxes or not. It is a matter of which taxes we lower. We are the party that lowered personal income tax by \$100 billion in the 2000 budget. Our point is not that Canadians should not pay lower taxes. Let us say there is \$1 billion or \$10 billion or whatever to spend. Our point is that it is far better to put those billions of dollars into the pockets of Canadians through an income tax cut and they can decide for themselves how to spend it, rather than to put that same amount of money into the pockets of Canadians through a GST cut.

The economists all agree. The economists say that personal saving is good for the country and investment. That is how we grow a bigger pie. I believe Canadians prefer it too. I believe the average Canadian would far rather see a fatter paycheque through an income tax cut than a penny or two off the price of a cup of coffee.

Let us get our debate straight. It is not about cut tax or not to cut tax. It is about if there is a certain amount of money to spend on cutting taxes, should the GST be cut or should personal income tax be cut? What I am saying is to cut the personal income tax.

[*Translation*]

The Acting Speaker (Mr. Andrew Scheer): It is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Don Valley East, The Environment.

The hon. member for Chambly—Borduas.

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, before my distinguished Liberal colleague leaves the House and before I begin my speech on the implementation of part of the March 2007 budget and the economic statement of October 30, 2007, I have a few words to say to him.

We sometimes hear the Conservatives ask us what the point of the opposition is, and tell us that it is only good for criticizing things.

However, the Liberals said the same thing when they were in power. They must now realize that it takes courage to be in opposition, at least enough courage to be able to vote. Votes are sometimes very significant. For example, the budget implementation vote is important. Yet, they did not have the courage to stand up.

This clearly tells the governing party to be very careful when it comes to how it views the role played by the opposition, a decisive role in a democracy.

Government Orders

The Bloc Québécois is against this bill to implement part of the March budget and the October economic statement. We will therefore rise and vote against this bill, because it does not meet the five conditions or priorities put forward by the Bloc Québécois. Once again, it underscores the Conservative bias for the oil and gas economy. Indeed, for them, everything revolves around the oil and gas companies.

Even though they say that their measures apply to all manufacturers and businesses, it is clear that only oil companies will really benefit. These tax breaks will save the oil companies over \$520 million, while businesses in the manufacturing and forestry sectors, which are in crisis right now, will get nothing.

Other groups are being left to fend for themselves, including seniors who are being denied the guaranteed income supplement. Once again, there will be no guaranteed income supplement retroactivity, nor will there be any help for older workers. The economic statement ignored older people. It offered them nothing even though we know that the government owes them a lot of money, especially to the poorest of them who are entitled to the guaranteed income supplement. The amount of money they can receive is based on how low their income is.

This bill gives Nova Scotia and Newfoundland an unfair advantage because of their agreement with the Canadian government, and it cheats Quebec out of transfers and equalization payments. The government also ignored the environment, and we know why.

Let us examine each of these concerns. I will start with employment insurance. When we talk about helping manufacturing companies and businesses in general, we are also talking about measures to help workers. The previous Liberal member said that the NDP has a heart but no brain and that they, the Liberals, have a brain. What good is a brain without a heart?

The economic statement does not have a heart. One might think one has a brain if one subscribes to a particular philosophy or doctrine, but what good is that if the philosophy or doctrine does not include compassion and concern for those we need to look after because that is our calling and our duty? We have to look after human beings, the people we represent.

We know that unemployment is one of the most serious issues before us. Yet the previous government, even though it is now the opposition, is siding with the Conservatives to keep workers and the unemployed in a deplorable economic state.

● (1635)

The government is continuing to misappropriate money from the employment insurance fund, which has had a surplus of more than \$54 billion over the past 12 years as a result of savings made by depriving people of benefits when they lose their jobs.

Employment insurance eligibility requirements have been tightened so much that the number of eligible individuals has been minimized. Only 42% of unemployed men and women qualify for employment insurance. I inadvertently said “unemployed men and women”. This is not entirely true. When you break down the figures, you see that only 32% of women who have lost their jobs qualify for benefits. This is quite dramatic and quite scandalous for a country

that says it is fighting elsewhere for women's rights when here at home, it is depriving women of some of their rights. Similarly, only 17% of young people qualify for employment insurance.

One has to wonder where the surplus comes from. The answer is simple. If all the workers who lost their jobs received the benefits they were entitled to, there would be no surplus. One rule prevents people from receiving employment insurance benefits. The legislation refers to people who received too much money the previous time or who tried to get around the rules. These people represent between 10% and 12% of unemployed workers. Consequently, 88% of unemployed workers should ordinarily receive employment insurance benefits. Yet the actual figure is only half that, which is why there is a surplus.

The Bloc Québécois has introduced a bill in each parliament. This time, we have introduced Bill C-269, which seeks to improve employment insurance eligibility requirements. For example, a person's best 12 weeks of work would be taken into account. The maximum benefit period would increase from 45 to 50 weeks. The eligibility threshold would be 360 hours, and the coverage rate would go up from 55% to 60%. All these measures would cost approximately \$1.4 billion dollars at the current unemployment rate.

This amount is less than the sum that was taken, again this year, from the employment insurance fund surplus. What is happening? Why is the government not voting with us on Bill C-269? We will debate it again tomorrow in the second hour of third reading. We have asked the government to give the royal recommendation, in accordance with the Speaker's ruling. It is cabinet that must give that recommendation. The NDP has also requested it. We are still waiting for the Liberals to follow suit and for the government to respond to our request. Why? For the House of Commons to finally vote, in a fully democratic manner, on employment insurance reform. Much to our dismay, and to the dismay of the people concerned, there is no sign of this happening so far.

When the unemployed are denied their benefits, it is not just one person who is penalized. That individual's family is penalized as well. This prevents the region's economy and the province's economy from benefiting from the economic boost that comes from a person receiving employment insurance benefits.

● (1640)

In each of our ridings, year after year, at least \$30 million is kept out of the riding's economy because people who lose their employment are denied their employment insurance benefits.

I call that an economic crime. We here in the House of Commons are accomplices in that crime. Those who do not vote are not supporting this bill.

I am again asking our Liberal friends, the official opposition in this House, to join us in calling on the Prime Minister of Canada to give the royal recommendation so that tomorrow, in the second hour of third reading, the Speaker can announce that there will be a vote and so that we can vote on this bill soon.

Government Orders

Not to do so would be an act of extreme cowardice toward people who have lost their employment. Not making a concerted effort to come and vote would be worse than remaining seated. It would show a lack of courage to the people who elected us.

There is another bill dealing with employment insurance. Incidentally, I salute our friends from the NDP, who have always remained steadfast with us regarding, among other things, the need for an analysis of the precarious situation of those who find themselves without employment, despite the fact that the oil economy is flourishing. We know, however, that it is on EPO, because every other sector is collapsing.

