



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, April 28, 2009**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Tuesday, April 28, 2009

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1005)  
[English]

### GOVERNMENT RESPONSE TO PETITIONS

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

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### INCOME TAX ACT

**Ms. Denise Savoie (Victoria, NDP)** moved for leave to introduce Bill C-371, An Act to amend the Income Tax Act (low-cost residential rental property).

She said: Mr. Speaker, I am pleased to introduce a bill that would significantly boost the stock of affordable housing in Canada while also providing a much needed stimulus for our slumping economy.

I have worked closely with the Victoria Real Estate Board that has done an exquisite job documenting the range of locked in real estate assets in the greater Victoria area. These are long held properties whose owners are reluctant to sell and reinvest because they would pay a large amount of capital gains tax.

My bill would roll over or defer gains tax for these property owners if they reinvest their proceeds in affordable rental housing.

When targeted smartly, I believe that tax incentives can be an effective tool to achieve common good and this bill represents a creative use of tax incentives to address a social crisis that has endured for far too long in Canada.

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

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### PETITIONS

#### INCOME TRUSTS

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, pursuant to Standing Order 36 and as certified by the Clerk of

Petitions, I am pleased to present yet another income trust broken promise petition on behalf of Mr. Martin Harrison from Stouffville, Ontario, who remembers the Prime Minister boasting about his apparent commitment to accountability when he said that the greatest fraud was a promise not kept.

The petitioners remind the Prime Minister that he promised never to tax income trusts but that he broke that promise and he imposed a 31.5% punitive tax, which permanently wiped out over \$25 billion of the hard-earned retirement savings of over two million Canadians, particularly seniors.

The petitioners, therefore, call upon the Conservative minority government to: first, admit that the decision to tax income trusts was based on flawed methodology and incorrect assumptions, as was demonstrated in the finance committee hearings; second, apologize to those who were unfairly harmed by this broken promise; and finally, repeal the punitive 31.5% tax on income trusts.

#### FISHING INDUSTRY

**Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Mr. Speaker, I have the duty and the pleasure to table in the House this morning a petition on behalf of constituents and people from Newfoundland and Labrador, especially the northeast coast of the province, who call on the government to bring forward a program for income support due to significant ice conditions along the northeast coast of Newfoundland, the northern tip of Newfoundland, as well the area of Labrador.

The petitioners ask the government to act quickly but, as well, to put in place a more permanent mechanism to help these families and these people who face such significant and serious economic consequences as a result of the inability to earn a livelihood from the fishing industry as a result of these serious ice conditions. It is through no fault of their own but through the natural environment that these circumstances occur.

The petitioners do note that the government has enacted other mechanisms to provide relief to other workers in other sectors and they call upon the government to do so in this particular case.

Several petitions have been received by my office but, unfortunately, some could not be certified by the Clerk of Petitions due to the fact that they did not meet the required form. However, I do have one here that does indeed meet the required form and I ask the government to act very quickly.

*Business of Supply*

The government has already indicated that it would be bringing forward an ice compensation program. We ask the government to put in place the requirements within the context of this particular petition and that it do so very quickly.

\* \* \*

**QUESTIONS ON THE ORDER PAPER**

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons, CPC):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

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**GOVERNMENT ORDERS**

•(1010)

[Translation]

**BUSINESS OF SUPPLY**

OPPOSITION MOTION—HARMONIZATION OF QST WITH GST

**Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ)** moved:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

He said: Mr. Speaker, I will be sharing my time with the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup.

The motion I am presenting today is supported by the entire Bloc Québécois. It fits within a context of tax equity and fairness. It is important to point out that there is a whole history behind this motion. I am presenting it today on behalf of the Bloc Québécois because, given the process we have witnessed by which Ontario was compensated, the Bloc considers that Quebec is losing across the board as far as harmonization of the QST with the GST is concerned.

It is important right at the start to clarify one extremely important element concerning the Quebec nation: as a nation, Quebec possesses the legitimacy required to collect and administer sales tax within its borders. The debate must be based on that principle and that statement of fact. In the course of this day it will be noted—and I will point it out as well—that the present Conservative government's arguments deny that reality.

To give a brief background, the GST was introduced in the early 1990s, and the Government of Quebec harmonized its sales tax with the GST in 1991 and 1992. It was the first in Canada to do so, and it received no compensation. Quebec felt that harmonization of taxes was important for the province's businesses. The Liberal federal government of the day called for the various provinces to follow the Quebec example and harmonize their sales tax.

After several interventions, the Maritimes harmonized their sales taxes in 1997. The Liberal federal government then compensated the maritime provinces which had done so with close to \$1 billion, given that there were costs connected to harmonization. Then the province

of Quebec asked that Liberal government why it was not offering Quebec the same thing. Since Quebec had already harmonized its sales tax with the GST, why should it not be compensated?

The Liberal government refused to consider the Quebec government's request for financial compensation. It said that it would provide compensation for the transition to a harmonized tax if the province's revenues declined by more than 5%. In Quebec, revenue losses were less than 5%. Quebec agreed to that because that was the rule, and the province went along with that way of doing things. Quebec always tries to cooperate, so it accepted the situation because it had not lost more than 5% of its sales tax revenue.

However, the Conservative government has changed the rules dramatically. This spring, when the Government of Ontario introduced its budget, it announced plans to harmonize its provincial sales tax with the GST and stated that it would receive \$4.3 billion in compensation from the Conservative government. Interestingly, Ontario, like Quebec, will not be losing more than 5% of its sales tax revenue.

•(1015)

On the contrary, by harmonizing its sales tax, the province will collect more revenue. As I said earlier, this is about tax fairness, and that is the point. It is perfectly clear that the federal government is compensating Ontario, and that smacks of favouritism.

In response, the Government of Quebec passed a unanimous resolution calling on the federal government to pay \$2.6 billion in compensation, a pro-rated amount based on Ontario's compensation.

Since then, the Minister of Finance has been scrambling to come up with excuses that have absolutely no relation to the logic underlying the Government of Quebec's request. He has been stonewalling by coming up with new reasons for his refusal almost every day.

First, he said that the tax was not really harmonized. In a letter to the Minister of Finance, Quebec's former finance minister, Ms. Jérôme-Forget, said that her government would address the few remaining differences between Ontario's and Quebec's harmonized taxes. It is clear that the Conservative government must compensate Quebec if the two taxes are harmonized and on a level playing field.

Then the government came up with another excuse, and now it is forcing a completely unacceptable situation on Quebecers.

In 2006, Quebec was said to be a nation, yet it is not recognized as such. In addition, it is being asked to give up the power to collect taxes from its citizens and raise tax revenue from the QST and the GST, something it has been doing since the beginning of this harmonization process. That is totally unacceptable on the part of the Conservative government.

During the 2006 election campaign and the years that followed, we heard the government boast about its open federalism approach. Talk is fine, but we have seen no action since. Unfortunately, what we have here is another example of adding to the pile. Disputes are piling up and, once again, Quebec is the one being denied \$2.6 billion.

*Business of Supply*

Great efforts were made during the 2006 election campaign to seduce the electorate. The current Prime Minister went as far as to promise that the provinces' jurisdictions would be respected, that the fiscal imbalance would be dealt with, that the international extension of Quebec's internal jurisdictions would be recognized, that Quebec would have special autonomous status through the recognition of its institutional responsibilities, and that open federalism would put an end to the constant confrontation between Quebec City and Ottawa. That is what the current Prime Minister promised, but clearly these were only words.

Now, two elections later, the great seduction has been replaced with the great disappointment, of which there are many examples. The case at hand today is unfortunately one more example showing that, regardless of the government in office at the federal level, be it Liberal or Conservative, hardly anything has changed in how Canada operates.

There has been a short honeymoon between Quebec and the Conservatives, but I can assure this House that the honeymoon is over and that the confrontation between Quebec City and Ottawa is back on with a vengeance. Moreover, this whole situation is unacceptable to all Quebecers. We have introduced this motion because we think and we are convinced that Quebec ought to get its fair share and that this is ultimately a matter of fairness and social justice.

• (1020)

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I thank the member for kicking off this debate. It is an important motion because there are some principles involved. At the outset, the member talked about fairness and equity. In order for Canadians to have confidence in our system of taxation, all programs need to meet those benchmarks of being fair and equitable.

The member gave us some history, but I would like him to remind the House of the commitment of the Minister of Finance to the province of Quebec with regard to harmonization and the \$2.6 billion. It is the compensation issue, something that was dealt with when the Maritimes made the transition to harmonization to deal with the cost of doing the process as well as to deal with issues of lost revenue.

It is important to put the commitment of the current Minister of Finance to the province of Quebec on the record for all to understand.

[*Translation*]

**Mr. Jean-Yves Laforest:** Mr. Speaker, I thought I was clear on that point. What I said when I touched briefly on the historical background is important and I look forward to seeing the Liberals' position on this issue.

The Minister of Finance said he would compensate Quebec if the tax were fully harmonized. Since that time, he keeps inventing new conditions that he knows full well Quebec will never accept. Among other things, the finance minister set a requirement, and he even did it publicly. A letter published in the newspapers said that Quebec would receive compensation only if both the GST and the QST were

collected by the federal government from now on. This is totally unacceptable.

There is another aspect to the commitment made by the Minister of Finance. He said that, previously, provinces were to be compensated only if they stood to lose more than 5% of their tax revenues because of harmonization. Now we know that Ontario will see its revenues increase with a harmonized tax.

[*English*]

**Mr. Ted Menzies (Parliamentary Secretary to the Minister of Finance, CPC):** Mr. Speaker, I listened intently to my hon. colleague with whom I share the privilege of sitting on the finance committee. He has done some fine work on that committee. The member asks good questions and does his homework.

In answer to the previous question, he suggested that the finance minister of Canada has changed his position on the requirements for this proposal that is suggested in the motion today. The facts are that the finance minister has not changed his position from what has been offered to all provinces. In fact, Quebec has said that it is not willing to adopt full harmonization of the sales tax.

We have provided funding for the role it is playing in taxes, but to suggest that the Government of Quebec is willing to fully harmonize, I wish the hon. member would share with us that letter where the provincial government has said it will actually fully harmonize. I would be glad to present that to our finance minister as an olive branch, that the provincial government is willing to sit down and talk seriously.

[*Translation*]

**Mr. Jean-Yves Laforest:** Mr. Speaker, the member is talking about a letter that the Quebec finance minister sent to the federal finance minister on April 1, 2009. The letter clearly states that the main difference between the QST and the GST has to do with input tax credits. The minister says very clearly in this letter that the Government of Quebec would accept to make the necessary adjustments to its QST to ensure a fuller harmonization.

From the moment the Quebec finance minister sends a letter in which she confirms what the Quebec government intends to do, the situation is very clear: the Quebec government is willing to go a long way in eliminating the few remaining differences, but—

• (1025)

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

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, being the representative of a Quebec riding makes one very happy in this place on some days. Indeed, the Bloc Québécois has been elected to promote sovereignty and to defend Quebec's interests. I will read today's motion because I think it is in line with what Quebecers want collectively:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

*Business of Supply*

That motion illustrates clearly what it means to defend Quebec's interests because it supports a motion adopted unanimously by all parties in the National Assembly. Since Quebec regained the right to have a provincial income tax system 50 or 60 years ago, it has always tried to get as much financial autonomy as possible. In the end, total financial and legal autonomy will be necessary.

I want to read the unanimous motion of Quebec's National Assembly because I believe it sums up the position of Quebec very well:

WHEREAS Québec was the first province to harmonize with the Federal goods and services tax (GST) in the early 1990s:

This is nothing new. In the early 1990s, Quebec was the first province to do so.

WHEREAS since then, three Atlantic provinces have harmonized with the GST in 1997 and have received compensation for this from the Federal Government totalling close to 1 billion dollars;

Quebec, on the other hand, received no compensation.

WHEREAS the Government of Ontario announced that it would harmonize its sales tax with the GST beginning on 1 July 2010;

WHEREAS the Federal Government will grant a 4.3 billion dollar compensation to Ontario for this harmonization, an amount that is justified in the Canada-Ontario memorandum of understanding particularly owing to the desire to stimulate economic growth and job creation, and the Federal Government will administer this new provincial tax free of charge on behalf of Ontario;

It is the Quebec government that administers this tax in Quebec, although the federal government will do so free of charge for Ontario.

WHEREAS the Ontario sales tax will be very similar to the Québec sales tax (QST) since certain goods, such as books, will not be subject to the provincial tax and that input tax refunds in Ontario may be identical to those agreed to by Québec for an 8-year period;

So the two cases are comparable.

WHEREAS Ontario is the fourth province to receive compensation from the Federal Government as part of the harmonization of the provincial and federal sales taxes, while Québec has not received any compensation to this day even though it was the first province to harmonize its sales tax;

All parties in the Quebec National Assembly unanimously agree on this.

BE IT RESOLVED THAT the National Assembly ask the Federal Government to treat Québec justly and equitably, by granting compensation that is comparable to that offered to Ontario for the harmonization of its sales tax with the GST, which would represent an amount of 2.6 billion dollars for Québec.

So as we can see, today's Bloc Québécois motion is actually the Quebec National Assembly motion. The Government of Quebec is unanimously saying that they are the ones who have been moving forward on this, acting in good faith, reaching agreements and administering this tax for many years, without ever receiving any compensation, as we watch other provinces receive compensation year after year for various reasons.

Ottawa invents arguments to compensate the other provinces, but it does not compensate Quebec. The federal government's latest invention is very hard to swallow: it is saying that it should collect the money, even though nearly 20 years ago, the federal government said Quebec could collect it. The current government, which has said it is open to Quebec, is more regressive than previous governments in this respect. Quebec truly cannot understand or accept such an attitude.

Quebeckers have always been open-minded. For example, we took positions on free trade that we felt were important for proper trade. But the federal government has always been very jealous of the rights of the National Assembly of Quebec. I believe that there has not been one Government of Quebec in more than 75 years that has not tried to make Quebec more autonomous, and especially more financially independent. As I mentioned earlier, Maurice Duplessis was the first premier to make sure that income tax in Quebec was collected separately from federal income tax.

● (1030)

Later, the government of Mr. Bourassa entered into an agreement whereby Quebec would collect and administer the tax and then send the federal government its share.

So even though there was an internal debate in Quebec and even though the Parti Québécois was ahead of the Liberals on this issue, Quebec realized that this could be an important, worthwhile tax tool. When the federal government lowers its tax and Quebec takes its place, it becomes more financially independent.

It took the Liberals a year or two longer, but they included this measure in the latest budget. They are finally going to recoup the 1%. The Parti Québécois had been calling for this for many years and had suggested it in the past. It is a good measure.

Every time Quebec becomes more financially independent, Quebeckers win, because they are able to assume their responsibilities and invest all the money they need to in their own areas of jurisdiction.

We see all the cuts the federal government is making. For example, it is constantly changing the rules for equalization, forcing Quebec's finance minister to do financial gymnastics, which is unacceptable.

The more financially independent Quebec is, the less dependent it will be on such decisions, and the less it will be in a paternalistic relationship with the federal government. That is the message the Government of Quebec has sent, and it is the message the Bloc Québécois hopes to get across.

Financial independence has always been an important criterion for developing nations. Let us remember that in the United States, it was the issue of a tax on tea that, in a symbolic way, became the reason why the United States of America decided to become independent from the British Empire.

In Quebec, opinions are divided concerning independence. We have not yet achieved a solid majority but there certainly is a consensus on the fact that Quebec must have the most financial independence possible. It is that consensus that the Bloc Québécois brings before this House today, and we hope that the House will listen to it.

*Business of Supply*

It is important, because the response to this motion will have a large impact on the way the people of Quebec view this Parliament. During the next year or so, there will probably be a federal election campaign. When Quebeckers are asked to decide which party will best represent them, they will certainly take a look at who has defended their interests here in this House, in particular the interests formally expressed by the Quebec National Assembly. It is the Bloc Québécois that has done so today.

Quebec has acted in good faith in this matter. In the past, federal government documents even recognized that taxes were harmonized in Quebec. Now, they have come up with this approach to collecting taxes in an effort to avoid having to compensate Quebec.

We are not here begging for money. We just want what we are entitled to. As Mr. Duplessis would have said, we want what is ours. This is money that is due to us under this system. It is not true that the rest of Canada has the right to be compensated but not Quebec.

Rest assured that on this point we represent all Quebeckers. Everyone knows that what we are talking about here is only about half the financial envelope of Canada, and that when decisions are made by the federal government in its areas of jurisdiction, such as national defence, where a great deal of money is being spent on Afghanistan, those decisions mean that money is not available for other types of spending.

Quebeckers are well aware that the more financially independent they are, the more likely it is that they will be able to develop the social model they desire. They have done that with the parental leave system, with day care centres, and they want to continue to do so. In fact, Quebec has a social model, a society, a nation that is different. Our nation has even been recognized as different by this House. Now, it is time for the Conservative federal government and the federalist parties here to make a gesture toward Quebec, a gesture of fairness, by supporting this motion put forward by the Bloc Québécois. Otherwise, Quebeckers will know what conclusions they should draw.

• (1035)

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, my colleague made an excellent speech.

The Bloc Québécois is often said to be rebellious. There are plenty of reasons for that, but it is mainly because when the Liberals were in power, the federal government did nothing when the crisis hit the textile and footwear industries. These two industries are now closed.

With regard to the manufacturing and forestry sectors, we are talking about \$170 million over two years for all of Canada.

If we look at problems experienced in other provinces, for example the crisis in the auto industry in Ontario, that industry has already received \$20 billion. Money has also been given to the tar sands industry.

Now, whatever issue is debated in the House, Quebec always comes last. There is blatant evidence of that. As soon as one of the provinces gives or does something, it is compensated immediately. However, when it is an issue that has to do with Quebec, the answer is no. Quebeckers can protest all they want, but nothing happens.

Well, we will not let that continue. We have rights and every province has rights. We will defend the rights of Quebec, that is a given. We will do it every time we come into the House of Commons.

Can my distinguished colleague tell me what he thinks the problem is and why the government does not want to compensate Quebec for harmonizing the QST with the GST?

**Mr. Paul Crête:** Mr. Speaker, that is an excellent question.

Why does the federal government want to take over collecting the taxes again? Because it has realized that Quebec had acquired a significant tool for financial autonomy. The example I just gave, the reduction in the GST that will be recouped by Quebec, that is gradual financial autonomy. Several years from now, we might have less and less income tax, and taxes might be increasingly collected through consumption taxes.

There is choice in this situation, there is autonomy. Perhaps the federal government has realized this, because at the same time it is losing the hold it has through systems like equalization and other systems where it can set national standards and engage in what it calls Canadian nation-building. In this situation, Quebeckers want their own model and want their nation to have as much autonomy as possible to control its development. Money is the sinews of war.

In my opinion, that is the direction the federal government is going. I would not be surprised if this new position on collection came from high up in the federal bureaucracy, from the people who outlive governments, who were here under Mr. Chrétien and even under Mr. Trudeau. Those people are determined to build the Canadian government with the Canadian framework and Canadian values, while we want to build Quebec with Quebec values.

**Mr. Jacques Gourde (Parliamentary Secretary to the Minister of Public Works and Government Services and to the Minister of National Revenue, CPC):** Mr. Speaker, my colleague referred to equalization payments. On the question of equalization payments, overall, transfers to Quebec have reached historic highs and are continuing to rise. As a percentage of the province's total revenue, equalization payments have risen from 8.6% to 13.4% since 2005-2006.

Total federal assistance to Quebec in 2009-2010 amounted to \$17.7 billion, an increase of \$5.3 billion or 43% since 2005-2006, including an increase in support for health care, postsecondary education and infrastructure.

In 2009-2010, Quebec will receive \$8.4 billion in equalization, a jump of over 70% from what it was in 2005-2006 and nearly as much as transfers paid to all provinces in 2005-2006.

Could my colleague explain whether these transfers have given the province of Quebec greater financial autonomy? That is perhaps the justification for his decision to stand for the Parti Québécois.

**The Deputy Speaker:** The hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup has 30 seconds left to give his answer.

**Mr. Paul Crête:** Mr. Speaker, my answer is in two parts.

*Business of Supply*

First, on the question of equalization, the problem is the unilateral decisions by the federal government. One year ago, there was \$1 billion more coming and we suddenly learned there would be \$1 billion less. Imagine the impact it has on the Government of Quebec to have \$1 billion less to count on in revenue, in its envelope.