We have kept rising in this House again and again to speak up for those who have lost their jobs. For instance, we introduced Bill C-257, to establish an independent employment insurance account, thereby putting an end to the misappropriation of funds, and make sure that the account is managed by those who are paying into it, namely the employees and the employers, and that a majority of representatives of employees and employers compose the commission administering the account. Of course, these people equally representing employees and employers could be seconded by a chief actuary. The government would also be represented. Money should also be taken every year from wherever it was diverted to and put back into the account.

All that I am relaying to the House right now is not a figment of the imagination of the member for Chambly—Borduas. It stems from the work of a parliamentary committee, namely the Standing Committee on Human Resources and Social Development. The principle of an independent EI account has been unanimously accepted and recommended to the House of Commons by the members of that committee, that is to say representatives of the Liberal Party, the Conservative Party, the New Democratic Party and the Bloc Québécois. They were unanimous.

Yesterday, this bill was voted on at second reading stage so that it could simply be referred to committee, so that the committee could complete its work. To our surprise, and I would even say our dismay, the Liberal Party voted against. We are totally bewildered and we are trying to understand. How can that be? They were on board. What made them change their minds? Is it the same thing that kept them from standing up and voting on the budget? Is it cowardice? This is quite shocking.

Last night, I spoke with representatives of the main unions, the FTQ, the CSN and the CSQ, and unemployed workers' representatives. Everyone is dumbfounded by the Liberals' behaviour. They do not understand. They are dumbfounded. They were promised that the Liberals would vote like us. This morning, during the FTQ convention attended by nearly 4,000 people, there was a unanimous vote to give Bill C-269 royal recommendation.

There is something completely illogical, and I would even say illegitimate, about how votes are held here. Indeed, it is not representative of the will of the majority of the citizens of the country and, of course of Quebec, whom we represent.

● (1645)

I would like to revisit another concern of ours: social housing. What does it have for social housing? Nothing.

I would remind the House that the Liberal Party stopped all subsidies for social housing, as it is called in Quebec. At the federal level, it is called affordable housing. There were two programs, one provincial and one federal. The provinces, the federal government and the municipalities all worked together to develop social housing. However, from 1992 to 2001-02, not a single cent was put into it.

Yet, the established standard to ensure sufficient social housing to house low-income people states that there must be a housing vacancy rate of at least 3%. Many towns and cities do not even have that. In my riding, out of 12 municipalities, 10 are below that, five are below 1% and in one municipality, there is a 0% vacancy rate. What happens in such a situation? Naturally, this increases the cost of housing. This also causes people with low incomes to relocate. They move to towns or cities where there are slums, since slums are the only housing they can afford.

It makes no sense for 17% of people with low incomes to have to spend 80% of their income on housing alone. They only have 20% of a meagre income to feed and clothe themselves and to live on. It is unacceptable that, in Canada, which they say has a prosperous economy, people with low incomes are put in such a position.

What should be done? We must re-establish the rule we had in the early 1980s whereby about 1% of the national budget was allocated to social housing. That is what we are asking for in order to jump-start the construction of social housing, to provide more decent housing to low income citizens.

The fourth point I would like to discuss is how we treat our seniors. It is unbelievable that last spring's budget and the recent economic statement do not contain measures to correct the monumental injustice to seniors. They are owed more than \$3 billion in retroactive benefits. That is not a gift.

These individuals with very low incomes were entitled to the guaranteed income supplement. They were not informed about that. Heaven knows that individuals with a low income are, for the most part, very isolated, and not likely to be attuned to the communication networks that provide all this information. Seniors and aboriginals are some of these people. We could go sector by sector. For years, these people were deprived of the guaranteed income supplement.

What answers are we given today? They are always technical and evasive. In the past, the Liberal government played that game and nothing has changed with the present government.

A Quebec statesman said that a society is judged by how it treats its children and its seniors. I can say that the Conservative and the Liberal Parties will be judged harshly by history not only because of the horrible economic crime committed against seniors, but also because of the equally appalling injustice. These people are not asking for much; they are merely asking for their due.

● (1650)

I realize that my time is running out and therefore I will wrap it up. We, the Bloc Québécois, will definitely vote against this bill to implement the spring budget and the fall economic statement because this budget makes no provision for the most disadvantaged, making it unworthy of a so-called prosperous Canada.

Government Orders

• (1655)

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, my questions are about Darfur, but I have people to thank first.

[*English*]

We need lots of support to make this House work and sometimes we forget to thank that support. We should get on the record the tremendous job that the translators do hidden in their little houses and of course the table clerks, the pages and the Speaker. These people work hard every day without the profile that we get. Without these people working hard every day the House would not run so smoothly. They all do a very professional and excellent job for us.

My question is about Darfur and the lack of action by the Conservative government. This has been called the greatest humanitarian crisis. From the moment this crisis started, Canada was in the lead, providing foreign aid and support for the African Union. Until very recently it looked like things were going well. The UN passed a motion allowing troops to go in and a peace process in Libya. A week or two ago it all started to fall apart. The peace process was not working and no one was providing troops or support.

We were astonished by the answers that we received yesterday in question period from the minister and today from the parliamentary secretary. They said that Canada was not going to add anything new to the new world effort for Darfur. The Canadian government is not going to participate in the effort.

My constituents are terribly upset about the crisis in Darfur, which as I said, is perhaps the world's greatest humanitarian crisis.

I would like to know if the member thinks there should be more attention paid to that. Does he agree that we should not get a nil answer from the minister and the parliamentary secretary, but rather we should get an answer indicating that Canada will provide more support for the people in Darfur? These people are being murdered or raped or exiled from their country.

[*Translation*]

Mr. Yves Lessard: Mr. Speaker, I join my colleague in taking this opportunity to underline the great work done by the all the support staff of the House of Commons. I am not sure what prompted such a comment on his part, but I think it is a good thing to do regardless. We have to show our appreciation from time to time.

With respect to Darfur, it is a source of concern, particularly in Quebec. I am not really in a position to speak for the other provinces, even though I keep informed about them and visit them occasionally, but in Quebec, where I am from, I perceive this very strong desire to get involved, but always with peace in mind, by taking part in peace operations. We have this yearning to provide relief to people dealing with war crimes and conflict situations, by playing first and foremost a peacemaking role.

Granted, one might argue that this is not always possible, that it is sometimes necessary to fight. Nowadays, operations do not always require the use of conventional weapons however. It is much to the credit of my hon. colleague that he brought forward this concern about Darfur, a concern which is shared. This is a very complex issue. The interests at stake in Darfur are not only those of that

particular country. I think that foreign interests are creating much more tension and conflict than the internal conflicts.

[*English*]

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, I would like to ask my colleague a question about our manufacturing sector and to get his party's input on it.