Second, when Quebec is sovereign, we will no longer need equalization. We will be autonomous then and we will manage our affairs properly. The equalization system provides compensation for the results of poverty—

● (1040)

**The Deputy Speaker:** I am very sorry to have to interrupt the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup.

Resuming debate, the hon. parliamentary secretary to the Minister of Finance.

[*English*]

**Mr. Ted Menzies (Parliamentary Secretary to the Minister of Finance, CPC):** Mr. Speaker, thank you for this opportunity to participate in today's debate as we discuss harmonization. I note with some surprise that the Bloc has chosen an economic issue for the subject of its opposition day today as it has been acknowledged by many, in fact, in its own party that the Bloc has not historically had the strongest understanding or position on economic matters.

We all recall the infamous words of Caroline St-Hilaire, the former Bloc MP for Longueuil—Pierre-Boucher, who resigned her seat in the last Parliament: "The economy is constantly a black sheep for us. We are profoundly uncomfortable when it comes to discussing the economy".

While the Bloc may be profoundly uncomfortable discussing or protecting the economy, our Conservative government is not and we are also not uncomfortable cutting taxes. Lower taxes are part of our Conservative government's ongoing commitment to a smaller tax burden, improving the tax system, and creating an environment where Canadian businesses can flourish to create new jobs today and for tomorrow.

As the Canadian Council of Chief Executives declared:

The federal government clearly has done everything it can to reduce tax rates within the boundaries of prudent fiscal management. The next major steps in forging a more competitive corporate tax system must come at the provincial level. The single most important measure would be the replacement of remaining provincial sales taxes with value-added taxes, preferably harmonized with the Goods and Services Tax."

While not the most exciting of topics, harmonization is a key economic issue as it has been recognized as tremendously beneficial for job and business growth. As Jonathan Kesselman of the C.D. Howe Institute has stated:

—harmonization would reduce Canada's corporate tax burden, make Canadian firms more internationally competitive and make Canada a more attractive place for foreigners to set up shop, injecting job-creating direct investment into the economy.

The recognized benefits of harmonization include supporting job creation by allowing businesses to save time and money by the move to a simpler more effective tax structure that features: first, a one tax

rate, not two; second, one substantially harmonized tax base, not two; and third, one level of tax administration, not two.

Moreover, these efficiencies create cost savings for businesses that will make their way to consumers' wallets. I note that independent academic studies have certainly shown that to be the case when New Brunswick, Nova Scotia and Newfoundland and Labrador became fully harmonized provinces.

As Finn Poschmann, also of the C.D. Howe Institute, recently indicated before the Standing Committee on Finance:

What happened in 1997 when the eastern provinces harmonized...is just a terrific example. The prices of some things that hadn't been taxed before under the provincial tax went up. Other things stayed the same and some other prices went down. Overall the broad price level in the eastern provinces dropped by roughly the amount of the decline in the net tax rate. So the competitive markets delivered a very quick pass-through of the lower tax on consumer prices.

Indeed, that is why our government continues to be committed to working with the other provinces to facilitate the transition to a fully modernized, efficient and harmonized tax system in Canada. We also continue to encourage the provinces to reduce their corporate income taxes, so that Canada can reach the goal of an overall 25% federal-provincial corporate income tax rate by the year 2012.

As the Bloc should be aware, Quebec has not fully harmonized its sales tax. Even the Quebec government has admitted this fact noting in a recent press release that there was a major difference between the QST and the GST and that the province was ready to agree to make the necessary adjustments for full harmonization.

● (1045)

Quebec currently retains full control over the design and application of its provincial sales tax. It also administers Quebec's value added tax as well as the GST, an arrangement dating back decades.

Years ago the Quebec government sought to collect the GST for the federal government. The then government agreed and the province of Quebec has been compensated for that since. In fact, last year alone, Quebec was paid approximately \$130 million to do just that. What is more, the federal government has paid Quebec about \$1.8 billion to date to administer the GST in that province alone. In addition, I understand the federal government does not charge Quebec for the development of GST-specific rulings which it relies on to administer the GST.

In further respect to the situation in Quebec, the Bloc should be well aware that the province decided to introduce its own Quebec style value added tax, or VAT, something quite different from full harmonization. In contrast with New Brunswick, Nova Scotia, Newfoundland and Labrador, and now Ontario, Quebec did not have to adopt federal HST legislation. It did not have to sign a comprehensive integrated tax coordination agreement, and has kept full control over the design and administration of its value added tax. Ontario and the three existing fully harmonized provinces have joined that federal framework. Quebec has not. That is the arrangement as it exists currently, and that is the arrangement that the province of Quebec has recently suggested it might wish to alter.



*Business of Supply*

We in good faith remain open to discussions with the Government of Quebec, not the Bloc by the way, about changes and any federal assistance that may be appropriate if such an agreement is met. The Government of Quebec clearly appreciates our gestures of good faith, noting that it “welcomed the openness shown by the federal government regarding fair treatment for Quebec with respect to harmonization of sales taxes”.

As I indicated earlier, we encourage all provinces to reduce their business income tax rate as we have done at the federal level so that Canada can be recognized as a lower tax jurisdiction. Reducing the tax burden on Canadians will be important in getting through this global recession and positioning our country for future prosperity.

For those in the Bloc, the Liberal Party, and the NDP who would argue for higher job-killing taxes on businesses large and small, I ask them to listen to the words of a recent OECD report that examined what tax structures best promote economic growth. The OECD concluded that corporate taxes are found to be most harmful for growth, and that high corporate taxes may reduce incentives to invest in innovative activities.

Our Conservative government has long been a champion of lower taxes. Let me list some of the tax reductions that we have brought forward since forming government in 2006.

First of all, we cut over 100 taxes, including the GST from 7% to 6% to 5%. We introduced important tax credits, such as the Canada employment credit, the working income tax benefit, and the child tax credit.

We cut taxes in every way that government collects them, personal, consumption, business, excise taxes, and more. Our government removed almost 950,000 low-income Canadians completely from the tax roll. We reduced the overall tax burden by nearly \$220 billion, the lowest level in nearly 50 years. We have built on our legacy tax relief by reducing taxes on savings with our landmark tax free savings account.

What does that mean for a typical hard-working Canadian family? It means a total savings of over \$3,000 a year. That is \$3,000 in their pockets, where it belongs, instead of feeding big, bloated, do-nothing government bureaucracies in Ottawa.

While that might not mean something to the Bloc, it does to most Quebecers and most Canadians. Families and individuals want to work for themselves, not government, and they appreciate our actions to lower their tax bill. How so? As a Winnipeg *Free Press* editorial noted:

Tax Freedom Day this year [referring to 2008] arrived four days earlier than last year and the trend over the last few years has been positive as a result of cuts in personal income taxes and reductions in the GST.

● (1050)

We built on our proud record of tax relief in Canada's economic action plan by leaving even more money in Canadians' pockets, especially low- and middle-income Canadians. Measures introduced in budget 2009 alone will provide \$20 billion in new personal income tax relief. We have increased the basic personal amount that all Canadians can earn before paying federal personal income taxes. We have increased the top of the two lowest personal income tax

brackets so Canadians can earn more income before being subject to higher tax rates.

We are effectively doubling the tax relief provided by the working income tax benefit to encourage low-income Canadians to find and retain a job. We have provided up to an additional \$150 of annual tax savings for low- and middle-income seniors through our \$1,000 increase to the age credit amount. We are introducing three tax measures that will provide immediate stimulus and encourage investment in Canada's housing stock. These are: a temporary home renovation tax credit of up to \$1,350 per family; a new first-time home buyers' tax credit of up to \$750; and an increase in the amount that can be withdrawn without penalty under the home buyers' plan, up to \$25,000.

We are also reducing taxes in order to support businesses as they make difficult adjustments in these changing economic times. Tax relief measures for businesses include: a temporary two-year measure that allows businesses to fully expense their investments in computers in the year they were acquired; further assistance for Canada's manufacturing and processing sector by extending the temporary 50% straight line accelerated capital cost allowance rate to investment in manufacturing or processing machinery and equipment undertaken in 2010-11; and increasing the amount of small business income eligible for the reduced federal income tax rate of 11% to \$500,000 from the former \$400,000 to help small businesses reinvest and grow.

No wonder Canadians, especially in Quebec, were so enthusiastic in their praise of the federal budget. Public interest groups such as the Board of Trade of Metropolitan Montreal heralded it by stating:

The [Conservative] government is on target with measures designed to support companies, including easier access to credit, tax breaks, and tariff relief to stimulate investment....

Reducing the tax burden on individuals and implementing a tax credit for home renovations will encourage Canadians to participate in the recovery.

Listen to what well-respected Montreal *Gazette* columnist Jay Bryan had to say about the budget:

If you were to mark [the finance minister] on the effectiveness of his budget measures in getting the economy moving again, you'd have to give him a better than passing grade.... [It] will also give a major boost to the economy....

*Business of Supply*

Budget 2009 builds on the previous measures to help the businesses that I alluded to earlier. Most important, businesses will also benefit this year from previously pledged reductions in the general corporate income tax rate to 19% in 2009 and going forward further reductions to 15% by 2012. By next year Canada will have the lowest overall tax rate on new business investment in the entire G7. That is a good thing because we are making Canada a better place to invest and a better place for job creation.

However, do not just take my word for it. Listen to what the influential *Forbes* publication had to say in its 2009 edition of “Best Countries For Business”:

The economic downturn that's swept the globe has crushed financial markets, exploded unemployment and shaken confidence in the banking system. The disaster isn't shared equally, though. Some countries are in a much better position than others to rebound from the current malaise by attracting entrepreneurs, investors and workers. Who are they? Our fourth annual Best Countries for Business ranking looks at business conditions in 127 economies. Topping the list for 2009: ...Canada is up four spots to No. 3.

● (1055)

Clearly, our Conservative government has taken decisive steps to help Canadians across this great country. This volatile environment means that we have to take the necessary steps to improve the Canadian economy and restore confidence to ensure our country's long-term prosperity. As this government has stated from the outset, lower taxes are an essential part of making that happen.

Quebec for its part chose to operate its own sales tax system and not to adopt a harmonized system. We respect that was its decision and its choice. Should Quebec choose to harmonize its sales tax, like Ontario, New Brunswick, Nova Scotia, or Newfoundland and Labrador, then we will be prepared to talk about that transition and potential transition funding. We will do that in good faith to make that happen for the province of Quebec.

That is something among many other things which the Bloc, after nearly 20 years in perpetual opposition, could never do for Quebec.

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I would like to inform our colleague that we are now in the year 2009. We have media and newspapers, people are educated and follow politics, and right now they are looking primarily at Quebec's economy.

The Conservatives say people in Quebec are happy with the federal budget, but the polls are down. People are actually very unhappy with this dishonest, partisan budget. The Conservatives are trying to use it to buy votes in Ontario at the expense of Quebec. The proof is that they are investing \$2.7 billion in the automobile industry and only \$170 million in the forest and manufacturing industries, which are suffering badly but still provide more jobs than the automobile industry.

When it comes to tax harmonization, the Conservatives say we are going to harmonize it. We harmonized our sales tax with the GST back in 1990. The fact it is allegedly still not harmonized costs us \$2.6 billion. The government says here in the House that it reduced taxes and pretends everyone is happy in the best of worlds, but it is not true. The government is totally hypocritical. That is the word for it. It is showing just how hypocritical it is.

Quebec voters are going to show just how dissatisfied they are in the next election and soon this party, which is highly partisan with public funds and has no sense of justice and fairness toward the people of Canada and Quebec, will find itself joining the ranks of the opposition. As in Mr. Mulroney's day, it is going to find itself in the corner with two or three members. That is what will happen. What the Conservatives say is simply shameful.

[*English*]

**Mr. Ted Menzies:** Mr. Speaker, the only shameful thing about it is that the hon. member still does not believe the former finance minister of Quebec and the present finance minister of Quebec, both of whom have admitted that they have not harmonized the tax. For the hon. member to stand in the House and suggest that they have, and he is a federal representative of Quebec, fair enough, I would suggest that the finance minister who deals on a day to day basis with that perhaps has a better understanding.

At the outset of my speech, I talked about the difficult issues in understanding the economy, but I have no doubt that both well-respected finance ministers in Quebec, the former and the present, probably have a better grasp of this. In fact, they have been communicating back and forth with our finance minister on what is required to actually harmonize. For the hon. member to stand and claim that they have in fact harmonized in Quebec, I would suggest that the hon. member go back and have a heart to heart with the finance minister, because I do not think either the present or the former finance minister would agree.

Let me make the point on something that was referred to in a speech earlier today, and that is how Canada respects all of its provinces. With respect to the transfer payments, fundamentally, that is the federal government's role, to make sure that constituents in all provinces are treated fairly when it comes to health transfers, when it comes to social transfers. We need to remind all Canadians that those continue to increase. Health transfers to every province in this country continue to increase at 6% overall. On social transfers, we treat all provinces the same. Social transfers increase 3% every year.

● (1100)

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Speaker, we are talking about the potential harmonization, or not, of taxes and the transparency of how the government collects revenues and then dispenses them back to the provinces for needed programs. I think there is a growing lack of trust with the government's ability to do that very thing. In the region that I represent, a clear and decisive promise was made by the government to transfer \$100 million to the province in order to counter the devastating effects of the pine beetle on the economies of northern British Columbia and the central interior. In the first year, very little of that money flowed out, something like \$17 million in total. In the second year, it got even more grey; and now, we cannot find it in the budget that he refers to.

In the interest of having some sort of sense of transparency when debating issues of harmonization of tax or in any program that the government stands up in this House and congratulates itself for, it must answer the question, does the money actually flow? Does the money actually appear in the budget document? The \$100 million a year that was committed over 10 years to the communities I represent seems to have evaporated, as Conservative promises so often do when they leave this place and attempt to hit the ground.

I wonder if the parliamentary secretary could clarify today, in very simple terms, is there \$100 million for the pine beetle initiative in his 2009 budget, yes or no?

**The Deputy Speaker:** I am not sure if that relates to the subject of the motion but I see the parliamentary secretary is rising, so I will give him an opportunity to respond.

**Mr. Ted Menzies:** Mr. Speaker, I have been chastised in this House before for not staying on the debate topic. So perhaps with your indulgence, I will stay on the debate topic. However, the hon. member did raise an issue about this government's support for provinces, this government's support for Canadians. The forestry workers that he is referring to have received the most incredible tax cuts that Canadians have received in years. We continue to do that. I referred to that in my speech.

It is not easy to do when every time we put forward a program that will support Canadians, that will help Canadian families, that will put forward programs where low-income families can actually continue to receive social benefits while working part time, whether it is in a budget or whether it is in a bill tabled in this House, consistently we see the NDP voting against it. We see the NDP standing in our way when we are trying to help Canadians, continually opposing the benefits we want to put forward for Canadians.

**Mr. Ed Fast (Abbotsford, CPC):** Mr. Speaker, I want to thank my colleague for his very eloquent intervention on this issue and for explaining to us essentially what GST and PST harmonization involves.

I think, generally, Quebecers simply want to be treated fairly and consistently.

My question for the member is, could he provide us with an assurance that our Conservative government will actually treat Quebec consistently and fairly, as it has some of the other provinces that have harmonized their GST and PST?

**Mr. Ted Menzies:** Mr. Speaker, we cannot emphasize enough, and I have said this in answering questions in question period, the most important fact that Canadians need to remember is that we treat Quebec just like we treat every other province in Canada, just like we treat Prince Edward Island or British Columbia, the home of that hon. member. It is important to us to ensure that transfer payments continue to increase, as they have, to ensure that even though the Bloc will be in perpetual opposition in this House those constituents it represents share equally in the benefits that this country has. That is our role as a federal government, to protect Canadians, to provide them opportunities so they can prosper, to provide them with EI benefits should their jobs disappear. That is what we are doing in these difficult economic times. It is not easy. We are facing challenges, and Canadians understand that.

### *Business of Supply*

They have looked at this economic action plan, which is the best plan. In fact, it is the only plan. Nobody else in this House, as a party, came forward with a plan that was as broad and as substantive as this government has put forward and implemented. We see the money flowing. Every time we walk into a home renovation store, we see Canadians spending money. They will not see those dollars until they ask for a tax credit next spring, but the dollars are flowing. The money is flowing. Canadians are beginning to see recovery.

● (1105)

[*Translation*]

**Hon. John McCallum (Markham—Unionville, Lib.):** Mr. Speaker, I will be sharing my time with the hon. member for LaSalle—Émard.

The Liberals will vote for this motion. The main reason is that we think it is very important for the government to negotiate in good faith with the Government of Quebec. That is the main point of the motion. There are some differences of opinion between Quebec and the federal government. These differences do not seem too great, though, if we want to have a flexible federation in which we cooperate. We should obviously negotiate with any province, including Quebec, over matters that are good for the federation.

It is as simple as that, and for this reason we will vote in favour of the motion.

[*English*]

One thing I will say as a small aside is that it will be interesting to see how the NDP decides to vote on this motion. On the one hand we have NDP members who have ranted and raved against the harmonized tax. On the other hand we have the member for Outremont who said:

How are we supposed to live harmoniously in this country if harmonization gives other provinces billions of dollars while Quebec gets nothing?

So it seems that whichever way they decide to vote on this motion there will be NDPers pitted against NDPers, which will be an interesting prospect for non-NDPers to view.

In any case, to return more to the substance of the matter at hand, I think the first point to make is that on economic grounds there is a good case for the GST and a good case for harmonization. It should be noted that every OECD country except the United States has a value-added tax, which is like the GST. A value-added tax is generally thought to be an efficient tax because businesses get credit on the inputs that have already had tax paid on them, so that at the end of the day, all the goods purchased by consumers are taxed only once.

Currently, then, the move by Ontario in the direction of harmonization will result in a reduction in the marginal effect of tax rates, which will be of particular assistance to the manufacturing sector. Therefore, this move is a positive one on two grounds: first, on grounds of efficiency; and second, on grounds of competitiveness.

It is more efficient to have one tax than two taxes. Small businesses and other businesses will then only have one tax to administer rather than two.

*Business of Supply*

This is reminiscent of a move that the Liberal government made, I believe in 2005, to have a single tax collector for corporate income tax in the province of Ontario. This was an agreement between the federal government and Ontario. It was very well received by businesses. It reduced their compliance costs to have only one tax rather than two taxes, and this move in Ontario and potentially in Quebec is of a similar nature.

It is also good for the competitiveness of the country because by reducing the effective tax rate on business investment at a time when jobs are disappearing, particularly in Ontario in the manufacturing sector, which is very much in difficulty, this move by the Government of Ontario will be positive for the Ontario economy over the medium term.

If we turn to Quebec, I can count perhaps five areas in which there is incomplete harmonization. First of all, at the moment, Quebec has two taxes rather than one tax. Second, there are some goods on which the provincial tax applies but not the federal tax, but that is the same as will be the case in Ontario. Third, the tax credits, which are part of a GST or value-added tax, are not claimable by larger companies. In the Ontario case, large companies will transition over time to be allowed to claim those tax credits. Fourth, there is a difference in terms of who collects the tax, whether it is the Government of Quebec, as it has been since the time of Brian Mulroney, or whether, as the government wishes to be the case, it is the CRA. The fifth and final point is that, currently, the Quebec sales tax is applied on top of the federal GST.

We are the opposition, not the government. It is the government that should negotiate. I submit that those five differences are not huge. I do not know exactly what the outcome of those differences would be, but certainly they leave scope for the two governments to bargain in good faith.

We in the Liberal Party welcome the Quebec government's indication that is prepared to move to a greater degree of harmonization under certain conditions. We see absolutely no reason the federal government should not enter into negotiations with the Government of Quebec on this subject and in good faith. It is for that reason the Liberal Party will be voting in favour of this motion.

• (1110)

**Mr. Ed Fast (Abbotsford, CPC):** Mr. Speaker, I thank the member for his intervention but I want to call him on something that he mentioned in his comments.

First, he justified the harmonization based on the fact that it is a more efficient use of taxation and the processing of tax dollars and, second, that harmonizing the GST and the VAT or PST would make it more effective in terms of reducing the overall tax rate, yet it is the position of his party and his leader that taxes should be raised.

As members know, it is his party that suggested that the GST should be increased again from the reductions that we as a Conservative government have implemented. It is also his party that came forward and suggested a carbon tax. It is also his leader who very recently suggested that taxes in Canada are supposed to go up, not down.

How does the member justify that patent hypocrisy to, on the one hand, say that it is more efficient to harmonize the GST and PST

because it will lower the overall tax rate and yet, at the same time, suggest that taxes in Canada should be increased, whether it is carbon taxes or the GST?

**Hon. John McCallum:** Mr. Speaker, all of that is such patent nonsense that it does not deserve any answer at all.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the member has helped the House understand that notwithstanding that Quebec has already harmonized or entered into an arrangement back in, I believe, 1992, there still are five outstanding matters, as he laid out. The important point is that these are negotiable and we can work with this.

The other key issue, which the member may be able to assist the House and Canadians to better understand, is conceptually the benefits of harmonization, not just to a specific province but to the country as a whole in terms of its support for businesses and the efficiencies that it brings.

There is also a very important argument about the benefits of shifting our tax burden in Canada from income taxation to the value added or consumption tax basis. Those have been long-standing arguments but it is becoming very clear that the consumption tax internationally has been the preferred route.

• (1115)

**Hon. John McCallum:** Mr. Speaker, I thank my hon. colleague for his excellent remarks. Unlike the previous comments, they clearly do deserve an answer.

In particular, I agree with his points. The five points that I made are significant but not huge, and a government that cannot effectively negotiate in good faith on the basis of differences as limited as these is not a government that is a competent government.

With respect to the second part of my colleague's question, study after study around the world shows that if there is money with which to cut taxes, it is far fairer and more efficient to cut income taxes rather than to the GST or sales taxes.

When we were in government, we had cut the lowest income tax rate from 16% to 15%. The Conservatives came in and did things in the opposite direction to what every economist on the planet would have recommended. They raised the income tax rate from 15% to 15.5% and cut the GST, the opposite direction of what the rest of the world thinks is appropriate policy.

**Hon. Shawn Murphy (Charlottetown, Lib.):** Mr. Speaker, I enjoyed the member's comments. As he indicated, there are some very positive elements in this particular motion that will lead to more effectiveness and more efficiency, such as the tax collector, the tax on tax.

A number of issues need to be negotiated and I hope that going forward they will be able to come to some conclusion.

My question for the member concerns the whole issue of a tax on consumption versus income tax. Is there any economist in Canada who does support the income tax approach of lowering taxes rather than taxes on consumption?

*Business of Supply*

**Hon. John McCallum:** Mr. Speaker, the only economist in Canada that I am aware of who supports lower GST rather than lower income tax, or least is a person who purports to be an economist, is the Prime Minister himself.

[*Translation*]

**Mrs. Lise Zarac (LaSalle—Émard, Lib.):** Mr. Speaker, I am happy to take part today in the debate on the motion moved by the member for Saint-Maurice—Champlain, which reads as follows:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

Our party is certainly in favour of harmonizing the two sales taxes. However, it is difficult to understand why the Bloc is giving this issue priority when the country is in the middle of an economic crisis. Market declines caused by the global financial crisis have left the solvency of Canadian defined benefit pension plans at historical lows and defined contribution plan members with shrinking retirement savings. We saw over 210,000 jobs disappear in three months, we have the forestry crisis, the closing down of plants and retail businesses, personal bankruptcies, the collapse of the auto industry, and the list goes on.

The list never stops growing. There is no shortage of subjects for a motion to make the Conservative government aware of this crisis. The Bloc's decision to make this matter of harmonization of taxes a priority appears to have pushed into second place the numerous issues that could be submitted to this Conservative government, which continues to stumble over adopting solutions that would at least lessen the effects of this harsh recession on Canadians.

Having said that, it is still true that Quebec is the only Canadian province to have harmonized its sales tax with the GST without having received compensation, and negotiations in good faith between the two levels of government should be taking place.

It is obvious that the Liberal Party of Canada is delighted that the Government of Quebec is ready to consider eliminating the last obstacles to the full harmonization of the two taxes, including charging the Quebec sales tax on the GST. Given this opening by the Government of Quebec on harmonization of the sales tax, the federal government must also make an effort of its own.

Our party supports without reservation the principle that the federal government and the provincial governments should negotiate in good faith to settle the question of compensation for Quebec. This March, the Quebec National Assembly adopted a unanimous motion asking the federal government to treat Quebec justly and equitably, by granting compensation of \$2.6 billion for harmonizing its sales tax with the GST. Quebec only wants to be treated in the same way as Ontario and the Atlantic provinces, which have all received compensation for harmonizing their sales taxes with the GST.

Quebec was the first province to harmonize its tax, to a large extent, with the federal government during the 1990s. It did not receive any compensation from the federal government. At the beginning of April, Monique Jérôme-Forget, who was then the Quebec Minister of Finance, promised to fully harmonize federal and provincial taxes in order to receive this compensation. Her

successor, Raymond Bachand, has maintained this as the Charest government's position, while categorically rejecting that the Canada Revenue Agency should be responsible for collecting the two taxes. For it must be said that the unified management of the two taxes by Revenue Quebec is working very well.

Since the start of this imbroglio, the Minister of Finance, the member for Whitby—Oshawa, has continued to refuse to consider the Government of Quebec's request. As usual, the Conservative government has turned a deaf ear to any issues that could embarrass it. Meanwhile, the government of Stephen Harper, by granting compensation of \$4.3 billion to the province Ontario for having harmonized its sales tax with the federal tax—

● (1120)

**The Deputy Speaker:** I remind the hon. member that she should not refer to other members by name, but by the name of their riding or their title.

**Mrs. Lise Zarac:** I am sorry, Mr. Speaker.

But when the Conservative government granted a \$4.3 billion compensation to the province of Ontario for the harmonization of its sales tax with the federal tax, it ought to have expected it would have to negotiate with Quebec, the first province that harmonized its sales tax with the GST without any compensation at the time.

The maritime provinces also received a \$1 billion compensation when they harmonized their own taxes. This turmoil in Quebec over the compensation that was handed to the province of Ontario should not come as a surprise. Negotiations conducted in good faith should necessarily lead to a fair settlement with Quebec, and that is what we are asking for. Complete harmonization of both taxes should normally entitle Quebec to compensation from the federal government.

The official opposition would like to support this motion by the Bloc. But it is always obvious for our party that in negotiations in good faith between the federal government and the Quebec government, compromises must be made. Quebec will perhaps have to go a little further in its harmonization process in order to get compensation similar to that given to Ontario. But it could also suggest that the new sales tax in Ontario is very similar to the Quebec sales tax. For instance, certain goods, like books, will not be taxed and reimbursement of the tax on goods and services used in commercial activities in Ontario will be identical to Quebec's.

Ottawa and Quebec should negotiate in good faith to come to an agreement on the way to harmonize the sales taxes, the GST and the QST, as I said earlier, in this new chapter of negotiations to standardize taxes. Quebec and Ottawa will have to make concessions to reach a deal that will satisfy the public.

● (1125)

**Mr. Roger Pomerleau (Drummond, BQ):** Mr. Speaker, I would like first of all to thank my colleague for the fine speech she just made. I would also like to remind her of something before asking my questions.

*Business of Supply*

She asked why the Bloc Québécois is making a priority of this issue today, in the House, while we are in the midst of an economic crisis. We are talking about an amount of \$2.6 billion that is owed to Quebec and that we are asking for. It is our money. This 2.6 billion dollars or 2,600 million dollars is owed to us, and it is because we are facing an economic crisis that we are asking urgently for that money.

As for my question, I would like to remind my colleague that campaign promises do not always go very far. The present government, before being elected as a government for the last time—since it will not be elected the next time—promised to use an open federalism approach and to respect the provinces. We are discussing an amount that is owed to us and that has been left unpaid. As we can see, words have a profound meaning in politics.

My colleague told us, in her speech, that the administration of the two taxes is going very well right now in Quebec, and she is perfectly right. She told us that Quebec should expect to have to make some concessions. Could she say exactly what concessions?

**Mrs. Lise Zarac:** Mr. Speaker, I did mention that some concessions would have to be made, but these concessions will become known in the course of negotiations. I could not describe them in detail since they will take shape during negotiations.

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, I can understand my distinguished colleague's answer. However, the Liberal group should have already found a middle ground. For example, they should say they are ready to take that step if Quebec makes some concessions.

My colleague said earlier that words and actions are two very different things in this place. Like those people who were in the opposition and who, as soon as their party takes power, suddenly have no memory of anything that went before.

So I ask the same question again: What do the Liberal Party and the Province of Quebec have to negotiate in order to agree to harmonize the QST and the GST?

**Mrs. Lise Zarac:** Mr. Speaker, I thank my colleague for his question.

At the end of the day, the Liberal Party agrees with the request. It is undoubtedly fair and reasonable that this money be paid. When I talk about negotiations, I mean that the Conservative government should learn what fair means. That seems to be a problem. We expect the Conservative government to make that concession and to be fair with all the provinces.

As for the Quebec government, we expect it to negotiate in good faith and to be open. That said, the request is certainly fair and proper.

• (1130)

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I would like to thank our colleague for her support of the motion, which is important for Quebec.

I would like to ask the member a question concerning the history of the Liberal Party. The Quebec sales tax and the GST were harmonized in the early 90s, when the Liberals were in power. In 1997, the Liberal government offered \$1 billion to the maritime

provinces for the losses incurred when they harmonized the taxes. After that, the Quebec government asked the Liberal government for compensation but that government refused, saying that the harmonization did not reduced the revenues produced by the tax by more than 5%.

What has changed since then? Eventually, if one day you get to power, would the Liberal Party be ready to review its position and consult Quebec to reach an agreement with it—as the member said in her speech—to give it compensation of \$2.7 billion or \$4 billion?

**Mrs. Lise Zarac:** Mr. Speaker, it is true that in 1993, an agreement was reached with the four Atlantic provinces and they received \$1 billion. The reasons mentioned are true. What has changed is the fact that there were negotiations with Ontario. In fact, all Quebec asks is to be treated like Ontario has been.

**Mr. Thomas Mulcair (Outremont, NDP):** Mr. Speaker, in the name of the New Democratic Party, I am pleased to say right away that we will support the motion of the Bloc Québécois, which reads as follows:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

Just a moment ago, I could not help smiling a little bit as I heard the comments of my colleague, the finance critic from the Liberal Party, when he tried to blame us for some our past declarations. I simply want to tell him that I know firsthand what it is like. I know by experience what it is like to try to get a fair share for Quebec in any given file with the federal government.

For example, in May 2005, the McGuinty government put information online about receiving \$550 million from the federal government. The title was “For Climate Change”. Thus, we asked for an equivalent amount for Quebec, which would have been about \$327 million at the time. The answer was a straight no, which led to an interesting exchange with the PQ opposition critic in the National Assembly. She asked me how things were going with the member for Saint-Laurent—Cartierville, who was the Liberal environment minister at the time. I had to tell her—as I have always tried, in my political life, to understand the motivations of the other side, even when I did not agree—that, the longer I dealt with the ex-leader of the Liberal Party, the easier it was for me to understand how you became a sovereignist, even if I was not one. Indeed, this legendary stubbornness from the Liberals was the cause of much friction between the federal government and Quebec in recent decades.

*Business of Supply*

While we are delighted to hear them say that they are now in favour of this motion, truth should still be key in all of our deliberations. I have to say that when Quebec asked to be compensated in 1996-97, I was a member of the National Assembly. Bernard Landry who was Minister of Finance made a terrible fuss, as he often did, because he wanted Quebec to get the same compensation as the Maritimes. However, let's not forget that the maritime provinces received more than \$1 billion as compensation for their losses in harmonizing sales taxes.

At the first ministers conference held in Jasper in August 1996, the provincial premiers said that all provinces should get compensation. As he often did, then federal Minister of Finance Paul Martin presented a very skilful calculation based on an objective formula establishing that the maritime provinces were entitled to compensation, but not Quebec. Faced with the same formula in the last few weeks, the other side had to acknowledge that although Ontario was about to receive billions of dollars, it did not meet the conditions that Paul Martin prescribed in his famous formula.

How can we determine what objective criteria are being used as a basis to deprive Quebec of its share of these billions of dollars? I have to note that when the money was approved for the Maritimes, it was election time on the federal scene, which was, of course, sheer coincidence. It is so good to be able to buy people with their own money.

We now have a government that has a lot of seats at stake in Ontario. So it is worth finding some money to get Ontario on side. The problem is that Quebec has awakened. The Quebec government is saying, "Wait a minute! Apparently, in 1996-97, we did not meet the criteria established in that famous formula for the Maritimes but are you saying that the formula does not apply anymore because this time it is Ontario?" I would be very happy if Quebec were fairly treated in this case.

Harmonization is a word that must be used wisely. It does not mean that the feds can do everything on their own terms. I think there is some confusion among Conservatives on this issue and we will see if, on the Liberal side, they finally understand what it is all about.

• (1135)

In the quotations that my colleague, the Liberal Party finance critic, gave at the outset, he tried to show a contradiction between what certain people had said, but there is none.

In Quebec, for example, at present, there is no sales tax on diapers or books. That is a good thing, but it does not mean that if the taxes were harmonized Quebec would have to agree to tax books. If we were to tax ignorance we would have to send the bills over to the Conservatives, and that would be fine, but let us not start taxing knowledge and the ability to gain knowledge.

Quebec has always decided, since the Quebec sales tax began, that there would be no tax on books. As a result, when this is negotiated, the federal government must not start lecturing Quebec on morality and preaching to it about what the tax should apply to. Harmonizing means harmonizing, it does not mean that one side tells the other what to do.

There is another subtle factor in Quebec's case, and that was resolved in the early 1990s under the Bourassa government. A very simple rule was developed. The tax was harmonized—as the federal government said and has spelled out for years, Quebec was the first province to harmonize its tax—but Quebec was responsible for collecting the taxes.

Once again, I find it hard to see how the Minister of Finance can justify this kind of administrative upheaval, calling for federal government employees to be responsible for doing this from now on. You do not fiddle with things; you do not fix something that is not broken. The system exists, it is in place, and Quebec collects the taxes. This is not a problem with the harmonization of the GST and the QST. Let us not hear that excuse for not giving Quebec what is owing to it. That would be unacceptable.

So today the Bloc is taking the bull by the horns with a clearly written, finely crafted motion that explains exactly what it is about. The entire motion is very clear, and I am delighted to see the Liberals joining us, on this rare occasion, in a matter that concerns Quebec, and calling for Quebec to receive the \$2.6 billion owing to it. I say it is a pleasure, for once, to see the Liberals supporting a motion that could help Quebec, because we are used to seeing examples of the opposite happening.

The exception does prove the rule. What is the rule? The Liberals voted against the consensus in Quebec, supported by a unanimous motion of the National Assembly, objecting to the federal government's desire to centralize everything having to do with securities regulation in Canada. The Liberals would have liked to centralize securities here in Ottawa. There is no question of that happening, for us, because the Autorité des marchés financiers is doing its job quite well.

The Bloc has also put forward a motion that appeals to us: we should see which parts of the protection of the right to work in French can be transferred into the federal legislation in sectors under federal jurisdiction. Is it normal, for example, that an employer can require a knowledge of English just because one of the bosses just arrived from another province and speaks only English and they are in the telecommunications sector, or in a bank, or in inter-provincial transportation? These are all areas under federal jurisdiction. For example, if a person in Rimouski works in a telecommunications company and a new boss arrives from Vancouver and speaks only English, that person in Rimouski has to know English in order to get a promotion. We are going back 50 years. We are going back to the 1950s with this approach.

Since August 26, 1977, the adoption of the Charter of the French Language has meant that employees and workers in Quebec are entitled to receive all documents from their employer in French. It is rights of this kind that we are looking at here. Twice the Liberals have refused not just to pass bills but merely to study them, once under the previous government and then now. There are surely a lot of things to study here. We do not want to take anyone's rights away; we want to add rights. The Liberals are voting, therefore, against even studying these bills.

*Business of Supply*

I find it incomprehensible. If we live in a country with two official languages and one of them is in the minority in Canada as a whole, we have an ethical and moral obligation as a society to do everything we can to strengthen that language in the only province where it is in the majority. We need to ensure that it is a living, appreciated, respected language and that rights attach to its use.

Simply put, why would a woman who works in a charter bank, which is therefore under federal jurisdiction, have fewer workplace rights—because fewer linguistic rights attach to her job—than a woman who works in a *caisse populaire*?

•(1140)

To ask the question is to answer it for anyone who believes it is important to keep our two languages alive. The Liberals would obviously rather cling to symbols than look at the reality of working people.

It is different for us in the NDP because we have always understood that linguistic rights are labour rights. That is why we in the NDP are on the same wavelength as many people in Quebec. The Liberals are always out of step with this reality. They know how to talk about recognizing the Quebec nation, but whenever they are asked to do something specific, they are nowhere to be found.

In regard to the harmonization issue we are discussing today, I think the background just described shows how badly Quebec has been treated by federal governments, both Liberal and Conservative.

The Bloc motion today distils all this and puts things into proper perspective when it says that the least the government can do is negotiate correctly and in good faith with Quebec. We should be able to assume good faith.

I saw the letter that the Minister of Finance signed. He was talking about it even yesterday. He signed a letter—evidently one that was hastily written—and quickly had it published in the newspaper *La Presse*. It was an outright refusal to have an open, objective, appropriate discussion in good faith with Quebec. The good old centralizing Conservatives are dictating conditions to Quebec and remind me of a little old lady wagging her finger. These conditions will not be tolerated, nor will any others.

I find it interesting that, since the outburst by the Minister of Finance was published in *La Presse*, his theme song closely resembles the “beep-beep” of a truck backing up. It is becoming increasingly apparent in Parliament that, of the 10 Conservatives elected in Quebec, there will be none left if the Conservatives continue to behave in this manner and allow someone like the Minister of Finance to make decisions affecting Quebec.

I would also like to add that it is nevertheless an indication that someone in the federal government is doing some thinking and that someone is noticing what is happening, even if he still puts on a brave front when he rises in this Parliament and says that he makes the decisions and no one else, that those are the conditions, that harmonization is harmonization and that that means the federal government will dictate everything. That is the opposite of negotiating in good faith. When you negotiate in good faith, you put everything on the table and indicate what you want to achieve and what is good for the economy, because there is some good for the economy in this approach.

For its part, Quebec believes that there are a certain number of exceptions and that it will not impose more taxes on families or knowledge by taxing books, etc. Everyone can benefit from it. Finally, after more than a decade of effort, Quebec will be given what it is entitled to. Unfortunately, it is only after it was given to Ontario, once again, but better late than never.

•(1145)

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Mr. Speaker, I thank my colleague from Outremont for his presentation.

More often than not, he forgets he is no longer a member of the Liberal Party. I know he was formerly a provincial Liberal minister and, as a matter of fact, he likes to talk about the Liberal Party and its position.

I would like to know whether his party will support this motion. We are just not sure because this morning, some of his colleagues said yes and others said no. I would like to know the NDP position on this.

**Mr. Thomas Mulcair:** Mr. Speaker, I do not know what kind of substance my colleague has been using, but in the very first sentence of my speech, I said clearly, directly and unambiguously that the NDP is supporting the Bloc motion. It could hardly be clearer.

As concerns his musings about contradictions between me and other NDP members who spoke to the motion, I have to say, even if it might be slightly embarrassing for him, that I am the only member of my party who took part in this debate today.

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I would like to thank my colleague for supporting this motion by the Bloc. I have a question for him.

In his remarks, the hon. member explained clearly why the sovereigntist movement is so strong in Quebec. We sometimes get beaten by the federal government, and sometimes we are charmed. The Conservatives recognized Quebec as a nation. They started with seduction tactics in Quebec, but it all ended up in a great disappointment and a policy of deception.

Does my colleague believe that the Conservative Party and the Liberals, who could later on form a government, will change their position on harmonization of the GST and QST, and grant real compensation to Quebecers? Or is this just another way to win over Quebecers, as the Conservatives did in the past, by telling them they are now ready to be more receptive to Quebec and offer the \$2.4 billion in compensation that is being requested?

**Mr. Thomas Mulcair:** Mr. Speaker, it is indeed a test for the Conservative government. The Conservatives have no more excuses, no more pretexts to hide behind. They now have to face facts. If the recognition of the Quebec nation truly is more than just words, it has to be followed by a number of actions.