The auto parts association has made a desperate call for assistance and funding on account of the high Canadian dollar. The dollar's rapid rise has affected the manufacturing base, not only in terms of autos but also the lumber industry and other types of manufacturing in Quebec and Ontario.

There used to be a technology partnership program to assist the auto industry and the aerospace industry. The aerospace program has been reinstated, but to date the auto industry program has not been reinstated. Our party is calling for that program to be brought back again, especially as a result of the appeal from the auto parts sector. There are thousands of jobs that are on the line today. We want to see this happen. I hope my colleague's party will support our call.

My colleague and his party have been strong advocates on the industry committee with myself and others for an industrial strategy supporting the manufacturing base in general. Would the member tell us more about his party's plans? The NDP has been calling for the five year capital cost reduction allowance that was proposed with the possible five year extension.

Will his party support the call of the auto parts manufacturers because of their current problem with the rising dollar? What other measures does he suggest to protect manufacturing jobs in Quebec, Ontario and the rest of Canada?

• (1700)

[*Translation*]

Mr. Yves Lessard: Mr. Speaker, in a debate like this one, that seems like a key question. We think it is a very dangerous strategy for a country to concentrate its efforts on a single industry or sector—as is currently the case with the oil sector. When the sector collapses, there is no other sector available to keep the economy running.

This means that we need to find a balance. For example, the defence and armament industry received more than \$25 billion over two years. Last year, in a single week \$17.5 billion was announced. As for the oil sector, I will not repeat the figures, but we are talking about \$520 million in tax cuts according to the economic statement before us.

Our colleague is absolutely right: we need to find a balance. We must observe the Canadian economy as it relates to all its various components, in particular those in the manufacturing, forestry and tourism sectors, in order to strike a balance when it comes to our strategic initiatives and investments.

Government Orders

The manufacturing sector, as well as the automobile and aerospace sectors, need strategic financial support and financial initiatives that are very targeted when they are experiencing difficulties as they are now. We should not tell these companies that we will give them tax cuts when they are making a lot of money, as oil companies are right now. These companies do not need tax cuts. They need new money injected into a development and support strategy.

[*English*]

Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC): Mr. Speaker, I have a question for the member. Mr. Lavoie from the Laurentian Bank of Canada stated that Quebec had added 70,000 jobs this year. This accounts for more than one-third of the country's total employment gain this year.

I wonder if Quebecers would like to hear something a little more optimistic from the Bloc who do not paint a very pretty picture? He never recognizes that there are some really good things happening in Quebec.

Also, due to some of the challenges facing older workers and vulnerable communities, would the member recognize the targeted initiative for older workers that this government put in place? There is a total investment of \$70 million in the targeted initiative for older workers and 11 of the projects worth \$27 million have been announced in Quebec.

Our government is concerned and has shown empathy. I wonder why the member never recognizes some of the important things that this government is doing.

Would the member help the government in one other area? Through Human Resources and Social Development Canada we have sector councils. Sector councils are beneficial in helping workers in such transitions from forestry to mining. Does the member not also think these initiatives will help the residents of Quebec?

• (1705)

[*Translation*]

The Speaker: The hon. member for Chambly—Borduas may respond briefly.

Mr. Yves Lessard: Mr. Speaker, all we are doing is trying to help them, but they will not listen to us.

There is one thing that our colleague, the Parliamentary Secretary to the Minister of Human Resources and Social Development, does not want to hear. They say that 70,000 new jobs have been created, but they do not say how many jobs have been lost. What kind of jobs are left? Many of them are poorly paid.

There are two main points to consider here. People who do not have jobs have no income or very little. Many of the new jobs are so poorly paid that many of those who have to resort to food banks are actually employed.

Why is it that if they have a job and an income, they have to go to food banks at the end of the month? Because they are people with low incomes.

In Canada this year, 880,000 people a month relied on food banks, and 280,000 of those were children. That is more than the number of people living in Ottawa. There has to—

The Speaker: The member's time has really run out now. I gave him plenty of time to conclude his remarks, but he took too long. I apologize for having to interrupt him now.

The hon. member for Scarborough—Rouge River.

[*English*]

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I am happy to engage in the debate on the budget bill. Budget bills often include a lot of public policy and this budget is no exception. We have a lot of territory to cover.

Since I sit in opposition, I think my remarks will be found to be more opposition oriented, not so much critical as skeptical and demanding of more. However, I think Canadian voters expect that when they send members of Parliament in opposition, they will perform that role. I will try to be constructive as I go through my comments on the bill.

I cannot imagine that in the whole history of this country there has been a better economic backdrop for a budget. The same is arguably true for budgets under the previous Liberal government. We have a situation in Canada that has evolved over the last 10 or so years to one that is highly good looking. We have interest rates among the lowest they have been in 30 years. Unemployment is at its lowest level in just about as long a period.

I represent an area in the greater Toronto area, Scarborough, and in our Toronto area those unemployment rates are getting right down where finding replacement workers is getting close to what is called structural full employment, but that is not a complaint. I am saying that the state of the economy is such that in general across the country Canadians are faring very well.

Our gross domestic product, the measure of the strength and size of our economy has now gone over the trillion dollar mark. We are now officially a trillion dollar G-7 economy. That is big by any measure and just managing that on a day to day basis is a huge task. We realize of course that the government does not manage the whole economy. It manages a piece of it and facilitates the rest, or it should be trying to facilitate the rest.

The world marketplace is bidding up the value and price of Canadian commodities such as we have not seen for a long time. We know that from commodity to commodity there will be good years and bad years but it seems like all commodities around the world are being bid up in value and Canada has is a big land, a very big place. It has a lot of big commodities.

When I was a kid I would not have listed diamonds as one of our commodity assets but, son of a gun, I find that the explorers and prospectors have found diamonds and now we are mining diamonds in the north for the most part.

Government Orders

The bidding up of world commodities has placed Canada, its people and its currency in a very favourable position. However, that will not always be the case. There will be some weak years. However, with the burgeoning economies in China, South Asia and India, the buoyant, firm value of commodities will likely be around for a while. I know that Canadians, particularly Canadians in communities outside the big cities, actually gather the commodities together by mining and hunting. To those Canadians who work hard at that, it is a pleasing prospect.

The federal budget has been in balance now for almost 10 years. It has been a long time in our history since that has happened and it is a very pleasing prospect. Canadians of course are the ones who enabled that to happen. It did take a government a few years ago, a government that I was a part of, to actually bring things back in balance and it was hard work at the time.

• (1710)

If we listen to the debates here, we still hear criticisms from the opposite side of the House about what they call Liberal cuts to various budgets. Most of those Liberal cuts were absolutely necessary to bring our government spending in line with what our revenues were, and by 1997-98 we had actually accomplished the task.