About the nation, I remind hon. members that the government's first action was to reduce the representation of Quebec in the House of Commons. That was one of the first Conservative proposals. Then, just like the Liberals, they refuse to discuss the realities of recognizing the Quebec nation as regards its linguistic rights and its legislative rights in certain areas like securities.



*Business of Supply*

My colleague from the Bloc who asked the question seemed to believe in an alternation between Conservatives and Liberals. Let me tell him this. The NDP has about 40 members from British Columbia to Nova Scotia and has a strong, credible and progressive voice that garnered close to 20% of the votes in the last election. The Liberals mistakenly elected a right-wing leader, thinking that the problem with their last leader was that he was too much of a leftist. That was not the problem. The problem was that they did not represent anything. Considering the leader the Liberals just chose, many Canadians will be looking for a progressive voice for the future, and that voice is the New Democratic Party.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Speaker, I have a short question for my colleague. In his experience, are our country's first nations taken into account in any discussion on harmonizing the GST or coordinating the rates?

My riding is home to nearly 30 first nations peoples, and the federal government does not take that into consideration when setting the general rate. That idea comes only after all the discussions with the provinces have taken place.

I would like to know if such a consideration exists, because it is not mentioned in the motion. That is clear. I do not have a problem with that. I just want to know if first nations are generally taken into account in discussions between Ottawa and the provinces.

•(1150)

**Mr. Thomas Mulcair:** Mr. Speaker, the tax system in place on reserves is different. There is no sales tax. We know that. It creates a challenge because certain products that should be sold only to residents on the reserve are in fact sold more widely, which deprives the state of certain revenues.

My colleague raises a very good point. The motion before us today deals only with Quebec and the recognition of Quebec. That is what this motion is all about. I remember a very moving ceremony that took place in this House just a few months ago and during which everyone was saying that the time had come to right the wrongs of the past. There was an apology for the residential school system, and so on. There are issues, like this one, that need to be dealt with by this House with regard to first nations.

My colleague's riding in northern and central British Columbia is home to very large first nations communities. If he did us the honour of bringing forward a motion in that regard, he could count on my support.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the member will know that in the existing agreement between Quebec and the Government of Canada there are still some differences. There are still two taxes, there are some differences in the basis on which the tax is applied; the calculation of the credits; who collects, Quebec versus the CRA; and there are also some issues with regard to a tax on a tax.

Does the member consider those to be matters that can be resolved? Does he believe that if there is no movement on these issues the compensation would not be appropriate?

[*Translation*]

**Mr. Thomas Mulcair:** Mr. Speaker, it is worth reminding the hon. member that the first province to sign the agreement to harmonize taxes was Quebec, in the early 1990s. The example of a tax on a tax is the kind of issue that is dealt with through real harmonization and that is easy to compensate on the tax side. That is precisely what should be provided. However, this does not mean that the federal government can impose anything. I gave the example of diapers and books, which are currently not taxed in Quebec. We will never let the federal government lecture us and tell us that, from now on, diapers and books must be taxed. This harmonization is not done to better tax families, because that would be despicable. However, harmonizing in the best interests of the general economy may be a very good thing.

I have always said that Quebec was the first province to harmonize its taxes. In fact, the federal government recognized that this was indeed the case. If the minister wants to find other criteria and excuses to ease his conscience for all those years when Quebec was not compensated, fine. However, we are convinced that the \$2.6 billion that are owed to Quebec should be paid, and that is why we support the Bloc's motion.

**Mr. Roger Pomerleau (Drummond, BQ):** Mr. Speaker, I really enjoy listening to the hon. member for Outremont, first because he speaks very well, and also because he really understands what is going on on the other side, since he himself was a minister in the Quebec National Assembly. The fact that a person was a minister in Quebec City does not automatically mean that he or she understands these things. Indeed, some current cabinet ministers are former members of the Quebec National Assembly, but they have already forgotten that. Day in and day out, rather than defend Quebec's interests, they give us the impression that they want to keep the flag on the hood of their limousine, as Jean Chrétien put it so well. He was the only person who could use both official languages at the same time.

When we look at the government opposite, we get the impression that the good old method used regarding this issue consists in setting criteria for Quebec and, once it meets them, in pushing them back, or in setting new ones. Quebec is required to meet these criteria, but it can never do that, because the government keeps changing them. It is like a dog chasing its tail. It can never catch it. That is obvious with the Conservatives. However, I also find the comments made in this House by two Liberal members very disturbing, and I would like to hear what the hon. member for Outremont has to say about them.

For example, the hon. member sitting nearby said that Quebec must be prepared to make some concessions. This is like announcing right now that other criteria will be set in the future.

•(1155)

**The Deputy Speaker:** The hon. member for Outremont has only 30 seconds to respond.

*Business of Supply*

**Mr. Thomas Mulcair:** Mr. Speaker, even though my parents named my Thomas, and thus made me the one who doubts, the doubt expressed today by the member is totally justified. If the past is any indication, I do believe that the Liberals are preparing a safety hatch so they do not have to really support what they say they are supporting today. That would be consistent with their past behaviour. For our part, we will be consistent with ours, and we will not change our position.

**Ms. Francine Lalonde (La Pointe-de-l'Île, BQ):** Mr. Speaker, I will be sharing my time with the member for Joliette. I take this opportunity to say to the voters from La Pointe-de-l'Île that their member of Parliament is in fine form.

I am proud to be here today to speak in favour of the motion. I will read it and after that, I will explain why I am so happy.

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization,—

Up to now, that compensation has been refused.

—and that Quebec continue to administer these harmonized taxes.

The motion must be defended by the Bloc in this House because until now a motion adopted unanimously by the Quebec National Assembly has been rejected by the government. Is it because Quebec is demanding too much? Is it because Quebec is requesting special treatment? No. Quebec only wants to be treated the same way as all other provinces, since the government has changed its mind.

Let us go through the history. First, I will read the unanimous motion passed by Quebec's National Assembly. I repeat, the Bloc Québécois is supporting here the unanimous motion passed by Quebec's National Assembly, which reads as follows:

WHEREAS Québec was the first province to harmonize with the Federal goods and services tax (GST) in the early 1990s;

Quebec was the first province to harmonize with the federal government.

WHEREAS since then, three Atlantic provinces have harmonized with the GST in 1997 and have received compensation for this from the Federal Government totalling close to 1 billion dollars;

WHEREAS the Government of Ontario announced that it would harmonize its sales tax with the GST beginning on 1 July 2010;

WHEREAS the Federal Government will grant a 4.3 billion dollar compensation to Ontario for this harmonization, an amount that is justified in the Canada-Ontario memorandum of understanding particularly owing to the desire to stimulate economic growth and job creation, and the Federal Government will administer this new provincial tax free of charge on behalf of Ontario;

Let me stress that the maritime provinces and Ontario have been compensated.

WHEREAS the Ontario sales tax will be very similar to the Québec sales tax (QST) since certain goods, such as books—

It is the same thing in Ontario.

—will not be subject to the provincial tax and that input tax refunds in Ontario may be identical to those agreed to by Québec—

Inputs are the materials that factories buy to produce their goods.

—for an 8-year period;

• (1200)

WHEREAS Ontario is the fourth province to receive compensation from the Federal Government as part of the harmonization of the provincial and federal sales

taxes, while Québec [Quebec says so] has not received any compensation to this day even though it was the first province to harmonize its sales tax;

We read that, and we do not understand. Why did Quebec not receive anything?

BE IT RESOLVED THAT the National Assembly ask the Federal Government to treat Québec justly and equitably, by granting compensation that is comparable to that offered to Ontario for the harmonization of its sales tax with the GST, which would represent an amount of 2.6 billion dollars for Québec.

An amount of \$2.6 billion is not exactly pocket change.

Why is it that, so far anyway, the Government of Canada, through its finance minister, has denied Quebec's request? It is hard to understand. After Quebec became the first province to harmonize its sales tax with the GST and the Maritimes negotiated for their three provinces up to \$1 billion in compensation, the federal government, a Liberal government at the time, told Quebec that the harmonization costs to these provinces exceeded 5% and they would be compensated, but that Quebec's costs were lower than 5%. Quebec agreed with these terms. However, when the Conservative minister approached Ontario, either directly or through someone else, those terms were dropped. They no longer exist. That is how Ontario was offered \$4.6 billion to harmonize its sales tax, with the federal government administering the tax collection at no cost to the province. The federal government is not charging them anything for collecting the provincial sales tax.

My problem is not with the minister being generous with Ontario, but rather with him changing the rules. This means that Ontario stands to receive a substantial amount. The same should be true of Quebec. What was the minister's response to Quebec's request? He started by flatly denying it, arguing that the taxes were not perfectly harmonized. The Quebec minister wrote him back, saying that the necessary changes would be made. After running out of reasons for denying Quebec's request, what did the minister say? He said they would see what they could do, but that the tax would have to be collected by the Government of Canada. Nothing could be more unacceptable to Quebec, which has been recognized as a nation by the Conservative government, than being denied the fundamental right to collect its own taxes.

• (1205)

I strongly wish that this motion is passed by Parliament so that the government negotiate in good faith with the Government of Quebec and pay proper compensation, in all fairness.

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I would like to congratulate my colleague on her excellent speech. The Bloc is always glad to have her here with us because she is one of our pioneers, one of the most senior members of the Bloc Québécois, and she always does exceptional work.

I would like to ask her a simple question because I know that she has a long history of involvement in the sovereignist movement. If we were sovereign and had the authority to legislate and collect all of our own taxes, would we no longer get trapped over and over in this federal institution?

The Conservatives wooed us somewhat by recognizing us as a nation a while ago. Now they want to interfere with our taxation authority. In the past, the Liberals did as the member explained in her speech.

*Business of Supply*

How would Quebec sovereignty be a more effective way not only to collect all of our taxes, but also to stimulate our economy and promote our social development?

**Ms. Francine Lalonde:** Mr. Speaker, my colleague has asked a very good question.

Briefly, I would point out that the word “sovereignty” includes the word “sovereign”. Being sovereign means that one makes all of one's own decisions.

This is what I want to say: when Quebec is sovereign, it will collect its own taxes as it sees fit and spend the money as it wishes. It will also support the province's development in ways it feels are best.

Right now, it does not always seem as though Quebec is reaching its full potential. On the contrary, there is still so much to do. That is why we are working toward achieving sovereignty, but in the meantime, we are working on development and on urging the Government of Canada to negotiate with the Government of Quebec.

**Mr. Jean Dorion (Longueuil—Pierre-Boucher, BQ):** Mr. Speaker, I have another question for the member who just spoke.

We now have a Canadian government which says that the way the harmonization was done was not to its liking and announces that until it has collected all the money and distributed it in Quebec, if it wants to, it does not intend to give Quebec the \$2.6 billion it owes it. That amount is growing daily. It would unfortunately have been the same thing under a Liberal government.

In an article published in *The Gazette* 10 days ago, the Minister of Finance said: “*Quebec will collect when we collect*”.

Considering that sort of blackmail, should we not be worried that if Quebec yielded to the Conservatives and let them collect the money, they could very well decide to take that blackmail further by refusing even to give us our fair share?

• (1210)

**Ms. Francine Lalonde:** Mr. Speaker, that is an important question that, in a sense, we do not dare ask.

For me, it is unthinkable that the federal government would not give Quebec its \$2.6 billion under the pretext—and I use the word advisedly—that the Quebec government would not want to let it collect the tax.

That would be absurd. The federal government said that it is collecting the tax for Ontario free of charge. Quebec would be collecting its own tax, but Canada is insisting on collecting it if it is going to pay compensation. That is absurd, unfair and ridiculous.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I am extremely pleased to take part in this debate. Once again I feel that the Bloc Québécois and its members are playing their role masterfully in defending without compromise the interests and values of the Quebec nation. I will read today's motion again for the benefit of those who are watching us:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

This motion is simply aimed at giving Quebec its due since it was the first province to harmonize its sales tax with the GST. I remember clearly the debates that went on at that time. Harmonizing its sales tax with the GST was not easy for Quebec. When the federal government eliminated the manufacturing sales tax and introduced the goods and services tax, that gave rise to an extremely important debate in Canada and in Quebec. People were wondering about the possible harmful effects of this tax since it is an indirect tax that is applied in the same fashion regardless of income, as is the case with any consumption tax. So there was an extremely important debate and the federal government amended its plan to ensure, through a tax credit, that families would not be penalized by the introduction of the GST, which is a value added tax.

In this context, in the early 1990s, the Government of Quebec, a Liberal government, decided to follow suit. The debate on QST and GST harmonization was not easy in Quebec. In hindsight, I must admit, the premier at the time, Robert Bourassa, showed a great deal of courage by raising and beginning this debate. Harmonizing the QST and the GST was not an easy thing to do.

One might have expected the federal government to strongly emphasize Quebec's leadership in promoting economic efficiency. We agree that two sales taxes of this kind should be harmonized as much as possible. Clearly, as we can imagine, certain choices involve greater flexibility. For instance, in Quebec, there is no sales tax on books and on culture, although the federal government continues to tax culture and books with the GST. In that case, one would have expected the federal government to harmonize its tax with the Quebec tax.

Therefore we might have expected the federal government not only to harmonize its tax with Quebec when it comes to GST on books, but also to emphasize Quebec's leadership in terms of economic efficiency. Clearly, it will be much simpler when Quebec becomes a sovereign country. Then there will be only one sales tax, which we will administer based on our values and our preferences. In the meantime, we must try to make the most of the situation. It is unfortunate that members from Quebec who belong to the other parties of this House are not defending the interests and values of Quebecers. However, I am not worried. In the next election, which will be held soon, the people of Saguenay—Lac-Saint-Jean will solve the problem of the Conservative members who are totally ineffective when it comes to defending Quebec's interests.

*Business of Supply*

I will get back to the QST and GST, which were harmonized in 1990. When three of the Atlantic provinces decided to harmonize their own sales taxes with the GST, the federal government offered compensation of approximately \$1 billion. Up to that point, there had been no compensation for provinces that harmonized their taxes. When the federal government decided to compensate the Atlantic provinces for harmonizing their tax with the GST, it would have been quite normal for the government at that time, which was Liberal, and finance minister Paul Martin, to compensate Quebec.

• (1215)

But, no. I will read the very revealing answer given then by Mr. Martin to my colleague Yvan Loubier:

Mr. Speaker, there is a formula to compensate provinces that will lose more than 5% of their sales tax revenues. This is not the case for Ontario, British Columbia, or Alberta. It is not currently the case for Quebec either, and it was not in 1990 when it signed the harmonization agreement.

First of all, the then finance minister, Paul Martin, and the Liberal Party, acknowledged that Quebec's sales tax had been harmonized. I shudder with indignation. Their excuse was that Quebec was not entitled to compensation because it was not losing 5% of its revenues by harmonizing its sales tax with the GST. Such was the excuse of the Liberal federal government in 1996.

Now that the Conservative government and the current Minister of Finance have agreed to compensate Ontario for harmonizing its tax with the GST, the government has come up with a new excuse. The 5%, which was the Liberals' excuse for not compensating Quebec in 1996, is no longer the norm. Now, the excuse is that the federal government does not collect this tax.

Yesterday, the Minister of Finance told us that he was not setting any preconditions for negotiating with Quebec. Yet we can read the article he published in *La Presse*.

I want to take this opportunity to tell the Conservatives from Quebec who say that this should not be negotiated in the public arena that the positions of the Conservative federal finance minister have been made public. Everyone who bought *La Presse* that day could read the finance minister's conditions.

The article that ran in *La Presse* clearly states that, in the finance minister's opinion, there is no harmonization of Quebec's sales tax with the federal GST unless the federal government collects the tax. That is a condition, and it appears in the article published in *La Presse*.

Contrary to what the finance minister said yesterday, there is a precondition, which is a fabrication. As my colleague from La Pointe-de-l'Île said earlier, the government came up with a new criterion to make sure that Quebec would not be entitled to compensation.

Now to get back to the present Minister of Finance. I will read an excerpt from the Conservative budget of 2006.

Harmonized value-added taxes are now in place in Newfoundland and Labrador, Nova Scotia and New Brunswick—and Quebec administers a provincial value-added tax, as well as collecting the goods and services tax on behalf of the federal government.

At that time, in 2006, the Minister of Finance did not seem much bothered by this, nor the Conservative government, nor the Quebec Conservatives either.

But separate provincial retail sales taxes continue to be collected in five provinces.... Provincial retail sales taxes also substantially increase the effective tax rate—.

He names the five provinces and Quebec is not one of them. This means that, in 2006, the Conservative Minister of Finance, the Quebec Conservative members, the Conservative government, the Conservative Prime Minister, considered that Quebec was not among the provinces that had not harmonized their taxes—because it had. In the meantime, an agreement has been signed with Ontario. By harmonizing its tax, Ontario does not lose 5% of its revenue. So now a new pretext had to be invented in order to not compensate Quebec. That pretext was the collection by the federal government of the harmonized sales tax, whether GST or QST. That is totally unacceptable for Quebec.

The Quebec National Assembly has said so. And even if it had not, even if we do not consider the key issue in the debate, there is a certain inconsistency here, just from the administrative point of view. Imagine, in a period of economic crisis, wanting to change the whole system of collecting the QST and the GST just to please the Conservative Prime Minister and his Conservative members. Imagine the costs that represents, both for the Quebec state, and for the federal state, along with all Quebec businesses. It is suicidal! The Conservative position deserves to be defeated, while our motion deserves to be adopted.

• (1220)

**Hon. Jean-Pierre Blackburn (Minister of National Revenue and Minister of State (Agriculture), CPC):** Mr. Speaker, I listened to the speech by my colleague.

When harmonizing the federal and provincial taxes, you generally try to tax the same products. However, it was striking for me to hear the member talk about books. We know that this category of products is taxed at the federal level, but is not taxed by Quebec. The member of the Bloc Québécois has quite an approach. In his view, the whole of Canada must adjust to the desires of the Bloc Québécois. He does not have the national vision which would require the tax to be the same everywhere.

Moreover, he spoke of recession and economic hardship. I am the minister of National Revenue. Does my colleague know how much Quebec taxpayers are paying for the federal government to administer the GST, the QST and income taxes while Quebec does the same? The Government of Quebec spends \$445 million a year to administer this tax by itself, while the federal government already has the structure to do it. I am not saying that Quebec must let us administer it, but people need to know exactly how much it costs.

**Mr. Pierre Paquette:** Mr. Speaker, yes I am a nationalist, but for the Quebec nation, not the Canadian nation. Where I fault the Conservative members from Quebec is that they have no nationalist feelings for Quebec.

*Business of Supply*

The hon. member, and Minister of National Revenue, implies that the Ontario sales tax and the GST are 100% harmonized, and this is not the case. In Ontario, there is no tax on children's clothing or footwear, but there is GST. As for child car seats and booster seats, it is the same: no sales tax but GST. Worse yet, there is no Ontario provincial tax on books but GST applies. It is not a serious matter that not everything is harmonized in Ontario, but it is serious in Quebec.

I think that the minister ought to understand that nobody would dream of changing the way GST and QST are collected by Quebec; it works fine and has done for 19 years. Nobody but the incompetent, the careless, the irresponsible.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I have asked this question of another party earlier and I would like to pose it to the Bloc as well. I think it is important to be addressed.

The whole aspect of harmonizing taxes is to create efficiencies as well as fairness and tax equity or tax justice, but right now there are some differences in the existing regime in Quebec. There are still two taxes, not one, which is contemplated under harmonization. They are applied against slightly different bases. There are some exceptions in terms of what is taxable. There are some problems with regard to tax credits, which would also create some inefficiencies if we had two systems. There is the difference in terms of the collector, whether it would be the province of Quebec or the CRA. Finally, there is also the issue of applying a tax on a tax, which is another area that causes some grief to some businesses and certainly to Canadians and in terms of the economics of having a harmonized tax.

My question to the member is this. Are these particular items open to negotiation and discussion in order to forward the discussion with regard to compensation?

• (1225)

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, harmonization of the tax does not mean there must be only one tax, and what is more, one tax collected by the federal government.

That said, it is true that there are certain areas in which harmonization could proceed further. When Ms. Jérôme-Forget was the minister, she wrote this to the federal Conservative Minister of Finance. The Government of Quebec is therefore prepared to negotiate in good faith to advance this harmonization. Ms. Jérôme-Forget wrote as follows in her letter:

The principal difference between the QST and the GST concerns tax rebates on the inputs of large businesses for certain goods, a measure which would cost Quebec approximately \$500 million annually, or a little less than 5% of the revenue generated by the QST.

I wish to hereby inform you that the Government of Quebec would agree to make the necessary adjustments to its QST in order to respond to your concern for a more complete harmonization, in exchange for a fair and equitable compensation of \$2.6 billion.

That is what is stipulated in the motion and that is what the House of Commons needs to adopt.

**Hon. Christian Paradis (Minister of Public Works and Government Services, CPC):** Mr. Speaker, I am pleased to be able

to respond to today's motion saying that the federal government should negotiate in good faith with the Government of Quebec over tax harmonization. I am happy to reiterate the position of the Conservative government. I say reiterate because I have said it many times in the House. However, the Bloc members seem to need to have things repeated over and over. They pretend to be deaf. They never want to listen to reason, especially when it runs counter to their option, their goal, their obsession. Today, though, they are giving us an opportunity to reiterate our position. I want to take advantage of this chance to explain the differences between the Bloc Québécois, the Liberal Party and the Conservative Party when it comes to the Government of Quebec.

If Quebec decides to harmonize completely, as Ontario and the Atlantic provinces have done, it will be treated equitably. We will show good faith, as we have always said. Our position has not changed on that and will not change.

As a Quebec nationalist, I joined the Conservative Party because it is the only federal party that respects the jurisdictions of Quebec and the other provinces while trying to make Canada better.

The Liberal Party, on the other hand, has the opposite ideology. Since Trudeau especially, it has tried to reduce the powers of the provinces and primarily the powers of the Government of Quebec. According to Liberal Party ideology, we need a strong, domineering central government. That was the position of Trudeau, Chrétien, and the hon. member for Saint-Laurent—Cartierville, and it is certainly the firm position of the current leader of the Liberal Party.

Since he first started writing, he has always aligned himself with that band of Liberal intellectuals who think they know better than Quebecers themselves what is good for them. The current leader of the Liberal Party of Canada speaks of Trudeau as the "Prince". Those are his words, not mine. The current Liberal leader wants to imitate Trudeau's approach to Quebec. He wants to dominate Quebec and centralize everything in Ottawa. I am sure, though, that he will try to hide his true intentions, just as he already did in regard to UNESCO and some other matters, including his approach to Quebec nationalists. We are starting to get to know the Liberal leader and his tactics. He seems to think that nothing has changed since the Trudeau years. He seems to think that Canada has not changed in the 30 years since he left the country. Maybe when the leader of the Liberal Party was young, very young, before leaving the country therefore, politicians could get away with saying one thing—

[*English*]

**Mr. Paul Szabo:** Mr. Speaker, I rise on a point of order. With respect to the minister, there is a specific motion before us. We have a rule, and according to the Standing Orders and Marleau and Montpetit, being relevant to the debate before the House is extremely important to make sure that the debate is productive. I can cite the sections if necessary.

The member has spent some time talking about the ideology of another party and other matters not directly related to the issue before the House. I would indicate that the member should be relevant to the debate.

*Business of Supply*

● (1230)

**The Acting Speaker (Mr. Barry Devolin):** I am not sure that the member's point of order is in order. The Chair often grants great latitude to members to speak about matters before the House in the ways in which they do.

With that, the Minister of Public Works and Government Services.  
[Translation]

**Hon. Christian Paradis:** Mr. Speaker, what is important here is that Quebeckers will quickly understand that the centralizing and domineering vision of the Liberal Party does not suit them. I would like to reassure Quebeckers who are listening to us now that the Conservative Party will not let them down. We do not want to practise domineering and centralizing federalism and, at the same time, we are not going to dig everywhere to uncover any possible trifle to prove that the country does not work, as the Bloc Québécois is trying to do every day in this House.

The Bloc's motion today asking the Conservative government to negotiate in good faith is a farce. Why? Because the Bloc Québécois itself acts in bad faith on this matter. It does not want things to work. It wants us to do one thing—

**Mr. Robert Vincent:** Mr. Speaker, I think that the minister is still not on topic. He is off on some other road. There is a motion being debated, and he is talking about all the other parties, the Bloc Québécois, the Liberal Party, but not about the harmonization of taxes, which is the topic for today. I would very much like to hear him on this topic since he represents the governing party and we want to know his position.

[English]

**The Acting Speaker (Mr. Barry Devolin):** As I said a couple of minutes ago, the Chair is in the habit of granting great latitude to members when they are addressing the House. I will encourage all members, including the minister, to stick to the topic before the House today. It is not the habit of the Chair to interpret that narrowly but to interpret it broadly.

On the same point of order, the hon. member for Shefford.

[Translation]

**Mr. Robert Vincent:** Mr. Speaker, I would like you to listen carefully to what he says. He has been speechifying for a few minutes already, theoretically about the motion at hand, but I have not heard him say one word about the harmonization of taxes. I would like you to pay close attention to what the minister is about to say and to make sure that he really deals with the topic at hand today.

[English]

**The Acting Speaker (Mr. Barry Devolin):** I appreciate the offers of assistance from the hon. members of the chamber, but I would like to give the minister an opportunity to get to his point.

With that, the hon. Minister of Public Works.

[Translation]

**Hon. Christian Paradis:** Mr. Speaker, I encourage my colleague to pay more attention. I talked about harmonization.

**Mr. Daniel Petit:** Mr. Speaker, I think that what has just been mentioned is nonetheless important. I refer to the beginning of the

motion: "should negotiate in good faith". We must work on good faith and harmonization. I conclude that the member for the Bloc is accusing us of not acting in good faith. Consequently, our minister, who is the Conservative member who now has the floor, has a right to defend the good faith of our government. That is part of the motion. I would like all members to recognize that our good faith is also at stake and not only harmonization.

[English]

**The Acting Speaker (Mr. Barry Devolin):** I think the Chair has heard enough on this matter at this point, and I would return the floor to the Minister of Public Works.

[Translation]

**Hon. Christian Paradis:** Mr. Speaker, I would encourage my colleague to listen more closely because I did talk about harmonization. I have been talking about it from the outset. As my colleague, the member for Charlesbourg just said, the motion also refers to negotiating in good faith. That is exactly what I am explaining and it is exactly what I reiterated at the outset: we will negotiate in good faith when Quebec has completely harmonized its tax. The negotiations are not being conducted here in the House with the Bloc Québécois, they are being conducted with the National Assembly of Quebec.

I come back to this because it is important. The Premier of Quebec recently said himself, in the National Assembly of Quebec, this kind of issue is not something to be negotiated in the public arena.

Not all Quebeckers think like the Bloc Québécois or like my colleague. The Bloc can raise all the points of order they like, but they cannot stand up every time they do not like something and try to sabotage a speech or an argument coming from an opposing party. That shows a lack of respect, and I hope my colleagues will beware. They want to introduce a motion in the House to be debated, so let them allow people to debate it.

Returning to my speech, I said that the Bloc is a sovereignist party. The Bloc does not want Canada to succeed. The Bloc does not want things to work in Canada. The Bloc starts from the premise that they want Canada to fail.

We in the Conservative party want Canada to serve the Quebec nation well, as it serves the other regions of Canada. We want Canada to work. We start from that premise. We are not the only ones who want a federal government that respects Quebec. We are not the only ones who want constructive dialogue between Quebec and Ottawa. A majority of Quebeckers want that. There is a federalist government in Quebec that wants to see the country work.

I know that does not make my colleagues in the Bloc happy and it frustrates them, because if the Parti Québécois were in government in Quebec it would be very difficult to find common ground on a host of issues. But that is not the situation at present.

The Bloc wants to have a partner in Quebec so it can try to show Quebeckers that it is not possible to have a strong Quebec in a united Canada that works for everyone, that it is not possible to have a federal government that respects the powers of the provinces.

*Business of Supply*

As I said, and I will repeat, there is a federalist government in Quebec that says, as we do, that it will not negotiate this issue in the public arena.

The Bloc is frustrated because they are not getting what they want. In Quebec, there is a government that wants it to work.

As I said, we in the Conservative government share that ambition. We are acting on that basis. That is why I am going to repeat what I have said several times regarding harmonization: we are going to act in good faith in this matter.

Unlike my Liberal colleagues, who are always trying to centralize everything and say no to Quebec even before discussing anything, and unlike my colleagues in the Bloc who fight like the devil to try, wrongly, to show that the country is not working, we in the Conservative government want it to work. We act in good faith and we are entering talks with Quebec on that basis.

• (1235)

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I thank the member for his input on the motion, but I did not hear very much. I would ask him specifically about the differences that exist that are subject to negotiation.

First of all, there are differences between the Ontario situation and Quebec's situation, because currently there are two taxes in Quebec, which is not harmonization. There are different tax bases on which the taxes are applied for the two provinces. The tax credit situation is different. Who collects the tax, whether it be the province or the CRA, is different from Ontario. Also we have the situation still where there would be a tax applied against a tax.

With those differences, I would ask the minister whether he sees any of these items, if not resolved, to be stoppers to compensation.

[Translation]

**Hon. Christian Paradis:** Mr. Speaker, many different points of view have been expressed during this debate. Some say the tax has been harmonized from the beginning, while others think it must be completely harmonized. We have been wrongfully accused of not recognizing the harmonization, while in Quebec, the then finance minister, Mrs. Jérôme-Forget, said that it may indeed not have been completely harmonized.

As I said earlier, we are committed to starting from there and negotiating in good faith. If everything was settled, there would be no negotiation because there would not be any problem. So we say that there are indeed things to look at. My colleague identified a few. From there, the finance ministers have a responsibility to examine the situation, to find the right way to address this issue and to negotiate in good faith.

Our government has always said that we want things to work and we are ready to negotiate in good faith.

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, there is a good deal of optimism on the other side in the belief that its government will negotiate in good faith. I believe that the reason for negotiating in good faith is not there.

The Conservatives say that Ontario has truly harmonized its taxes. The minister can take note of this with his pen. I will help him and tell him that there are various exceptions that result in some products being subject to GST but exempt from provincial tax. I am talking about Ontario, and I hope he has his pen in hand. Children's shoes and clothing, safety seats and booster seats for children, books, diapers and feminine hygiene products are exempt from the provincial portion of the harmonized tax.

When it is a matter of harmonization and negotiating in good faith, the Conservatives do not have that good faith, and I believe it has never existed in that political party.

Consequently, since the government believes that Ontario has harmonized its taxes, if it wants to negotiate in good faith, it must take into consideration the products that are not taxable, which are the same products as ours. If they are the same things, we should also be entitled to the same amount, that is, \$2.6 billion.

• (1240)

**Hon. Christian Paradis:** Mr. Speaker, frankly, such assertions simply have no appeal. We will not have it said that people here are working in bad faith. My colleague should take that back. I invite him to show respect for the voters. That is democracy. We have heard enough of that. Can he not get it into his head, along with his party, that not all Quebecers think like the Bloc Québécois? At some point, enough is enough.

Debates take place here. First of all, the member is practically asking us to negotiate with him here, but he is not the Government of Quebec. He is a member of a sovereignist party that does not want to see Canada work. The avowed goal of these people is to diminish the federal government to the point where it will cease to exist. Moreover, they bring forward all the matters that cause problems because they do not want a strong Quebec in a united Canada, with a blossoming Quebec. Therefore they look for all kinds of excuses, going so far as to accuse their colleagues of bad faith. That does not make any kind of sense.

That said, there is a fiscal framework in Quebec. The province collects its own tax, and it also collects the GST. Since 1992, the federal government has paid \$130 million to Quebec, and that is a special framework. At present, the taxes are not fully harmonized.

If Quebec signifies that it wants to fully harmonize taxes, we are committed to negotiating in good faith. Just because we do not share the political ideology of the member opposite, it is not impossible. Let him stop spouting such nonsense and let him engage in intelligent debate here in the House.

**Mr. Daniel Petit (Parliamentary Secretary to the Minister of Justice, CPC):** Mr. Speaker, through you, I would like to ask a question of my colleague from Mégantic—L'Érable.

In its motion on sales tax harmonization, the Bloc Québécois says that we are acting in bad faith. I think the Bloc members should know there is a rule that applies to everybody: According to our Civil Code, good faith is presumed. Bloc members cannot even apply the Civil Code that exists for all citizens.

*Business of Supply*

This is my question to my colleague. How much money has Quebec received since the so-called harmonization of the GST and the QST? How much money did the Quebec government get in the past 10 years? Does he know the answer?

**Hon. Christian Paradis:** Mr. Speaker, as I already mentioned, the Quebec government manages the collection of both the QST and the GST. The federal government paid Quebec \$130 million every year, for a total close to \$2 billion.

This debate is proceeding in good faith. We also want to negotiate in good faith. If Bloc Québécois members only hear what they want to hear, if they are looking for all negative aspects of this file in order to advance their own agenda, that is unfortunate because this does not lead to a meaningful debate. As for accusing Quebec colleagues or one party of acting in bad faith, the voters should start asking questions. This is what makes people cynical.

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, it is with great interest that I rise to address today's motion. First, I wish to inform the Chair that I will be splitting my time with the hon. member for Trois-Rivières.

The motion being debated today is very important to Quebec, because it condemns the stubbornness of this Conservative government—and we just saw a minister provide a prime example of that—in its refusal to provide Quebec with fair and just compensation for having harmonized its sales tax with the GST.

I want to congratulate my colleague, the member for Saint-Maurice—Champlain, for presenting this motion to the House, and all Bloc Québécois members who are here again today, doggedly fighting for Quebec's interests and needs.

It is hard to understand the Conservative Party which, once again, seems to want to vote against this motion, which is presented by the Bloc Québécois and which follows a unanimous vote in the Quebec National Assembly. It is members from Quebec who are opposed to positions adopted unanimously by the Quebec National Assembly regarding the harmonization of the Quebec sales tax with the GST. That motion was adopted by the National Assembly but, once again, the elected Conservative members from Quebec are rising to oppose Quebec's will. It is shameful.

They did the same thing with the manufacturing and forestry sectors. They keep going in the same direction. Fortunately, Quebecers are not stupid. They are educated, they follow politics, and they know who is protecting their interests and who is not. Today, we can see—once again—that the Conservative Party across the floor is going against Quebecers' interests.

With this motion, we are simply asking the federal government to act fairly towards Quebec, by compensating it for having harmonized its sales tax with the GST, in the same way that Ontario was given \$4.3 billion and that the maritime provinces were compensated before that. It is quite simple.

The government is telling us once again, in this House, that it does not understand Quebecers' position and that this claim is not justified. Come on. Quebecers can do the math. They know when they are treated unfairly, as was the case with the last Conservative budget. Ontario is getting \$2.7 billion, while the rest of Canada—whose forestry and manufacturing sectors account for many more

jobs—is getting a measly \$150 million. We are not stupid. As regards this motion specifically, I want to thank the Liberal Party and the New Democratic Party for their support. I also want to point out to Conservative members that the federal government's refusal goes against a clear and unanimous position of the Quebec National Assembly. I invite Conservative members to reflect on that. They are voting against Quebec's will.

Indeed, on March 31, the Quebec National Assembly unanimously passed a motion asking the federal government to treat Quebec fairly and justly by providing it with \$2.6 billion in compensation, for having harmonized its sales tax with the GST.

Could it be that the National Assembly does not understand these issues? Could it be that Conservative members from Quebec are the only ones who understand major issues? Is this what we are being told? Come on.

Quebec wants an amount that compares proportionally with the one that Ontario is getting. It is very simple.

Where does the Bloc stand on this issue? We condemn the fact that the Conservative government has given Ontario \$4.3 billion in compensation for harmonizing its sales tax with the GST. We can see the Conservative member leaving.

● (1245)

In the early 1990s, Quebec was the first province to harmonize its tax with the federal tax, and it still has not gotten a single cent. But that is not all. Not only will Ontario get roughly \$4.3 billion in compensation, but the maritime provinces received nearly \$1 billion in 1997 for harmonizing their sales tax.

Quebec, which had already harmonized its tax, got nothing. The whole dispute between the Government of Quebec and the federal government about harmonizing the QST with the GST shows that the Liberal and Conservative governments have acted in bad faith on this issue. The Liberals, who were in power previously, also did nothing.

I believe it is important to remember certain facts. This will be edifying for the Conservative members from Quebec. In July 1992, Quebec finished harmonizing its sales tax with the federal tax, but never received any compensation. In addition to harmonizing its tax, Quebec negotiated an arrangement with Ottawa whereby Quebec administered the GST in the province and turned over the revenues to the federal government.

In return for this service, the Government of Quebec received financial compensation. As I said earlier, in 1997 the provinces of Newfoundland, New Brunswick and Nova Scotia reached an agreement with Ottawa to receive \$1 billion in compensation over four years to harmonize their sales tax.

At the time, the Liberal federal government, which was criticized by the Conservatives, argued that Quebec, like Ontario and British Columbia, would not be entitled to compensation because the transition to this new system would not cause Quebec's sales tax revenues to drop by more than 5%.



*Business of Supply*

Now—and this is in direct contradiction to the rule the Liberals made to compensate the maritime provinces—we learn that the Ontario government will get more money with the new tax than with the old formula.

The government is doing everything it can for Ontario. Members from Quebec should stand up and vote in favour of the motion.

Clearly, when the federal government is agreeing to pay Ontario \$4.3 billion in compensation for harmonizing its sales tax with the federal tax, then Quebec, which was the first province to harmonize its sales tax with the GST in 1991, has every right to ask for fair compensation.

How can the Conservative members from Quebec vote against this measure? I do not understand whom these members are defending. So far, the Conservative government is refusing to listen and is making excuses. It is stalling so that it does not have to say yes to legitimate requests from Quebec and its National Assembly.

It is especially disappointing to see ministers and members from Quebec oppose Quebec's request. Despite Quebec's repeated requests, the Minister of Finance has come up with even more conditions. First came the seduction, when they supposedly recognized the Quebec nation; now it is time for the let-down.

Not only does the Minister of Finance want a single tax to be collected, but now he is asking Quebec to turn over management of the GST and the QST to the federal government. What a great way to recognize a nation's legitimacy. Well done, Conservative members.

But Quebecers will not fall for it. They understand what is going on. Nobody in Quebec wants the Government of Quebec to turn over responsibility for the tax to the federal government. We are a nation, and we can take care of our own taxes. We should have sovereignty over all of our taxes.

As a nation, Quebec has the right to collect and administer sales taxes within the province. Instead of spending 85% of the Canadian Heritage money currently earmarked for Quebec on funding federalist propaganda activities and Canada Day celebrations, and instead of implementing policies that penalize Quebecers, the Conservatives should compensate Quebec for having harmonized its tax and help our forestry and manufacturing industries and our unemployed workers.

• (1250)

The federal government's position on this and many other issues proves beyond a shadow of a doubt that the Liberals and the Conservatives are cut from the same cloth: Quebec always loses out. The Bloc Québécois is the only party in Ottawa that truly stands up for the interests of Quebecers.

• (1255)

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, I would like to congratulate my colleague for his excellent speech, which was to the point and perfect. If there are members across the way who did not understand it, they only have to read it tomorrow in *Hansard*. They will have the opportunity to read it with a cool head if they are already overheating.

That being said, the Conservative Party often tries to get the Bloc Québécois and Quebec down on their knees, but that will not work.

We will defend Quebec's interests and will stand up to any government.

The issue at hand is harmonization and that is the object of my question. We hear talk about advocates and we hear Conservative members defending children, but I want to point out that a court has ordered Mr. Khadr repatriated. However, since the Conservatives are ready to contest the court order we have no lessons to learn from them.

My question to the member is the following. The harmonization of sales taxes in Quebec is comparable to the harmonization of sales taxes in Ontario. In the opinion of the member, what are the Conservatives waiting for to give Quebec its \$2.6 billion?

**Mr. Guy André:** Mr. Speaker, I wish to thank the hon. member for Shefford for his excellent question. What is the Conservative Party waiting for to compensate Quebec for harmonizing the taxes? I do not know.

Currently, there seems to be a total lack of political will to be fair and equitable in managing public money. The will is not there anymore. This was made clear with the last budget, which was totally to the detriment of all Quebecers. We have nothing against investing in the automotive sector, but there should be greater political will to invest more in the forestry and manufacturing sectors to help those who find themselves without a job.