For about 10 years we had a surplus budget and those surpluses have served us well and I hope our spending served us well. I hope it has, but that is always an issue of debate in the House.

The current account is how we measure between all the money going out of the country and all the money coming into the country. The current account has been in surplus for about seven years and that, in terms of international measurements, is a very big deal. If the current account stays in surplus on and on, our currency must, by definition, go up in value.

Our balance of trade is just the difference between what we manufacture and ship out and what we manufacture and ship in, and what goes out and comes in, in terms of services. Our balance of trade has been in surplus for many years, thanks to all the sectors of the economy that contribute to our economy, all the workers who produce goods and all the work of the people who design and ship them, the truck drivers, the trains. We ship out more than we import and that surplus goes to our current account and keeps us well off. We are a well off country by any measure.

As a result of all of those things and other things, our currency has strengthened and it has strengthened to the point where a lot of our economy is having to adjust. Some of those adjustments are painful and many of them are laid at the feet of workers, small businesses and medium size businesses across the country, and we are starting to see those adjustments now.

If people are outside the country watching, they would probably ask us what Canadians have to complain about. Needless to say, there are a few complaints out there.

Sitting in opposition, we have reviewed the budget. The budget bill is a budget implementation bill. In opposition, our job is to provide a kind of adversarial, critical role. In doing that, we also must accept that a budget implementation bill will have some good

things. It cannot, for heaven's sake, all be bad. If it were all bad, we would probably see it on the front page of the newspaper every day.

Therefore, this budget implementation bill would implement a whole raft of technical changes. Most of these are technical changes but some are integral to policy changes brought about by the government.

In opposition, we like some things but we do not like other things, but in the end we need to find a balance. Normally in a budget implementation bill we would find the opposition just pro forma voting against the budget. It is something that opposition parties normally do. If there is a critical mass of things they do not like in a bill, they will just vote against it, but that is assuming that we have a majority government.

In this case, in this Parliament, we do not have a majority government so the implications of voting no just because we do not like the look of the thing would be quite significant. It would actually end up in the dissolution of Parliament if all of the opposition parties or if a majority of members were to defeat a budget bill.

There are some constraints as the opposition address the bill and I hope Canadians will recognize that. I certainly have had to do that as a member of Parliament.

What are some of the measures in the bill that I or my constituents might or might not accept. The one I know my constituents will relate to is the public transit tax credit. This current budget expands the scope of it but the tax credit already existed.

• (1715)

Most transit riders accept that as a good thing but there are some public policy issues surrounding it. Does this particular tax measure increase ridership on municipal transit? That might have been part of the general intention but without the full data it is not clear to me that it has increased ridership. If there is a tax break, surely it has a goal. Does it increase ridership?

The last time I read about this in my area, just one part of the country, the greater Toronto area, it did not appear to have increased ridership in the way the government thought it might, but there is data coming in from across the country and there may be data that shows this in a more positive light.

Here is another question. Does it do anything to reduce the heavy burden of the huge mass transit costs on large municipalities? The answer to that, I think, is no, it does not do anything to reduce the costs or the burden on municipalities in providing, building and maintaining mass transit.

One could argue that if the riders are given a break in taxes, then the municipalities might be able to increase the fares and, therefore, provide more revenue to the transit authority. However, that is not the plan. We do not want to start monkeying around with municipal transit fee and fare arrangements, so we will leave it alone.

When I asked those questions, many of my colleagues on this side of the House felt that, notwithstanding the pleasure it might give to a transit rider, the transit tax credit did not actually accomplish a significant public policy benefit.

Government Orders

A second item I want to mention is enhancing tax benefits for donations of medicine to the developing world. This measure must, by any measure, get an A+ if it works. This is to facilitate the movement of drugs out of our very rich, very well off and very well medically provided for G-7 countries to the developing world. I applaud that tax measure because it can only help. The tax expenditures, which, in accounting terms, are called tax expenditures in government, that might be involved in this tax measure, I am hopeful, will be seen by all Canadians as well spent.

A third item concerns the government wanting to streamline the process of dealing with and registering prescribed stock exchanges around the country. This brings us very close to the issue of securities regulation. The measure is so technical that I do not think it means very much to the average Canadian, but it raises in my mind the issue of the development of a national securities regulator or a regulator of securities who would manage the system nationally in partnership with the provinces.

In a way, the government may only be nibbling at a very significant policy issue. I am hopeful that the government will be able to move a bit closer to that objective of a national securities regulator. The previous government, with which I sat in the House, was not able to move the yardsticks too far ahead. There were discussions, expressions of interest and statements of principle but it is a major task to bring the provinces onside. Hopefully, one day we will get there.

The next thing I want to mention is the provision dealing with withholding the tax exemptions for cross-border interest payments. This is a good measure. We have now and will increasingly have large numbers of people in this country residing, staying or visiting on both sides of the border because that is the nature of the two countries, Canada and the U.S.A. This measure has to help. We have many other issues but we must deal with the cross-border issue. It only needs a minor tweak to assist some people and reduce the paperwork.

• (1720)

I will be a bit harsher on the next issue. This has to do with what the government is calling double deductions of interest expense for financing the acquisition of foreign affiliates. This was actually stated quite differently in the budget speech. I really think that the Finance Minister actually made a mistake in the budget speech, or those who helped him prepare the speech made a mistake, because when it was originally described in the budget speech, it was a decision by the government that it would ban all deductions used to purchase foreign affiliates.

This, of course, was an unwarranted, ludicrous intervention in what is a normal business tax deductibility practice when Canadian businesses do international purchases and acquisitions.

Our businesses have to be able to do that. Tax deductibility for financing is a basic routine accounting item and for some reason in the budget speech the minister seemed to have got it wrong.

In the end, in the bill, the Conservatives have refined the target thing they wanted to work on, to the double deductibility. They wanted to remove the double deductibility. That may have to be looked at from case to case, but absolutely, for sure, if a Canadian

outfit is financing the acquisition of a capital property internationally, it simply has to be able to deduct the interest expense incurred in financing it. Otherwise we, as a country, will be out of business in terms of global business and international companies will not even want to be here if we have these kinds of income tax restrictions.

I think the government has repaired it, but I will let the finance committee, this House and the other house, and MPs who work on this more intensively than I do sort that one out.

Number six on my list is with respect to the income trusts. The government has measures here to deal with the taxability of income trusts.

There has been a lot said in the House and outside the House on this issue. It is pretty clear that notwithstanding the commitments made by the Prime Minister before he was Prime Minister that he would not tax these publicly traded income trusts, now the government has made the decision to do it.

The day was referred to as black Friday. It has been characterized as a breach of faith, as a broken promise, as a betrayal. This was not just a little hiccup. This had huge reverberations in financial markets. In fact, it still is. The adjustments going on are still huge and many or most of the investors, certainly not all, have real capital losses as a result of that. They will not forget.

I cannot fix this one. The Prime Minister made the commitment. The government reneged on it and that one sits for the consideration of Canadians.

The last thing I want to mention, as I get right to the end of my list, is the amount of repackaging and rebranding I see going on. The government will take \$50 million or \$100 million in a program, bundle it all together, and then re-announce the program with a new name. That is okay in politics. Rebranding is important. I just hope Canadians realize that a lot of the money being announced now is really just the same old program with a new brand.

I wish the new government well as it does that, but its rebranding is just as valid as my complaining that all it is, is rebranding.

• (1725)

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Mr. Speaker, as we discuss Bill C-28, and as we go down through the number of things that have come forward in this bill let me remind members that in regard to the GST, we have taken it from 7% down to 5%. We have raised the basic personal exemption from \$9,600 to \$10,100 by 2009. We have lowered the personal income tax to 15%. We have introduced the real, true child care program of \$1,200 per year. There is some indication that the Liberal Party would remove that and take it away.

We also want to make sure that we always talk about businesses because those are family businesses mainly where we reduced the tax. In our government, one of our key issues was the reduction of the GST. Earlier we listened to members from the Liberal Party talk about the GST and it was interesting as the Liberal leader said that his party would raise it back up to 7%. The Liberal leader said in June that he would raise the GST back to 7%, that he would scrap the 1% cut in the GST and use that \$5 billion a year to expand the national child benefit program which is a bit of a bureaucratic institution. That is what he would take that money to do.

The member for Markham—Unionville said that “It’s an option. All I can say is that it is consistent with our approach”. I wonder if the member has some comments on that.

The Acting Speaker (Mr. Royal Galipeau): The hon. member for Scarborough—Rouge River will know that at 5:30 p.m. he will be interrupted.

Mr. Derek Lee: Mr. Speaker, I am happy just to make a brief comment. A lot of what the hon. member said is correct. There is some political rhetoric, but the one that I react to is his suggestion that the government lowered the income tax to 15% from 15.5%. It was at 15% when the Liberals left office and the Conservatives increased it to 15.5%. Talk about rebranding, that is rebranding and taking credit for a tax cut where the increase never should have been made in the first place.

The Acting Speaker (Mr. Royal Galipeau): It being 5:30, the House will now proceed to the consideration of private members’ business as listed on today’s order paper.

The hon. member for Scarborough—Rouge River will be interested to know that when we return to the study of Bill C-28 there will be seven minutes left for questions and comments further to his earlier presentation.

PRIVATE MEMBERS' BUSINESS

• (1730)

[English]

PERFLUOROCTANE SULFONATE VIRTUAL ELIMINATION ACT

The House resumed from October 24 consideration of the motion that Bill C-298, An Act to add perfluorooctane sulfonate (PFOS) and its salts to the Virtual Elimination List under the Canadian Environmental Protection Act, 1999, be read the third time and passed.

Mr. Mario Silva (Davenport, Lib.): Mr. Speaker, before I begin my remarks, let me take this opportunity, and it is an opportunity that very few of us in this House sometimes take, to congratulate, to honour and to pay homage to our colleagues who in fact do good work in this House. It is too easy for us in the House to criticize one another, but there are many of us who do good work on behalf of Canadians and on behalf of people across this country.

One of these of course is the hon. member for Beaches—East York who has an illustrious career both in defence of immigrants and

refugees across the country, and of women’s issues along with her care and passion about the environment.

One of these bills that she has introduced, her private member’s Bill C-298, is such a bill. I would like to lend again my support and also to congratulate her and to pay homage to her for her long career of service to Canadians and to people across the country.

I am pleased once again to have this opportunity to speak on the issue of perfluorooctane use, specifically with respect to Bill C-298 introduced by my colleague, the member for Beaches—East York. This bill would add perfluorooctane sulfonate, or PFOS, to the list of chemicals on the virtual elimination list.

As I have done previously, I believe it is important to recognize the very real dangers of PFOS. The fact is that it never degrades and in fact this substance accumulates in the human body. Chemicals like PFOS are toxic to our bodies and to our environment. The government needs to take the action of supporting Bill C-298 as a necessary and prudent beginning.

Having served as the vice-chair of the environment committee, I heard a great deal of testimony on important environmental issues, including the need to expand the virtual elimination list. During my time on the committee, it was also obvious that the government will say and do anything in order to avoid taking real action on the environment.

While in opposition, the Conservatives called the Kyoto accord a socialist plot and fought against it publicly while disputing the signs of global warming. It is therefore not surprising that the Conservatives have cancelled successful and efficient environmental programs like the one tonne challenge.

The government claims that these programs were wasteful, despite the fact that the opposite position was taken by the independent Environment Commissioner. The government considers any investment in fighting global warming wasteful because it really does not consider global warming a problem. This is clearly a disconnect not only from what we on this side of the House know to be true but what the vast majority of Canadians know to be reality.

The Conservatives like to pretend that they are taking action on the environment, when in reality all they are doing is producing more hot air. In fact, they are on their third failed environmental plan since they have taken office. Moreover, when the House of Commons committee, including Conservative members, drafted a real and effective plan for the environment, the government did everything it could to obstruct the bill from becoming law.

How could it possibly get worse? Now we see the government has taken its environmental denial tour on the road. During the Commonwealth summit in Uganda, the Prime Minister was given the shameful credit for having derailed a plan that would have created binding targets.

What was his reason for this? The Prime Minister says it is because the plan did not include China or the United States. It is interesting to note that it was a Commonwealth meeting and neither of these two countries are even member states.

The Leader of the Opposition, indeed the member for Beaches—East York—

Private Members' Business

The Acting Speaker (Mr. Royal Galipeau): The hon. member for Nanaimo—Alberni is rising on a point of order.

• (1735)

Mr. James Lunney: Mr. Speaker, this act involves a chemical and its use in Canada, and the preparation of an enactment to make that chemical unavailable in Canada. I would ask the Chair to challenge the member on the relevance of the Commonwealth Conference, China, and other nations related to climate change, which seem to be unrelated to the matter at hand today.

The Acting Speaker (Mr. Royal Galipeau): I thank the hon. member for Nanaimo—Alberni for his point of order and I am sure that the hon. member for Davenport will come back to the point in short order.

Mr. Mario Silva: Mr. Speaker, I certainly will. In my earlier remarks I talked about when I was the vice-chair of the environment committee. My colleague should be aware that CEPA is a very important regulatory body and that this is not one of the chemicals that needs to go through a CEPA review.