We have asked that the two week waiting period simply be waived for the unemployed and those who lose their jobs. What did we get from this Conservative government? A stone wall.

The Conservative government is basically managing public money in a partisan manner. It is probably attempting to hold on to power with votes from Ontario, realizing that Quebecers know better and are against this right wing ideology of non-intervention and hypocrisy—to say the least—of the Conservative government. It is trying to woe Ontario. Eventually, it will be swept out of Ontario as well and go back to funding western oil companies. Conservative members from Quebec—

**The Acting Speaker (Mr. Barry Devolin):** Questions and comments. The hon. parliamentary secretary.

**Mr. Daniel Petit (Parliamentary Secretary to the Minister of Justice, CPC):** Mr. Speaker, after listening to the member opposite's diatribe about how we should negotiate in good faith with respect to Quebec harmonizing the QST and the GST, I would like to know something.

On April 22, a bill was introduced to protect our children in Quebec and Canada against criminals seeking to abuse, exploit, hold and even sexually assault them. His is the only party in this House that voted against children, with the exception of one person.

He is calling for good faith. I am asking him to tell us why he voted against legislation to protect our children. Even today, he will not admit it. This has been going on for one week. They will not budge. They have voted against the children of Quebec and are allowing sexual assault by not doing anything to prevent it. There is no harmonizing involved and it is free.

**The Acting Speaker (Mr. Barry Devolin):** The hon. member for Berthier—Maskinongé for a quick reply, please.

*Business of Supply*

**Mr. Guy André:** Mr. Speaker, my colleague is completely off topic. He should read about the impact that bill will have on minimum sentences. We are against minimum sentences, for very good reason. In the United States, minimum sentences have little impact on crime. Of course we are against trafficking in women. Our positions are much clearer. The bill mentions conditional release. We are against the excessive use of conditional release.

I would like the member to stick to the subject at hand. He is going off topic because he does not know what to say about harmonizing the sales tax. He no longer knows how to respond. He is going off topic to make gratuitous political propaganda. When a Conservative member from Quebec does not know what to say, he goes off topic. They are going to campaign and vote three or four times against the will of the National Assembly of Quebec. They are going to play petty politics like they did—

• (1300)

**The Acting Speaker (Mr. Barry Devolin):** Order. The hon. member for Trois-Rivières.

**Ms. Paule Brunelle (Trois-Rivières, BQ):** Mr. Speaker, I am pleased to rise in this House to speak to the motion on this Bloc Québécois opposition day. This motion says that the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back more than a decade—it is not a new problem—regarding the harmonization of the QST and the GST. This harmonization was carried out by the Government of Quebec in the 1990s. And the federal government should agree to grant Quebec \$2.6 billion in compensation.

Why is this motion being brought forward? Why today? This is important because, for me, it is a matter of justice. We expect a government to manage this federation the way a good parent would manage a family. There should be fairness for each of our children. The government is being completely unfair when it comes to harmonizing sales taxes.

On April 1, 1997, the provinces of Newfoundland, New Brunswick and Nova Scotia received their initial \$250 million payment to harmonize their sales taxes. Ontario will receive \$4.3 billion to harmonize its sales tax. Quebec did not get a cent when it harmonized its tax in the early 1990s. This is the injustice and unfairness to the people of Quebec that our motion today aims to repair.

It seems to us that when Quebec demands its rights, the door gets slammed in its face. Many examples from recent history show just this.

In 1980, Pierre Elliott Trudeau said during his election campaign that the Liberals would put their seats at stake to get Quebec to sign the Constitution. What did we get? Unilateral patriation. We were deceived at a time when we were demanding our rights.

In 1984, Brian Mulroney said that Quebec should return to the constitutional fold “with honour and enthusiasm”. Those were his words at the time. So what happened? The Meech debacle. Over and over again, Quebec demands its rights but ultimately just gets the door slammed in its face.

In 1995, Jean Chrétien promised change. What did we get? The Clarity Act and the sponsorship scandal.

In 2005, the Conservative government promised us open federalism. But they are still not respecting provincial jurisdictions. How many times have I had to rise in the House and condemn the fact that the federal government was constantly spending money in Quebec’s jurisdictions? If we need reminding, it spends \$57 billion a year in areas that are not its jurisdiction.

In our view, the fiscal imbalance has only been partially resolved. We think it can only really be resolved through the transfer of tax room.

The open federalism promised to us does not exist.

Quebec companies have been devastated by the economic inaction of the federal government. Since the Conservatives came to power, 64,000 manufacturing jobs have been lost in Quebec.

The refusal to implement the Kyoto protocol has hurt Quebec companies that made the effort to reduce or severely cut their greenhouse gas emissions. The failure to implement the Kyoto protocol with absolute targets and 1990 as the base year is preventing us from getting our much desired carbon exchange, which would reward the efforts our companies have made.

The federal government has also made some major military purchases without any concern for the effects on Quebec’s aerospace industry. It has simply abandoned Quebec.

It is the same in forestry. There is a double standard at work.

• (1305)

What is open federalism? For us, it does not exist. These few recent examples show that Quebec never gets its fair share and that Quebec and Canada are two very different nations. Our goals, objectives and methods are so different that it is difficult to get along. The open federalism that was promised by the Conservative government was nothing but a sham.

Yet, Quebec’s finance minister did demonstrate some openness. She sent a letter to the federal Minister of Finance on April 1, 2009 to settle this difficult issue of sales tax harmonization. She wrote the following:

However, the main difference between the QST and the GST involves corporate input tax refunds for certain goods, a measure that would cost Quebec around \$500 million annually, which is a little less than 5% of QST revenues.

I hereby wish to inform you that the Government of Quebec would agree to modify the QST to address your concern of a more complete harmonization, in exchange for a just and equitable compensation of \$2.6 billion.

Specifically, Quebec would agree to allow all QST corporate input tax refunds for a period of up to eight years, which is what the federal government agreed to for Ontario.

The will is there. We were told that the roadblock to true harmonization was corporate inputs. We now have good reason to wonder what the federal government is waiting for to treat Quebec the same as the other provinces.

*Business of Supply*

It is a matter of justice and fairness, not of political partisanship. We simply think that Quebec should receive \$2.6 billion in compensation to harmonize its taxes and that the federal government can move forward quickly on this.

**Ms. Joyce Murray (Vancouver Quadra, Lib.):** Mr. Speaker, I want to thank the Bloc Québécois member for her enlightening comments.

Although the Liberal Party supports tax harmonization and good-faith negotiations between the provinces and the federal government, I would like to know why the Bloc Québécois feels that this measure should be a priority during this time of economic crisis.

**Ms. Paule Brunelle:** Mr. Speaker, I think this measure should be a priority precisely because of the economic crisis. Quebec has made the necessary efforts. We see that the government seriously neglected Quebec in its recent economic statement, so we need this money even more now, to help our citizens and our workers. Agreeing to this harmonization presents a perfect opportunity for the government to get the economy going. This compensation would certainly help our citizens a great deal.

**Mr. Nicolas Dufour (Repentigny, BQ):** Mr. Speaker, I have a very simple question for my hon. colleague from Trois-Rivières after the brilliant and eloquent speech she gave. How does she feel when she hears the Conservatives tell us that the House of Commons is not the place to negotiate this, even though the Bloc Québécois is the only party to have made any proposals concerning tax harmonization? We are the only ones who are addressing this, and at least we are defending a unanimous request by the Quebec National Assembly. Conservative members from Quebec do not even have the courage to support their own nation and start talking about tax harmonization.

I would like to know how my colleague feels about Conservative members from Quebec who have absolutely no idea how to address this issue or how to help their nation, Quebec.

• (1310)

**Ms. Paule Brunelle:** Mr. Speaker, I thank my colleague for his question.

Obviously, the argument that that must not be negotiated in Parliament is laughable since we are talking about the harmonization of a provincial tax and a federal tax. So, I do not see where that could be discussed if not here.

The role of a federal member of Parliament from Quebec is to defend Quebec's interests in all areas, as the Bloc is doing. We judge issues according to those interests. There is no partisanship because that has been a request of the Liberal government of Quebec and a request of the National Assembly, who put it in a motion.

It is quite simply our duty as members of Parliament to advocate for Quebec on major issues. I invite the Conservative members to evaluate things the same way. The Quebec Conservatives should use the same lenses as us when they look at issues.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to participate in this opposition day motion by the Bloc Québécois. I have had an opportunity to listen to the debate and representations from all the parties. We have covered a lot of ground.

We have had some interesting discussions about ideology and a range of matters that probably stretch way beyond the specifics of the motion.

While I understand that having latitude in debate is a good thing, I was looking at Marleau and Montpetit to see that the issue of relevance was basically framed in the context that there is very little time in the House to waste. We have important work to do and it is important that all hon. members try to stay focused on the matter before us, which includes debate on amendments. Even if there is an amendment, the subsequent debate should be on the specifics of the amendment rather than the whole motion. It is an important principle and I hope that members will take an opportunity to consult our Standing Orders and Marleau and Montpetit about how to get down to the issues before the House.

It is extremely important for members to have an opportunity to hear the substantive reasons for and against a certain motion before the House simply because very few members get an opportunity to speak to this or ask a question. Members are at committees or busy at meetings. This morning I met with the Canadian Real Estate Association and with the International Association of Fire Fighters for a few minutes each on issues important to them, but I wanted to follow the debate. I was really surprised at some of the arguments. I think that creative people could argue this one almost either way with a straight face and conviction.

First I will remind members of the motion to which we are speaking. It is a Bloc Québécois opposition day motion that reads:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

One really must look at the motion to understand that there are several elements at play here. The first element is the reference to good faith. I do not think anybody would disagree that fairness and good faith are mandatory elements if the federal government and the provinces are to make important agreements between them. If there should be any indication whatsoever that there is not good faith, the results can probably be predicted.

I must admit that I was a little concerned that the Conservative Minister of Public Works and Government Services seemed to spend a little bit of time attacking the other parties rather than addressing the issue. I know the minister is on the record saying that the government will not support this motion. It will not support the motion because it does not believe that the elements of the harmonization have been met by Quebec. Things will need to change or there is no compensation. We can know from the government that it is pretty black and white.

*Business of Supply*

Having said that, I think it is fair to say that the other two opposition parties will be supporting the motion before the House right now for a fairly simple reason. It is an important objective to achieving the benefits of harmonization of a sales tax. It is in the best interests of businesses, of consumers and of the provinces because it provides administrative simplicity as well as the opportunity to have a more efficient situation with regard to the cost of doing business in Quebec or in any other province. A harmonized base in a tax credit system makes things a little cheaper for the consumer, notwithstanding that there may be a few other items added in when one harmonizes the basis on which a harmonized tax is applied.

● (1315)

There are some disputed items here that go back over 10 years. Quebec was one of the first provinces to come into a quasi-harmonization agreement back in the 1990s. However, because this was back in the 1990s, members will probably need to look back at a little bit of the history. If I have some time, I might even refer to some of the history.

The other item is to provide this \$2.6 billion of compensation. Members will probably need to be assured that they understand the terms and conditions under which compensation is payable, whether those terms and conditions have been met and, if not, whether they are substantive enough that discussions on compensation cannot still move forward to some extent and maybe even fully if the items were considered not to be material in terms of achieving the objectives of harmonizing the tax.

Finally, the motion deals with who collects the tax. The motion calls for the Province of Quebec to continue to administer the harmonized taxes. There is precedence in Quebec now for the collection of tax. Quebec collects its own income taxes, whereas for the Province of Ontario and, I think, all the other provinces, the federal government does collect both the provincial and the federal taxes. Therefore, there is some precedence with regard to the collection.

However, who collects the taxes, I would argue, really does not matter as long as the appropriate amount of taxes are collected and the amounts are distributed to the jurisdictions to which they belong in an efficient fashion. I do not see that as a major item.

I read over the motion because what is in the motion defines the boundaries of our discussion. To deal with ideology at this point probably is not as respectful to the House as maybe we should be.

As I indicated, the Liberals will be supporting the motion. There are, however, some points to be made that I need to put into context.

Sales tax harmonization, conceptually, is something that we support. There is very good evidence for a harmonized tax. Obviously there are efficiencies having one system versus two. By having a common tax base, it means that people who are responsible for these things do not need to determine how much to tax this one and that one. There are so many interesting examples of the exceptions to the rule that it makes it very complicated and businesses do not have a lot of time to administer their business. They should be encouraged to do things that are promoting the growth of their business, to improve sales, to be profitable and to create jobs. Those are the things we want to encourage.

Although the issue that has been brought before the House today is worthy of moving forward, there is no question in my mind that we need to deal with the current situation in Canada, the economic crisis, by ensuring the economic stimulus that Parliament approved in the last budget gets out in a timely manner. The implications of failing to do that in terms of a stimulative strategy to the economy would be very tragic for the country in terms of the depth of the recession, the accumulation of debt and the depth of a deficit and the loss of jobs. I think of the young people who are leaving the education phase of their lives and going out to find jobs only to find that they are now competing for entry level jobs with people who have five to ten years' experience. It is a real problem which is why we need to be successful on the stimulative side.

Although this matter is important, it is too bad it has to come before Parliament and take up Parliament's time. It should happen automatically. A dialogue should be opened up between the Province of Quebec and the Government of Canada to resolve the issues that are outstanding and to discuss the \$2.6 billion compensation.

● (1320)

I was looking back at some of the recent statements by the Minister of Finance to try to understand a little more about why we had not had a resolution of this. On March 30, not too long ago, the finance minister told Canwest News:

Quebec chose to operate its own sales tax system and not to adopt a harmonized system with the Government of Canada. That was a decision made by Quebec and that is their choice....You can't say I'm not going to harmonize my sales tax, I'm not going to adopt federal law but I want transition funding for something I'm not doing.

The minister was pretty clear in his statements. It sounds to me, to the extent that there are differences in the deal the Ontario and the Atlantic provinces have in terms of harmonizing the taxes, that the finance minister has closed the door and said that there will be no discussions, that these are the rules of the game and that is the way it will be.

That is pretty clear, and the Conservatives have indicated they will oppose the motion.

On the same day, the Minister of Public Works said in the House:

Mr. Speaker, at a given point, unlike Ontario, Quebec did not pass the federal harmonized sales tax legislation. That is the point. We need to stop clouding the issue. Quebec also did not sign a comprehensive integrated tax coordination agreement. That is a fact.

Quebec's sales tax and the GST are still separate, and Quebec has chosen to administer them. That is why there are compensation payments. The member should stop deliberately muddying the waters to create division.

At that point I was pretty convinced this would not happen. When I saw the motion come before us, I was not sure whether this was a serious attempt to maybe make a resolution here.

The finance critic for the Liberal Party addressed the House earlier. He gave some very encouraging words about not why this should not happen, but why it should. I subscribe to the philosophy of "Please don't tell me why I can't; tell me how I can", taking into account some of the historic and precedent conditions that already exist between the Government of Canada and the province of Quebec.

The finance minister appears to have changed his tune a bit, and that was very encouraging. On April 21, in the House, he said:

*Business of Supply*

The plain fact, Mr. Speaker, is the Government of Quebec is collecting the GST for the Government of Canada and is being paid \$130 million a year to do that job.

This is about economic growth in Canada. That is why New Brunswick, Nova Scotia, Newfoundland and Labrador and now the province of Ontario have all negotiated with the federal government and arrived at a harmonized tax system.

This is in the best interest of people who work in Quebec. That is why I look forward to continuing discussions with the Government of Quebec.

In a matter of three weeks, the finance minister went from “no way” to “we need discussions”. Therefore, we have already achieved something in terms of raising the issue and pointing out that there are some arguments.

As I indicated, the current economic challenge that we face is our priority, but this is a point that can be dealt with and should be dealt with, as the lead speaker said, equity and tax justice. That is what we are talking about.

The second point I want to make is we are pleased that the Government of Quebec has indicated it will consider eliminating the remaining obstacles to full harmonization, including not levying the QST on top of the GST.

This matter has been evolving. There have been some discussions. It appears there is some openness on behalf of the Minister of Finance, which I think is encouraging, and there has been some openness to resolve those obstacles with regard to the province of Quebec. This tells me there is an opportunity here for discussions, consultations and resolution of the outstanding items.

• (1325)

Members might want to muse about the obstacles and where they stand.

The whole situation of harmonization has to do with putting two taxes into one. Today we still have two taxes, the Quebec sales tax and the GST. Literally there is no harmonization.

One Bloc member indicated that Canada could have two taxes and still achieve harmonization. An argument could be made that having two taxes would not really be a major difference as long as the reconciliation items between the two taxes would not be onerous or maybe mitigate the benefits that could flow from harmonizing the taxes.

The second item has to do with applying the difference on the basis of which taxes are applied. This could cause some problems. It could cause businesses some grief. I have a feeling that some reconciliation could happen. The province of Ontario has made some exemptions to accommodate the difference between the GST and the PST.

The tax credit is an interesting aspect to the extent that there is a GST tax credit. Tax credits available through the Quebec government do not merit. There are some benefits that would accrue not only to businesses, because of the flow-through nature of the GST tax credit, but to consumers as well.

The next item deals with who would collect the tax. I argued earlier that whether it is the Government of Quebec or the Government of Canada that collects the harmonized tax should not matter all that much. It is not a fatal flaw in the harmonization scheme as long as the mechanism provides that the moneys owing

on the taxes are properly remitted to a jurisdiction and that the distribution or division of those funds is in accordance with the agreement.

Finally, is the issue of a tax on a tax, where the QST is applied against GST paid goods. We can deal with this problem. Depending on the compensation, and I do not know the full details of the mechanics or the scope or the latitude, that is also resolvable.

If these are the items to be reconciled, then I do not see them as major. These are relatively minor points that could be resolved through discussions between the province of Quebec and the Government of Canada.

I am encouraged by the shifting in position of the Minister of Finance on this matter. The finance minister made some assertions that harmonization was a very good economic policy and that it represented a massive tax cut that would promote job creation and investment in the province of Ontario. It should also do the same for the province of Quebec.

The motion is worthy of discussion. I am sorry the Conservatives have decided not to support it. When there are disagreements in interprovincial relations, we have the tools and the will to discuss those disagreements and resolve them. I consider this matter to be somewhat of a test case. Where is the good faith? Where is the equity? Where is the tax justice?

I want to reiterate that the Liberal Party is concerned about the challenges we face with respect to dealing with the economic crisis. We want to eliminate those obstacles. We will support the motion. We want discussions to be held to eliminate those obstacles and to ensure we get the greatest possible benefits out of the harmonization of both the Quebec and federal sales taxes.

• (1330)

[*Translation*]

**Mr. Roger Pomerleau (Drummond, BQ):** Mr. Speaker, my honourable colleague has on several occasions used the expression “good faith”, and it is also in the Bloc Québécois motion. He used it at the beginning of his speech, and also at the end. He spoke a great deal about the need to support good faith, regardless of its cost. Many people both within this House and elsewhere are thinking and saying that good faith is an assumption. I am not one of those; I feel that good faith has to be earned, and it is far harder to achieve than people think.

Like many people here in this House, I have a background in the Scouting movement, and the first law of Scouting is that a scout swears on his honour to be trustworthy. How does he do that? By showing people that if he gives his word, he keeps it. Yet all parties that have been in power here for the past 20 years have never kept their word or respected any major commitments they have made. To give one random example: Jean Chrétien and abolition of the GST. That was never done, yet it was a promise.

*Business of Supply*

I would like to ask my colleague who wishes to earn that good faith at this time, with an election call looming, and his party with a strong possibility of defeating the government over there, just what he is prepared to do to earn good faith through specific commitments. What criteria will Quebec have to comply with in order to get the \$2.6 billion in compensation? When we have that answer, we will know exactly what we are voting on.

[English]

**Mr. Paul Szabo:** Mr. Speaker, the member covered a lot of ground, but let me see if I can focus in on a couple of points.

First, I am a member of the opposition as are the hon. member and members of the NDP. We cannot do anything in terms of negotiating with the province of Quebec other than to show our support, which is going to happen. We give our best argument here in debate and the government can choose to accept it or ignore it. It has to make the ultimate decision.

The member's point about earning good faith, in this place there is a presumption of honesty, the presumption that all members are telling the truth, that there is credibility here. With regard to the member's comment on abolishing the GST, he may want to check the platform of that election, which was to replace the GST with a revenue neutral tax. That has happened. The HST replaces the GST in the provinces that have accepted it. That includes Quebec and the Atlantic provinces to date.

• (1335)

**Mr. Bruce Stanton (Simcoe North, CPC):** Mr. Speaker, I listened intently to the commentary of the hon. member for Mississauga South on this and on his party's support for the motion. Most of what he has said would seem to be entirely reasonable and, in fact, is consistent with what the government wants to do in terms of working forward to harmonization in provinces, including the province of Quebec.

What surprises me, though, is the motion very clearly requires an automatic \$2.6 billion payment to the province, something that would not be part of the fiscal framework at this time and would necessitate an extra burden on the fiscal requirements of the government. Is this the sort of thing the member's party is suggesting it might have to raise taxes for?

**Mr. Paul Szabo:** Mr. Speaker, the member seems to argue that the government does not have the money so it will not do the right thing. I respect the member's opinion, but I do not agree with it. This has been going on for 10 years. There are points of dispute, but the \$2.6 billion, as I understand, represents a calculation of the compensation that would be otherwise available under a harmonization agreement.

However, the last comment, the last shot, another dig by the Conservative Party members where they attack others, is to take information out of context and say "when you're going to raise taxes". All I can say about that comment is it is very comforting to know the member has already given up and decided that after the next election the Liberal Party will be the government of Canada.

[Translation]

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, I would like to ask a question of my colleague.

He tells us today that he supports our motion. Is there at this time sufficient content to the file on harmonization of the QST and the GST for him to tell us that, should the Liberal Party come into power, the \$2.6 billion would be given to Quebec and with no conditions?

[English]

**Mr. Paul Szabo:** Mr. Speaker, the last word is the problem. There are always conditions. The \$2.6 billion is with regard to harmonization of the tax and achieving the benefits. It does not have to be precisely the same as Ontario as long as it can be delivered and show that the benefits to the consumer, business and to the revenue stream of the provinces are met.

I know that even in the motion it states that the province of Quebec will continue to administer both taxes. That is different from Ontario. Do I consider it to be a stopper? No. I think we can still get the \$2.6 billion and still have Quebec collecting it.

The only other item that I think may cause some difficulty would be with regard to either the basis on which the tax is applied or the fact that there are two taxes and the administrative burden is not alleviated to the extent that the \$2.6 billion of compensation would contemplate.

**Ms. Joyce Murray (Vancouver Quadra, Lib.):** Mr. Speaker, I want to thank my colleague for his consistency in this debate and being here for so many of the speakers, the questions that he has asked and his own sage commentary.

Having not seen major points to be resolved, clearly benefits to businesses and consumers have been identified, is there a possibility that since some of the finance minister's former provincial caucus colleagues assert that harmonization is potentially a tax hike, a massive tax increase, and due to the vulnerability of the government on the issue of tax hikes thanks to its taxing of income trusts, might there be a connection between that sensitivity to the provincial Conservative Party's controversy around this and the vigorous negativity toward the motion?

• (1340)

**Mr. Paul Szabo:** Mr. Speaker, that is an excellent question because we have to take the best shots that anybody could give and try to lay it out. In Ontario, with the harmonization, it is going to get its compensation. It is also reducing personal taxes at the same time and there are exemptions to what will be taxed under harmonization.

My understanding is, and it is subject to check, that about 70% of Ontarians will actually be better off in terms of cash in their pockets than they are under the existing system in terms of the burden on individuals.

Even more importantly, the impact to the business community, particularly the manufacturing sector, is going to be enormous because the GST has an input tax credit which allows only the end user or the end payer to actually be the one to pay the GST. Someone pays it when they buy a raw material, they get an input tax credit, they charge the GST, and it just travels along.

*Business of Supply*

The PST is not the same. There is not that same credit. That means that all along the line in the manufacturing industry for instance PST is being accumulated. It is just like the old federal sales tax. That is the reason why the federal sales tax which was applied at the wholesale level was eliminated. It was because there was this compounding of taxes within production. By the time it got to the consumer, there was this major tax component.

It is the same thing. There are going to be benefits not only to taxpayers but also to business and industry.

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, I will be sharing my time with the charming member for Québec.

I am delighted to speak on behalf of the Bloc Québécois about the motion that we have put forward on this opposition day. I will take the time to read it so that all of the men and women listening understand:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

I think that the motion is clear. Since the early 1990s, the Government of Quebec has been collecting the GST on behalf of the federal government. Since the early 1990s, Quebec has said that the sales taxes are harmonized. The federal government has never entered into discussions or negotiations regarding a harmonized sales tax. Since Quebec took charge of the GST for the federal government, other provinces, including the Atlantic provinces, have received compensation for harmonizing their sales taxes. Recently, Ontario received over \$4 billion for harmonizing its tax.

Given that, it should come as no surprise that Quebec's National Assembly passed the motion I am about to read. It appears in the National Assembly's *Journal des Débats* for March 31, 2009. It was passed unanimously by all parties in the National Assembly, including the Parti Québécois, the Liberal Party and the Action démocratique du Québec. I will read it now:

WHEREAS Québec was the first province to harmonize with the Federal goods and services tax (GST) in the early 1990s;

WHEREAS since then, three Atlantic provinces have harmonized with the GST in 1997 and have received compensation for this from the Federal Government totalling close to 1 billion dollars;

WHEREAS the Government of Ontario announced that it would harmonize its sales tax with the GST beginning on 1 July 2010;

WHEREAS the Federal Government will grant a 4.3 billion dollar compensation to Ontario for this harmonization, an amount that is justified in the Canada-Ontario memorandum of understanding particularly owing to the desire to stimulate economic growth and job creation, and the Federal Government will administer this new provincial tax free of charge on behalf of Ontario;

WHEREAS the Ontario sales tax will be very similar to the Québec sales tax (QST) since certain goods, such as books, will not be subject to the provincial tax and that input tax refunds in Ontario may be identical to those agreed to by Québec for an 8-year period;

WHEREAS Ontario is the fourth province to receive compensation from the Federal Government as part of the harmonization of the provincial and federal sales taxes, while Québec has not received any compensation to this day even though it was the first province to harmonize its sales tax;

BE IT RESOLVED THAT the National Assembly ask the Federal Government to treat Québec justly and equitably, by granting compensation that is comparable to

that offered to Ontario for the harmonization of its sales tax with the GST, which would represent an amount of 2.6 billion dollars for Québec.

The Bloc Québécois did not pick the amount of \$2.6 billion out of a hat. That was the amount requested in the motion passed unanimously by Quebec's National Assembly. Every party in this House, Liberal, NDP and Conservative, if they wanted to, could have read this unanimous motion from Quebec's National Assembly. That is why I am somewhat baffled to hear Conservative members ask, "Do we have \$2.6 billion? That was not part of our budget plan."

Ontario decided to harmonize its tax in 2010, and instantly, the Conservatives went running to negotiate with Ontario so they could set these funds aside. Yet I see no one running to negotiate this future agreement with Quebec. It is the same thing with the other parties. The NDP as well as the Liberal Party could have quickly contacted members of Quebec's National Assembly and the leaders of each provincial party to tell them they were willing to stand up for this.

● (1345)

The only party that has stood up day after day in the House of Commons is the Bloc Québécois and its leader. We have asked questions practically every day since the National Assembly of Quebec made its decision. Why? Because we represent and defend the interests of Quebeckers.

Yes, we are glad that the Liberals and the NDP have decided to support our motion today, but those parties never would have introduced such a motion in the House of Commons. That is a fact. They are supporting the motion because, once again, the Bloc Québécois stood up for Quebec's interests and introduced this motion calling on the government to finally compensate Quebec. For political reasons, the Liberals and the NDP have no choice but to follow suit. When we introduced the motion, we knew these parties had to support us. That is a fact.

Once again, for the Quebeckers who are watching, it is always a battle. It is a battle every time. When we defend a unanimous motion of the National Assembly of Quebec, we are not being partisan because we are supporting our sister party, the Parti Québécois. We are defending the interests of Quebeckers. All the members from Quebec in this House should have stood up, as the leader of the Bloc Québécois and my fellow Bloc members have done since the National Assembly motion was adopted, to make the government understand that we must adopt this motion. Quebec must get \$2.6 billion in compensation, because it was the first province that decided to harmonize the tax.

The reason why the federal government is not compensating Quebec is that the Conservatives decided that, in keeping with their position and the proposal they had made to Quebec, the tax would have to be collected by Ottawa. All the parties in Quebec feel strongly about this. Even the federalist parties in Quebec do not want Ottawa to collect the QST. Quebec has collected this tax since 1992 and will keep on collecting it. That is a fact. This is a shared jurisdiction, and Quebec decided to take on this responsibility.

*Business of Supply*

Although the Conservatives have gone to great lengths to reach out to Quebec, they have also appropriated powers from Quebec and transferred them to Ottawa at every opportunity. That is the position the Conservatives are defending today. It is rather disappointing that the Conservative members from Quebec do not support the unanimous motion of the National Assembly. It is disappointing. For those of us who strategically decided to ask questions day after day and to present this motion today on an opposition day, we are very aware that both the NDP and the Liberal Party had to support this motion for purely political reasons.

Once again, we thank them. They have woken up. It is always too late when it comes to Quebec but, fortunately, the Bloc Québécois is here to enlighten them and wake them up when it comes to Quebec. It is with pride that we hope that tomorrow's vote will result in the motion being adopted by a majority. The position defended by the Conservatives leads us to believe that they will vote against the motion once again, because of money according to what we are told.

Earlier I was listening to my Conservative colleague who asked where they were going to find the \$2.6 billion. Where did they find the \$4.3 billion to compensate Ontario? The compensation will come from the same envelope. It is not true that they had planned to provide compensation. It was Ontario who decided to harmonize its tax. The Premier of Ontario announced it in his budget and he negotiated with Ottawa. The federal government ran to negotiate with the Premier of Ontario and to give him what he wanted.

All we are asking is that, when this motion is adopted by a majority in the House of Commons tomorrow, the Conservative Party proceeds with haste to negotiate with Quebec, that it announces the good news and that it finds the \$2.6 million to give to Quebec. We are in an economic downturn. This crisis has affected Quebec as severely as Ontario and, once again, Quebecers deserve as much attention as the citizens of Ontario and of the Maritimes, who were fully compensated for this harmonization.

• (1350)

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, my colleague talked about his disappointment with the Conservative Party's attitude. I would like my colleague, who belongs to my political party, to explain to the public how the elected Conservative Prime Minister approached Quebec to win it over and how he ignored his election promises during the last election campaign.

He said he wanted to respect provincial jurisdictions, correct the fiscal imbalance and put an end to confrontation between Quebec and Ottawa. I am sure my colleague could elaborate more on this. This turn of events can be considered disappointing, but it is more than that. I think the government's attitude over this issue is frustrating and shocking, after it made so many promises to Quebec.

**Mr. Mario Laframboise:** Mr. Speaker, I thank my colleague from Quebec for her question. She had to fight the Conservatives' political organization in the Quebec City area. It is not easy, because the Conservatives use double talk, and they end up saying the opposite of what they used to say.

The hon. member gave the best example of this in her question, that is the fiscal imbalance problem that was to be addressed. Parliament adopted a process that seemed to be fair to deal with equalization. Those who kept an eye on this issue know that. The

Quebec premier, who is not a sovereigntist or a member of the Parti Québécois, but a Liberal, had more or less accepted this new equalization program that seemed to redress some unfairness.

This process was accepted, but in the recent budget, the Conservatives decided to unilaterally change the formula because they had reduced the GST and would rake in less revenue. It is a political choice they made.

My colleague from Quebec is quite right when she says the Conservatives, who seemed intent on doing a few things, did the exact opposite of what they promised when it was time to turn words into action.

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, an important motion is being debated today in this House. I would like to remind the House of the main features of this motion.

The Bloc Québécois is asking the Conservative Party to negotiate in good faith with the Government of Quebec. There has been a dispute for the past 10 years with the National Assembly of Quebec about the harmonization of the GST and the QST.

Clearly the Conservative Party did not take the initiative on this motion. The Conservatives did not admit to Quebec that they had made promises during the last campaign. They did not apologize and say that they would like to stop fighting over this issue and, once and for all, give Quebec what it is asking for, so that the GST and the QST can be harmonized with respect for the jurisdictions of Quebec.

Quebec wants the federal government to provide it with \$2.6 billion in compensation and it wants to continue administering the two taxes. The recognition of the Quebec nation should not be invoked against this motion. If we recognize the Quebec nation, it should go without saying that we recognize also that Quebec has its own way of doing things and its own jurisdictions. Why then can we not legitimize the collection and the administration of the two taxes by Quebec?

As we know, in 1997, when a Liberal government was in office, it harmonized the GST with the sales taxes of the maritime provinces, and it provided \$1 billion in compensation for the losses generated by the harmonization of the two taxes. However, the Liberal government had also specified that the compensation was to be calculated when revenue losses would exceed 5%.

Then, the Conservative government got elected, and what did it do? It ignored that rule. It threw away the 5% rule and said that it no longer applied.

Such is the Conservative Party: it sings two different tunes, as a fellow Bloc member said. It would have us believe that it is flexible, that it is open towards Quebec, but it is just the opposite. So, that criterion was no longer taken into consideration by the Conservatives after they took office.

In fact, this is what led the Conservatives to provide a \$4.3 billion compensation to Ontario, so that the province would harmonize its sales tax. So, we are talking about a double standard here.



The Quebec National Assembly introduced a motion dealing specifically with this request from the Quebec government, asking for a \$2.6 billion compensation. Perhaps I should explain what this loss of revenues means.

The harmonization of the sales tax in 1990 was the result of an agreement between Ottawa and the Quebec government. Under that agreement, Quebec would collect not only its QST, but also the GST for the federal government. So, this is a tax on a tax. It is called a value-added tax, and it is a tax on the price of a product. In other words, a tax is collected on the product that is bought, and the GST is based on this added value to the product that is bought.

So, we are talking about a loss of \$6 million in value added taxes, which is the tax on the tax, and of \$500 million in QST, which medium and large businesses must pay on certain products called inputs, such as vehicles and gas. That tax is not refunded to them. That is why Quebec wants a \$2.6 billion compensation. It has calculated that this loss of revenues is hurting its fiscal capacity, particularly since the province must deal with many other issues and must assume numerous responsibilities.

Our motion today has the support of the Quebec National Assembly.

• (1355)

Why is it that, after several years in office, the Conservative government has yet to move forward on—

**The Acting Speaker (Mr. Barry Devolin):** I am sorry to have to interrupt the hon. member for Québec.

The hon. member will have five minutes left after Question Period.

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## STATEMENTS BY MEMBERS

• (1400)

[English]

### ROCKHOUND GEMBOREE

**Mr. Daryl Kramp (Prince Edward—Hastings, CPC):** Mr. Speaker, each year Festivals & Events Ontario recognizes and celebrates the many excellent festivals and events that Ontario currently enjoys through its annual top 100 Ontario festivals program.

Today I would like to formally congratulate Bancroft's Chamber of Commerce, vendors and volunteers as the Bancroft Rockhound Gemboree earned the distinction for the fifth year in a row of making the top 100 Ontario festivals. The Rockhound Gemboree, Canada's largest gem and mineral show, has been going on for 44 years. It takes place every August and draws thousands of collectors, rockhounds and geologists.

Again, I offer my heartiest congratulations to the Bancroft Chamber of Commerce. Also, I invite everyone to visit Bancroft, the winner of the most talented town in Ontario, this August to enjoy the amazing Rockhound Gemboree. Rock on.

## Statements by Members

### ISRAEL

**Hon. Joseph Volpe (Eglinton—Lawrence, Lib.):** Mr. Speaker, if the price of democracy is eternal vigilance, then today we should all rise to honour the 61st celebration of Israel's independence. Every day for 61 years Israelis have turned the necessity of vigilance into the nutrition of survival and invention. In fact, Israel's high tech sector, the arts, and universities are world leaders.

Still, there remain challenges that are too real to ignore. Efforts to delegitimize and vilify Israel have taken on dimensions of a global campaign. Canada, sadly, is not immune from these activities.

Attacks on our sister democracy are attacks on all of us. We need to end activities like Israel apartheid weeks, as well as calls for boycotts that are based on false narratives. Otherwise, the smears will infect us all.

Today, Israeli Jews, Muslims and Christians celebrate their freedom. Canadians can join the House in wishing all the celebrants a Happy *Yom Ha'atzmaut*.

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[Translation]

### EMMANUELLE OUELLET

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Mr. Speaker, I am pleased to welcome to the Hill today Emmanuelle Ouellet, the winner of the third MP for a day competition at the Cégep de Victoriaville. As part of their course on political life and regimes, participants had to write an essay on the issues involved in the recent political crisis in Ottawa. By so doing, they were able to explore all the facets of the issues, and they were required to use some creativity to present realistic solutions.

This non-partisan competition seeks to foster an interest in politics and helps to raise awareness among young people about the realities of life as a parliamentarian, as well as to showcase the work politicians do and politics in general, always, of course, with a critical eye.

I would like to thank Mr. Jean-François Léonard, a political science and geography teacher at the Cégep de Victoriaville, with whom I set up the competition. My thanks also go to the Société Saint-Jean-Baptiste du Centre-du-Québec and La Capitale Centre-du-Québec for their contributions to the \$500 scholarship awarded to Emmanuelle, a young woman with a promising future.

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[English]

### WORKPLACE SAFETY

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, on behalf of the NDP caucus, I rise today to join with people from across this country to mourn workers who have died on the job, to extend our sympathy to workers who have been injured on the job and to express solidarity with their families, friends and co-workers.

*Statements by Members*

In 1991, the House enacted an NDP bill to proclaim April 28 as the National Day of Mourning for workers killed or injured on the job, yet the number of workplace fatalities is still increasing. In the last decade that increase was a staggering 35%. In 2007, the last year for which data are available, 1,055 people lost their lives on the job. That is four people every workday, dead because their workplace was not safe.

No one should leave his or her home in the morning wondering whether today is the day he or she will die on the job. Every single workplace death and injury is preventable.

We have an obligation to act. We have an obligation to enact and enforce laws that prevent occupational fatalities and diseases. We have an obligation to ensure that every workplace is safe.

Today we mourn. Tomorrow—

**The Acting Speaker (Mr. Barry Devolin):** The hon. member for Palliser.

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**NOTRE DAME HOUNDS**

**Mr. Ray Boughen (Palliser, CPC):** Mr. Speaker, I rise today to recognize the Notre Dame Hounds of the Saskatchewan Midget AAA Hockey League.

In Selkirk, Manitoba on April 26, the Hounds shut out the Calgary Buffaloes 4-0 to capture the TELUS Cup, Canada's National Midget AAA Hockey Championship. A 43-save shutout by goaltender Chris Gibson, two goals from forward Drew George and a strong game from forward Brad Cuzner helped give the Hounds their first title in 23 years.

The Hounds play out of Wilcox, which is in the Palliser riding. Many NHL stars, such as Curtis Joseph and Wendel Clark, have benefited from the Notre Dame hockey program. As the team's head coach, Del Pedrick, said Sunday after the game, "This group of guys wore our jersey proudly and represented not only our school but all of Saskatchewan".

I wear the team's jersey proudly today in the House of Commons. I thank the Notre Dame Hounds for representing so well their school, the Palliser riding and all of Saskatchewan.

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● (1405)

**VICTIMS OF CRIME**

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, I rise today in honour of the fourth annual National Victims of Crime Awareness Week.

Victims of crime are not unique to any area of the country. Every parliamentarian represents constituents whose lives have been traumatized by the selfish acts of those who have no regard for the law.

We must stand by all those who need assistance and support and remember that on the scales of justice, the lives in the balance are not simply the criminals for rehabilitation, but the victims too. I encourage all of my colleagues to reach out to victims in their

communities and provide a voice for their concerns in the House of Commons.

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**A CAPITAL EXPERIENCE**

**Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC):** Mr. Speaker, there is a special group of students here today. They are participating in a program I call a "Capital Experience", where two student leaders from each of the seven high schools in my riding come to Ottawa for three days each year to learn about career opportunities in public life.

They have visited Parliament, the Korean Embassy, Amnesty International, the Department of Foreign Affairs, the Prime Minister's office, the press gallery and Summa Strategies. I wish to thank those who have taken their time with these students and thank the businesses and service clubs who sponsor them.