Therefore, there is the relevancy of the environment committee, what we do about the environment, what action the government wants to take on the environment and its failure to show leadership on issues that affect global warming. This is all relevant to the issue of the environment. Bill C-298 is also about that. It is one piece of the larger pie on how to deal with environmental contamination and issues that affect our health.

Bill C-298 is a meaningful step forward. I am honoured to speak in support of the excellent bill introduced by the member for Beaches—East York and I encourage all members to support it as well. We are talking about our environment, our health, our future and that of our country.

Mr. James Lunney (Nanaimo—Alberni, CPC): Mr. Speaker, it is a pleasure to enter the debate and to speak to Bill C-298, which is a very important act. Bill C-298 is an enactment that would require the Minister of the Environment and the Minister of Health to make, within nine months after the coming into force, a regulation to add perfluorooctane sulfonate, or as the member before mentioned, PFOS, as it is sometimes called to save the tongue a little twisting, and its salts to the virtual elimination list compiled under section 65(2) of the Canadian Environmental Protection Act, 1999. The act may also be cited as the perfluorooctane sulfonate virtual elimination act.

I am pleased to say that the government supports the bill.

The government is committed to taking strong action to protect Canadians and our environment from the possible harmful effects of chemical substances. That is why we announced, in December of last year, a new \$300 million investment in the Government of Canada's chemicals management plan, a plan that will maintain Canada among the foremost leaders in chemical management internationally, and a plan that was well received both by industry and by the environmental and health groups. We are now implementing it in earnest.

One of the first substances to receive our attention, under the chemical management plan, was perfluorooctane sulfonate, or PFOS. There is concern over this substance and what the government is doing about it domestically and with international partners.

When Bill C-298 was introduced last year, the government had not yet announced the chemical management plan or its proposed actions on PFOS. I therefore congratulate the member for Beaches—East York for bringing this issue forward. The bill has an important purpose, to recognize that PFOS is one of those substances that should be virtually eliminated because it can persist for long periods of time in the environment and it can accumulate in food chains. Substances with these characteristics are among the highest priority substances in our chemical management plan.

As PFOS is a high concern substance for which the weight of evidence supports that it is both persistent and bioaccumulative, the government supports the idea that it should be added to the list. However, as Bill C-298 was originally drafted, it would have not only required the addition of PFOS to the virtual elimination list under CEPA, but it would also have required the costly development of an ineffective approach to pursuing the objective of virtual elimination. The government therefore did not support the original wording of the bill.

To understand this more fully, it is important to understand both the requirement that would have been put into place and the principal route of entry of PFOS into the environment.

PFOS was used in formulations of stain and grease repellents that were applied to all kinds of fabrics, carpets, jackets, sofa covers, name it. It was also used to make firefighting foams more effective and to suppress fumes in certain industrial applications. This wide variety of uses meant that PFOS was entering the environment from thousands of very small sources.

However, since it is a commercial substance, intentionally added to things, we have the ability to stop it simply by putting in place a regulation that says we will not manufacture, import, sell or use the substance any more. That is what we have proposed to do under CEPA. We are expecting to finalize that regulation this year.

The bill would have required the government to develop and publish a level of quantification for PFOS. A level of quantification refers to the lowest amount of the substance that can be detected using sensitive but routine chemical analysis methods.

The bill would also have required the development of a regulation concerning the quantity or concentration of the substance that may be released into the environment, either alone or in combination with any other substance, from any source or type of source, a type of regulation sometimes referred to as a release limit regulation.

The problem is in the case of a commercial substance like PFOS, it can be very difficult to define and regulate the sources of release. And, when considered in the context of our proposed regulation to prohibit the substance in Canada, it adds no value. Indeed, by prohibiting the production, import or use of PFOS, we will be acting to eliminate potential sources of its release.

Private Members' Business

• (1740)

I will also add that requirements to develop limits of quantification or release limit regulations are not specific to this bill. The Canadian Environmental Protection Act contains similar requirements to publish levels of quantification and develop release limit regulations for substances that are put on the virtual elimination list.

The Standing Committee on Environment and Sustainable Development, the same committee that considered this bill, has also just produced its report on the five year review of the Canadian Environmental Protection Act. In that report, the committee specifically identified three requirements as problematic. PFOS is a case in point. Moreover, the committee recommended that the act should recognize that prohibition regulations were an option toward achieving the objective of virtual elimination. We are proposing just that in the case of PFOS.

At committee, the committee therefore proposed several important changes to the bill. We still wanted to put PFOS on the virtual elimination list, but we did not want to create obligations to waste taxpayer money or complicate the regulatory environment with ineffective regulation. Working carefully with the member for Beaches—East York, we developed amendments such that the bill would still require the government to put PFOS on the virtual elimination list, but without the requirement to publish the level of quantification or develop a release limit regulation.

Another important amendment we made was to ensure that the bill would address the same substances the government had identified as priorities through its scientific risk assessment. The risk assessment identified PFOS itself, but also several related compounds, which are salts of PFOS, as toxic, persistent and biocumulative. Bill C-298 therefore was amended to address PFOS and its salts.

Finally, CEPA puts the onus of implementing the virtual elimination on both the Minister of the Environment and the Minister of Health. We therefore proposed an amendment to ensure that both ministers were identified in this case, both for consistency and because in the long run these persistent and biocumulative substances might be of concern to both people and to the environment.

I am pleased to say that the government supports the bill and will be very pleased to see this compound added to the virtual elimination list. It will improve the environment for Canadians and will take this substance virtually out of circulation, out of the bodies of Canadians and out of the environment, which will be good for all of us.

• (1745)

Mr. Bill Siksay (Burnaby—Douglas, NDP): Mr. Speaker, I am pleased to have this opportunity to speak in the debate on private member's Bill C-298, the perfluorooctane sulfonate virtual elimination act that was developed by the member for Beaches—East York. I want to thank her for getting the issue on the agenda.

It is very important that we have looked at this particular chemical that exists in our environment and has, I believe, been misused over the years. It is a very serious issue. I am glad we have made some significant progress on virtually eliminating it or that we will be moving to that shortly.

It was interesting listening to the member for Nanaimo—Alberni who talked about the process that the committee went through in working on this bill, some of the compromises and give and take that was made to this legislation to make it possible to gain support I gather in all corners of the House. Certainly, we in the NDP are supporting this legislation. I think that shows the kind of work that can be done in the House of Commons on legislation.

I wish that we had been able to muster that same kind of non-partisan cross-party effort on the big environmental bills of our day. It would be great if we could bring back the clean air and climate change act that had that same kind of cooperation through committee. Every party was allowed to bring its ideas to the table. The final document, the rewritten bill, reflected the ideas of all political parties in this place. Sadly, the government has refused to put it back on the agenda.

While we are making progress on this very specific chemical, we are missing progress on that very important and large piece of work on climate change that all Canadians recognize as crucial. It is going to be a sad day if we do not make progress in this Parliament on that big issue.

I also want to mention that Bill C-298 is similar in its intent and work to one that we passed last night at third reading, another private member's bill, Bill C-307, from the member for Skeena—Bulkley Valley, the phthalate control act, which also sought to limit the use of a particular chemical that was harmful to our environment and to our health.

I think we have been making progress again on some very specific issues but it is too bad we cannot get the big issue of our day, the climate change issue, back on the agenda of this place and make some real progress there.

With regard to the specific bill before us, it mandates the Minister of the Environment and the Minister of Health to make regulations that would keep the release of PFOS into the environment at a very low level where the substance actually cannot even be accurately measured. That is what it means to be put on the virtual elimination list. It is not being eliminated virtually, but it is going to be removed enough to a point where its presence in the environment is negligible. That is a very important step to take.

It seems that PFOS is one of those substances that seemed like a good idea at the time. It was a very popular substance when it was first introduced. It was used in many fabrics as a stain resistant substance, usually as a stain repellent. It was used in rugs, carpets, upholstery, clothing, food packaging, cleaners and in firefighting foams. It was used in very many places across our society. It was thought to be inert at the beginning.

Few tests were ever completed on the chemical's effects on people and wildlife and on the environment, but recently more testing has been done and it has been shown to have some very serious problems. For instance, animal testing was done. It was shown to be a carcinogen. It did cause certain kinds of cancers and damage to the immune system. That was an important step forward where we realized some of the harm that could be caused by PFOS.

Private Members' Business

This led, I think in the year 2000, to the Environmental Protection Agency of the United States banning the substance. It said that continued manufacture and use of PFOS represented an unacceptable technology that should be eliminated to protect human health and the environment from potentially severe long term consequences. I know as well that Environment Canada and Health Canada agreed in their own studies and work on PFOS.

We also know that PFOS is bioaccumulative. It does not disappear; it persists in the environment once it is introduced there. That is a very serious consequence of the use of this particular chemical.

● (1750)

Environment Canada and Health Canada stated in the *Canada Gazette*:

PFOS has been detected throughout the world, including in areas distant from sources, and in virtually all fish and wildlife sampled in the northern hemisphere, including Canadian wildlife in remote sites, far from sources or manufacturing facilities of PFOS and its precursors.

We know that it is a very difficult substance to eliminate now that we have introduced it into our environment. We know that its health effects are very serious as well. It is persistent, it is bioaccumulative and it is toxic, all good reasons why we should be eliminating its use in our society.

This is a very important step to take. I gather from reading the original speeches by the member for Beaches—East York on this that there are proposals to eliminate this substance globally. Sweden has proposed a global ban on PFOS as part of the persistent organic pollutants treaty, which is being discussed. I hope that Canada, given the steps that it seems we are about to take with it, will strongly support Sweden in those efforts because it is an action that needs to be taken.

We need to act quickly on this. Originally it looked as though it could take years for this to take place, even if we took the actions suggested in this legislation. We need to make sure this process is expedited so that PFOS is eliminated as soon as possible and not allowed to continue to do the harm it does to our health and the environment.

This bill points out some of the difficulties with the Canadian Environmental Protection Act and how hard it is to get a harmful substance on the virtual elimination list. We are acting seven years after the Americans acted on this issue, which shows that our mechanisms are much slower, even though our own agencies such as Health Canada and Environment Canada conducted their own studies that showed the importance of taking this step.

I hope this bill will also improve our ability to react on other chemical substances that we should be concerned about for our health and the environment. I hope that this will be part of the review of the Canadian Environmental Protection Act so that we can make sure this weakness in our legislation and in our approach can be cleaned up and improved.

I am hoping that we are taking an important step. It sounds as though we may have unanimity in this place, as we did last night when we voted on final reading of Bill C-307. Everyone in the House agreed to that similar measure going forward.

As I conclude, I would still like to challenge members that even though we are making progress on these very specific chemical compounds, we must also make progress on climate change and greenhouse gas emissions. The best way for us in Parliament to do that would be to bring back the legislation that was worked on in the first session by all political parties, where all the ideas were brought to the table and a new piece of legislation was written. We need to get that back on the agenda of the House of Commons. I would urge the government to do that without delay. If we leave this Parliament without having moved in a significant way on climate change, we will have missed the important opportunity to do something significant for our environment and the citizens of Canada.

The Acting Speaker (Mr. Royal Galipeau): I am about to recognize the hon. member for Beaches—East York for her right of reply and once she has spoken, that is it.

Hon. Maria Minna (Beaches—East York, Lib.): Mr. Speaker, I am very pleased to have placed before the House Bill C-298 on the virtual elimination of perfluorooctane sulfonate, PFOS, as we call it. Also I want to thank all members of the House for their support of this bill. It is indeed a good feeling that, hopefully, one of the bad substances will be eliminated.

I concur with the hon. member who spoke earlier that it would be wonderful if the government would bring back the larger bill, the climate change bill, which all parties worked on prior to the prorogation of the House. This would allow us to address the overall problem of climate change in a more aggressive manner together. Members of the House have to work together because otherwise we cannot succeed.

In this particular case the interesting thing to note is that 3M, which is a private corporation, stopped manufacturing this product quite some time ago, having acknowledged a problem with it very early on. Sweden has called for a global ban on PFOS for some time now. As mentioned by other members, the reason is very clear. This is a very toxic chemical. It can cause breast cancer, liver cancer, thyroid cancer. It also affects the immune system and other things.

Because of its harmful effects and the levels currently found in our environment, Environment Canada and Health Canada recommended in October 2004 that the substance be defined as toxic and scheduled for virtual elimination from the environment, but that had not happened. I brought this bill forward because in the intervening time not a great deal had happened.

As I said, not only Sweden but the United States Environmental Protection Agency has called PFOS an unacceptable substance that should be eliminated to protect human health and the environment. Environment Canada agrees. Therefore, there is no reason to delay. Environment Canada has also determined that this chemical is inherently toxic and that it stays in the environment for extremely long periods of time. The tests have been done and the verdict has been in for some time.

This bill has received international attention on the issue of harmful chemicals. It is our hope that PFOS will be added to the Sweden Convention on Prohibited Organic Pollutants. We hope that the government will actually pursue that. It is very important that that happen.

We have worked closely with Canadian environmental groups in drafting this bill. There is a great deal of support for it in the House and elsewhere.

An Environmental Defence Canada report released in June 2006 reported on the testing of five Canadian families, the parents, grandparents and children, for the presence of 68 toxic chemicals. This illustrates the urgency of the situation as there are many others out there. PFOS was found in every participant in the study and the children had higher levels than their parents. Children are more vulnerable to the effects of toxic chemicals because their bodies are growing and developing rapidly. This is extremely troubling.

Bill C-298 protects the health of our families and wildlife and helps to clean up our environment. I am pleased to see that this is one chemical which hopefully will be eliminated.

However, I would also urge the government to bring back the larger bill that all parties had agreed to prior to the summer break and prorogation so that we can actually address in a more aggressive way the whole climate change issue. In the process we could also address more quickly all other chemicals that are still in the system and have not yet been dealt with.

• (1755)

The Acting Speaker (Mr. Royal Galipeau): The question is on the motion.

Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. Royal Galipeau): I declare the motion carried.

(Motion agreed to, bill read the third time and passed)

• (1800)

Mr. Pierre Lemieux: Mr. Speaker, I would ask that the House see the clock as 6:30 p.m.

The Acting Speaker (Mr. Royal Galipeau): Is that agreed?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*English*]

THE ENVIRONMENT

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, on behalf of my constituents of Don Valley East and in fact on behalf of all Canadians, I am pleased to follow up on my question to the

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Minister of the Environment on a matter of concern to all of us: the serious challenge of climate change and global warming.

My question to the minister pertained to the refusal of the current government to embrace binding emission reduction targets rather than fall back on vague and ill-defined aspirational targets that by all accounts are quite useless in the fight against climate change.

It merely affirms that the Conservatives are not serious about the environmental agenda, nor are they offering any commitment to the international community to participate in a global strategy to save the planet before it is too late.

Canadians were rather shocked that the Prime Minister abandoned environmental leadership at the Commonwealth summit in Uganda earlier this month when he blocked an agreement that would have set binding emission targets on all 53 members of that organization.

To make matters worse, the Conservative environment minister has now departed from a longstanding parliamentary tradition of allowing opposition members of this House to accompany the government at important international discussions, which in this case would be at the UN Framework Convention on Climate Change meeting that will be held in Bali, Indonesia next week.

One has to ask the question, why is the government so afraid to have opposition members participate in this important conference? The simple answer is that the government is not confident of its own environmental strategy. The Conservatives know full well they are vulnerable on the environment and are scared stiff of being isolated by the rest of the international community.

Environment is critical. There is no time to play politics with the environment. A recent international opinion poll found that Canadians are among the most concerned with climate change and are quite willing to adjust their lifestyle in order to save the environment.

It is a fact that Canada is home to 13 of the world's 19 polar bear populations in its three northern territories and provinces, and these polar bears are slowly going to die out. The committee on the status of endangered species has named this national icon a species of special concern and it is becoming recognized that our children may well see the extinction of polar bears as a direct result of global warming.

Without binding emission targets, the Conservatives would proceed with the status quo, all the while paying lip service to aspirational targets that mean absolutely nothing in practical terms.

This is a government that has squandered almost two years with its failed clean air act and now has nothing to show the international community except an evasive Prime Minister who considers the Kyoto accord a socialist plot to suck money from developed countries.

Canadians are asking why the government refuses to acknowledge the reality of global warming and climate change. Why will it not commit to binding emission targets and take solid action on the environment?

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Finally, when will the Prime Minister step up to the plate and become an environmental leader rather than an international pariah on the global stage?

Mr. Pierre Lemieux (Parliamentary Secretary for Official Languages, CPC): Mr. Speaker, it is a pleasure to stand here today to address this question.

The Government of Canada indeed is committed to achieving tangible improvements in our environment. At home, the government is taking action to regulate both greenhouse gas emissions and air pollutants from industrial emitters. This will pave the way for a cleaner and healthier environment.

On April 26, the government released the action plan to reduce greenhouse gases and air pollution. The plan will impose mandatory targets on industry to achieve a goal of an absolute reduction of 150 megatonnes in greenhouse gas emissions by 2020 and to cut air pollution in half by 2015, something that was completely ignored by the Liberals.

The plan will also regulate the fuel efficiency of cars and light duty trucks beginning with the 2011 model year and strengthen energy efficiency standards for a number of energy-using products.

The plan will allow us to reduce greenhouse gases now and prepare for deeper cuts later without derailing Canada's economy. It means we can achieve real gas emission reductions and protect the health of Canadians while still growing the economy.

Internationally, the government believes there is an emerging consensus on the need for an effective and flexible climate change framework, one that commits all the world's major emitters to concrete action against global greenhouse gas emissions without placing unfair burdens on any one country.

Canada is actively participating in international discussions within the United Nations Framework Convention on Climate Change, the UNFCCC. In this process, we are engaging with other countries in a global dialogue to shape long term international cooperative action on climate change.

At the same time, Canada is engaged in initiatives that complement the UNFCCC process, including the G-8 Gleneagles dialogue and the major economies meeting on energy security and climate change.

Canada has also joined the Asia-Pacific Partnership on Clean Development and Climate. The partnership supports practical actions to develop and implement clean technologies that will achieve real world emission reductions. The government believes that clean technologies are one of the most promising ways to address climate change.

The partnership is of interest to Canada because it brings together countries that represent about half of the world's economy,

population and energy use. The APP also represents over 50% of the world's greenhouse gas emissions.

In the global fight against climate change, Canada will do everything in its power to help develop an effective, all inclusive international framework that recognizes national economic circumstances.

● (1805)

Ms. Yasmin Ratansi: Mr. Speaker, while I thank the parliamentary secretary for participating in this important debate, surely the member opposite must be aware that Canadians consider climate change a significant threat to the environment and they expect the federal government to stand up and show some leadership on the national and international stage. Canadians do not understand the refusal by the Conservative government to embrace binding emission targets or the reason why it will not acknowledge global warming.

I know the member has a neatly prepared speech that touts all the virtues of the government's failed environmental record, but I would like the parliamentary secretary to answer just one simple question.

First, when in opposition, the Conservatives did not even acknowledge the signs of global warming. Second, while in government for the past two years, the Conservatives have done nothing, nada, zero. Kyoto has buy-ins. If the Conservatives are now seeing the light and wish to embrace climate change, why are they refusing to take opposition members of the House to the UN conference on climate change in Bali next week?

Mr. Pierre Lemieux: Mr. Speaker, the government's ambitious regulatory framework announced in April is a key part of our concrete, challenging and realistic plan to clean up our air, tackle climate change and create a healthier environment. We are committed to achieving real reductions in greenhouse gases and air pollution.

We will see absolute reductions in Canada's emissions in the period between 2010 and 2012. Our plan puts Canada on a path to achieve an absolute reduction of our annual greenhouse gas emissions of 20% by 2020 and 60% to 70% by 2050.

Internationally, Canada will do everything in its power to help develop an effective, all inclusive international framework that recognizes national economic circumstances.

[*Translation*]

The Acting Speaker (Mr. Royal Galipeau): The motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6:09 p.m.)

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