Today, I welcome to Parliament: Jesse Besaw and Lori Josephson from Brock; Loretta Shaughnessy and Danielle Goldberg from Crestwood; Grant Leeder and Laura Backman from Fenelon Falls; Lindsey Snelgrove and Mitchell Rea from Haliburton; Waylon Skinner and Sarah Prozak from I.E. Weldon; Cody Welton and Wyatt Weir from Lindsay Collegiate and Vocational Institute; Jessica Lang and Olivia Demerse from St. Thomas Aquinas; and Amanda Hickey from St. Peter's.

I ask my colleagues to join me in wishing these young people all the best as they make decisions regarding their future careers.

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[*Translation*]

**AHUNTSIC BRAVES**

**Mrs. Maria Mourani (Ahuntsic, BQ):** Mr. Speaker, the Montreal Canadiens have had many players within their ranks who have excelled through their determination, their talent and particularly their ability to dazzle and inspire their fans. Among those is one everyone will recall: the famous native of Ahuntsic, Maurice Richard.

While everyone is aware of his important role in the development of our national sport, fewer people are aware of the role he played within his community.

Today we welcome to the Hill players and volunteers of the Ahuntsic Braves hockey association, which has benefited from the ongoing support of the Rocket. Not only did he, like so many other parents, watch his children play on outdoor rinks and drive players to practices, he also refereed numerous games and generously allowed the hockey association to benefit from his fame. Still today, he remains a source of inspiration and a model to all.

May hockey continue to be a healthy school of life for our young people, a place where they can learn to have fun while respecting themselves and others.

Long live the Ahuntsic Braves.

*Statements by Members***LEADER OF THE LIBERAL PARTY**

**Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC):** Mr. Speaker, as Canadians have suspected for quite some time, in addition to being a brand that smacks of scandal, the Liberal brand is synonymous with higher taxes.

The Liberal Party leader, the hon. member for Etobicoke—Lakeshore, recently gave us a glimpse of his hidden fiscal agenda.

Not only did he bring back some of the major and secondary players of the sponsorship scandal to advise him on his communications and policies, but he also very clearly said, “We will have to raise taxes”.

Since the public still does not know exactly what the Liberal leader has planned, we have some questions for him. Which taxes will he raise? Who will be affected by these new taxes? How does he plan to go about raising these taxes?

Will he finally come clean with Canadians and Quebeckers, who have had enough of Liberal tax increases?

People want the truth.

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[*English*]

**ISRAEL**

**Hon. Irwin Cotler (Mount Royal, Lib.):** Mr. Speaker, Israel is celebrating its 61st anniversary in the headwinds of a gathering storm. Israel and the Jewish people are the only state and people that are the standing targets of genocidal threats, and Israel is the only state grotesquely accused of genocide, an accusation itself used as prologue and justification for its dismantling.

[*Translation*]

Today we are celebrating our profound and lasting friendship with Israel. We are celebrating its commitment to promote and protect democracy, human rights and the rule of law. We are also celebrating its extraordinary contribution to humanity in the areas of medicine, science, technology, agriculture, health care, education and culture.

●(1410)

[*English*]

I will close by reciting the age old prayer for peace in the aboriginal language of Hebrew:

[*Member spoke in Hebrew as follows:*]

Oseh Shalom Bimromov, Who Yaaseh Shalom, Alenu V'al Kol Israel, V'imeru, Amen.

As I said in Hebrew: May God, who establishes peace on high, grant peace for us all, Amen.

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**WORKPLACE SAFETY**

**Mrs. Patricia Davidson (Sarnia—Lambton, CPC):** Mr. Speaker, today is the National Day of Mourning. This is why the flags on Parliament Hill are flying at half-mast.

We stand united across party lines as we pay our sincere tribute to the workers and their families who have been permanently affected by workplace tragedies. Last year, there were 78 work-related fatalities in Ontario alone and another 257 from occupational disease. Over 78,000 Canadians were injured seriously enough to miss work.

In a strong nation such as Canada, it is fitting that we pay homage to the men and women who have had their lives tragically cut short, and those injured at work. These men and women have paid the ultimate price while making our nation a better place to live, and they deserve the honour we bestow upon them today.

We must remain committed to making all Canadian work environments as safe as possible to protect employees across Canada.

Let us please give our respects to those workers who have fallen in their line of duty.

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**WORKPLACE SAFETY**

**Ms. Irene Mathyssen (London—Fanshawe, NDP):** Mr. Speaker, I would like to read this statement on behalf of my colleague from Windsor West.

Today marks the 25th National Day of Mourning. Labour unions instituted this day to raise awareness and remember the thousands of workers whose lives have been permanently changed by injury and the hundreds who have died. Federal legislation introduced by NDP MP Rod Murphy in 1990 was passed to formally recognize the day across Canada.

Today the community of Windsor, Ontario will pay special remembrance to Claudio Cardoso, who, sadly, lost his life this past January at his place of work. His wife Veronica and two young sons, Mateo, age four, and Mauricio, age one and a half, will lay a wreath tonight at the Injured Workers Monument to remember their husband and father who was lost to workplace negligence.

On this day of action, I call upon the government to appoint special prosecutors to lay charges against employers when they disregard their own workers' safety and cause injuries or fatalities.

Remembering workers serves to remind us how our actions today can save lives and prevent injuries.

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**FIREFIGHTERS**

**Mr. Patrick Brown (Barrie, CPC):** Mr. Speaker, today, communities from across Canada have sent representatives of their firefighter forces to raise issues of public safety here in Ottawa, including two from Barrie, Kevin White and Charlie Gray.

I want to take this opportunity to commend the ongoing valour, courage and commitment to public safety that is expressed on a daily basis by firefighters in this country.

### Oral Questions

I am particularly proud of the Barrie firefighters. They raised \$106,000 in 2008 for Muscular Dystrophy Canada and community projects. They run a scholarship program for aspiring firefighters for education in the name of the late Bill Wilkins, one of Barrie's finest who passed away May 27, 2002 in the line of duty. These two charities are among the many the firefighters happily support.

Their voice is certainly recognized by this government. Two years ago their visit to the Hill resulted in national hazardous material training, which they raised as a Canadian need. This week, that fund was enhanced again by the Minister of Public Safety.

Today, I salute with enthusiasm the dedicated firefighters across this country who protect our families and our communities.

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[Translation]

### BEAU DOMMAGE

**Ms. Monique Guay (Rivière-du-Nord, BQ):** Mr. Speaker, today, Quebec's National Assembly will honour a legendary musical group from Quebec, Beau Dommage, on the occasion of its 35th anniversary. This well-known group was formed in 1973 and released its first album in 1974. Beau Dommage achieved instant success with its eponymous record, which included recordings of *Ginette*, *Le picbois*, and the legendary *La complainte du phoque en Alaska*.

Pierre Bertrand, Marie-Michèle Desrosiers, Réal Desrosiers, Michel Hinton, Pierre Huet, Robert Léger and Michel Rivard are also much loved in France, where they toured in 1977. They performed at the legendary Quebec national holiday concert on Mount Royal in 1976. The group broke up in 1978, but reunited several times over the following years to record new albums and play concerts.

The Bloc Québécois salutes Beau Dommage, whose tunes have been hummed by thousands of Quebecers over the past few decades.

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•(1415)

[English]

### WORKPLACE SAFETY

**Hon. Maria Minna (Beaches—East York, Lib.):** Mr. Speaker, today is the National Day of Mourning, remembering Canadians who have been disabled or killed in the workplace, and their families whose lives will never be the same.

Over 1,000 workers were killed last year in workplace incidents and from occupational disease. Thousands more were disabled to such an extent that they had to miss work. On average, four workers are killed each day in Canada due to workplace incidents. Most accidents are preventable and we should be striving to reduce the number of unsafe workplaces.

The government has a role to play in preventing these incidents and assisting those who are disabled due to their occupation. The government should be investigating the health outcomes of occupational incidents on individuals and their families from a social and health related perspective.

I call on members of this House to commit to working toward building a healthier and safer working environment.

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### VICTIMS OF TERROR

**Mr. Rick Dykstra (St. Catharines, CPC):** Mr. Speaker, I would like to acknowledge the presence of Canadian victims of terror who are here today as part of the events marking National Victims of Crime Awareness Week.

Events such as the reception hosted by the Canadian Coalition Against Terror this evening in Centre Block help raise awareness for terror victims. As Canadians, we can learn from these victims strength and perseverance, which is a model to us all. Their experience reminds us why Canada must remain vigilant in combating terror.

I would also like to thank C-CAT for its tireless work representing Canadians who have personally and directly experienced the horrific impact of terrorism. C-CAT is an invaluable organization, ensuring that terror victims are heard and helping our government devise policies to protect Canadians from terror and provide necessary support to all of the victims.

Our government looks forward to continuing to work with C-CAT, working towards a future where no Canadian is a victim of terrorism.

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## ORAL QUESTIONS

[English]

### EMPLOYMENT INSURANCE

**Mr. Michael Ignatieff (Leader of the Opposition, Lib.):** Mr. Speaker, the Prime Minister is presiding over an unprecedented jobs crisis in Canada. Between October and February, the number of people on employment insurance soared by 22%. February was the worst month for new claims on record, and 610,000 Canadians are now dependent on EI.

What new measures can the Prime Minister offer to help Canadians through this crisis?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, as the House knows, the jobs crisis is, of course, a worldwide crisis. This government has taken a number of important measures. We have extended the EI benefits for all recipients. We have hired new people, close to 900 people, to process EI much more quickly. We have seen a 40% increase in the processing of claims. We have 82% of those paying EI receiving benefits. We have also increased the training both for EI and non-EI recipients. We will continue to do whatever is necessary to help the unemployed and prepare them for the jobs of the future.

**Mr. Michael Ignatieff (Leader of the Opposition, Lib.):** Mr. Speaker, there is a fundamental problem of eligibility here that the Prime Minister is not addressing. The number of people applying for EI in February was up 19%, but the number who actually received EI was up 8%. So Canadians are losing their jobs, but thousands remain ineligible for EI.

*Oral Questions*

What steps will the Prime Minister take to ensure that these laid-off workers get the help that they are entitled to?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the Leader of the Opposition has to be careful in judging these things from month to month. Over the past year there has been about a 33% increase in both EI beneficiaries and unemployment. The measures we put in place will not only continue to help those who are receiving EI but will in fact lengthen the benefit period for those workers. As well, as we have said, we will train them to make sure they will be ready for the jobs that will come when the recovery comes.

[Translation]

**Mr. Michael Ignatieff (Leader of the Opposition, Lib.):** Mr. Speaker, my question not having been answered, I shall put it again. The number of people applying for EI in January and February was up 19%, but the number who actually received EI over the same period was up only 8%.

What steps will the Prime Minister take to remedy this unfair situation?

• (1420)

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the answer remains the same. One cannot judge the situation based on figures from month to month. The percentage of increase in both EI beneficiaries and unemployment has been the same over the past year.

[English]

Let me be very clear, I am not sure what exactly now the Leader of the Opposition is proposing, but I can assure him that what we will not be doing is raising EI premiums and other taxes on Canadians.

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**HEALTH**

**Ms. Kirsty Duncan (Etobicoke North, Lib.):** Mr. Speaker, this is the first time the risk has risen above phase three on the World Health Organization's six-step pandemic alert system since the current scale was adopted.

How much time does the Minister of Health expect will be required for a swine flu vaccine to be created, mass-produced and distributed to Canadians? What specific preventive measures will the minister take to protect the health of Canadians during the time for which no vaccine is available?

**Hon. Leona Aglukkaq (Minister of Health, CPC):** Mr. Speaker, Canada is well positioned to deal with this issue as we have a national plan for disease outbreaks and we are following that. In 2006, our government introduced a pandemic plan and introduced resources to address that. That plan included the stockpiling of vaccines for provinces and territories.

[Translation]

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, the government says that migrant seasonal workers undergo extensive medical screening before entering Canada, but everyone knows that viruses know no borders and that symptoms can take several days to appear following an incubation period.

Could the minister tell us whether she has taken steps to have migrant workers screened again after entering Canada?

**Hon. Jason Kenney (Minister of Citizenship, Immigration and Multiculturalism, CPC):** Mr. Speaker, as the hon. member indicated, we have worked in cooperation with our Mexican counterparts to ensure that screening takes place before departure. We are currently looking at other options for protecting the health of Canadians, together with all departments, including the Public Health Agency of Canada.

It is my understanding that Canada's border services also have quarantine officers available to assess whether individuals entering Canada pose a public health risk.

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**GOODS AND SERVICES TAX**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, on the issue of harmonizing the GST, the Minister of Finance told us that the federal government had no preconditions for compensating Quebec. But in his letter to the newspapers, the finance minister was very clear: "This is the consistent and fair harmonization model that exists in harmonized provinces, which the Charest government can choose to join."

Will the Prime Minister admit that the Conservatives take the position that the only way Quebec can be compensated is if it transfers responsibility for collecting its sales tax to the federal government, as Ontario and the Maritimes have done?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, on the contrary, Quebec signed an agreement a long time ago with a previous government. Under that agreement, the federal government pays the province not once, but every year. To date, the federal government has paid Quebec nearly \$2 billion under that agreement.

If the Government of Quebec now wants an agreement like the ones signed with Ontario and the Atlantic provinces, the Minister of Finance already indicated that he was prepared to negotiate such an agreement.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, when the federal government collects the tax for the provinces, it does so free of charge. When Quebec collects the tax for the federal government, Ottawa pays for that service. In no way is this compensation. The Prime Minister knows that. This is another excuse the government is using to refuse to give Quebec what it has given the Maritimes and Ontario.

Is that the government's idea of open federalism: setting a condition so that Quebec will drop something it has jurisdiction over?

• (1425)

**Hon. Christian Paradis (Minister of Public Works and Government Services, CPC):** Mr. Speaker, that is not it at all. The federal government and Quebec already have an agreement whereby Quebec collects the federal tax. That is why Quebec has received nearly \$2 billion—\$1.77 billion, to be exact.

*Oral Questions*

Quebec sent signals that it was prepared to fully harmonize its tax. Since then, our position has not changed: we are prepared to negotiate in good faith.

**Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ):** Mr. Speaker, the list of disagreements between Quebec and Ottawa continues to grow. In addition to Ottawa's refusal to compensate Quebec for harmonizing its sales tax there is its unilateral amendment of the equalization formula and unfair treatment of Hydro-Québec revenues. Altogether, this is costing Quebec nearly \$4 billion. Quite the opposite is true for Ontario, which is raking in billions of dollars from Ottawa.

Can the Minister of Finance explain to us why it is so difficult to be fair to Quebec?

**Hon. Christian Paradis (Minister of Public Works and Government Services, CPC):** Mr. Speaker, my colleague was talking about the harmonization issue. Let us be clear. Quebec sent signals that it was open to complete harmonization. As we have said, we will negotiate in good faith. This is not about disagreement; it is about commitment in good faith.

**Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ):** Mr. Speaker, it is quite unfortunate, but the list of injustices on the part of the federal government towards Quebec does not end there. Altogether, they are worth over \$6 billion—\$6 billion that the Government of Quebec really needs to fulfill its responsibilities in these tough times.

Will the Minister of Finance admit that the federal government, whether Conservative or Liberal, only cares about the interests of Canada and Ontario, and to heck with Quebec's interests?

**Hon. Christian Paradis (Minister of Public Works and Government Services, CPC):** Mr. Speaker, it is terrible to say such things. Since we came to power, there has been open federalism. Who corrected the fiscal imbalance? This Minister of Finance did, in budget 2007. Who gave Quebec a seat at UNESCO? The Conservative government. Promises made; promises kept.

That being said, we committed to negotiating in good faith, and that is what we will do. I wish they would stop exaggerating all kinds of problems in an attempt to destroy the federation. That is not what people want. Most Quebecers want Quebec to remain within Canada.

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**EMPLOYMENT INSURANCE**

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, the number of people receiving employment insurance rose by only 100,000 since the fall, even though 350,000 have been laid off since the election. More than 200,000 unemployed workers are not covered by EI. The reality is that the rules are unfair and that workers do not qualify.

Exactly 50 days ago today, the House adopted an NDP motion to improve employment insurance. Where are the measures called for and where is the assistance?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, we have to remember certain facts. For example, many workers receive severance pay immediately after losing their jobs. They apply for employment insurance after that runs out. That is

why there is a difference between the unemployment and employment insurance figures from time to time. In reality, more than 80% of workers will receive employment insurance. It is a good system and this government has improved it.

[*English*]

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, the Prime Minister has just pointed out that when people lose their jobs, they are going to get penalized under the system that we have got here. We have more than 350,000 people thrown out of work since the election and a lot more people need help, but less people are eligible than ever.

Let us go back to the last recession. Eight out of 10 people who were out of work at that time were able to get help from EI. Now it is less than half. Something is wrong with the system and it should be fixed. Fifty days ago in the House a motion was adopted to establish what should be done.

The Prime Minister used to say that he had a moral obligation, or any prime minister did, to respect the House. When is he going to respect the House, but more importantly, the people—

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

**Right Hon. Stephen Harper (Prime Minister, CPC):** Once again, Mr. Speaker, the numbers of the leader of the NDP are completely inaccurate.

For instance, over the past year, as I have said already, the increase in unemployment and the percentage increase in the unemployed and EI beneficiaries has gone up one for one. More than 80% of those who are paying in will collect employment insurance.

More importantly, this government has improved the system by lengthening the period of benefits, and by putting more money into training and for the unemployed.

When we talk about respect for the House, the NDP members should bother to read the budget before they decide to vote against it and not vote against the unemployed.

\* \* \*

● (1430)

**FINANCE**

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, the Prime Minister is simply propagating myths because it does not match the reality of what people are experiencing on the street, 50 days of inaction.

Let us try something else the House has done. The House has said we need strong action to deal with the issue of credit card gouging. In fact, in the House another NDP motion was adopted, laying out what should be done, picking up on some of the initiatives that the Obama administration is bringing forward.

Yesterday the House spoke. The question is this. When is the government going to act? Is the Prime Minister going to tell his finance minister to stop talking and start acting to protect the middle class?

*Oral Questions*

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, I just spoke about what we did in the budget on employment insurance. In the economic action plan, on credit cards, we also gave the Minister of Finance additional regulatory power to deal with some of these problems in the credit card business.

The problem is that once again the leader of the New Democratic Party and his party had decided to vote against the middle class and vote against these things before they even knew what was in the budget. That was wrong and they should stop doing it.

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**EMPLOYMENT INSURANCE**

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, today's EI numbers are staggering and they are an indictment of the government's complete mishandling of the economic crisis. There were 325,000 EI claims in February. To make it worse, we know significant numbers of those unemployed Canadians cannot get benefits because they do not qualify even though they have paid into it for years. Yet, the minister refuses to increase access.

As we continue to shed jobs in this Conservative recession, does the minister still believe that a postal code is a more important criteria for receiving benefits than the need to feed a family?

**Hon. Diane Finley (Minister of Human Resources and Skills Development, CPC):** Mr. Speaker, let us look at the facts. In the first three months of this calendar year, we have processed about 40% more claims than we had to process last year, but we got the job done because we are putting more people on the job.

There are more claims to be processed, not just because there are so many people unfortunate enough to lose their jobs but because access is easier.

Over 30 of the 58 EI regions in this country have seen significant improvement in access for those who live there and are unfortunate enough to lose their jobs.

**Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.):** Mr. Speaker, in my riding we have two GM dealerships employing dozens of people. Yesterday's news from GM means these jobs are now uncertain. Today's EI numbers give little solace. A dire situation already exists for the unemployed, both those receiving benefits and those who do not qualify.

The government has failed the auto sector and is failing those needing EI. What does the government have to say to workers in my riding who are concerned about their jobs and concerned about even qualifying for employment insurance?

**Hon. Diane Finley (Minister of Human Resources and Skills Development, CPC):** Mr. Speaker, over 80% of those who have paid EI premiums while they were working are eligible to collect benefits when they do lose their jobs. It is becoming easier for most people across the country to access EI benefits because we have a system that adjusts automatically every month, based on local unemployment conditions.

The worse the situation gets, the easier it is for people to collect benefits. Look at Oshawa. A person can collect benefits with two

weeks less work there and get it for nine weeks longer than a year ago.

We are delivering for those Canadians who need it most.

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[Translation]

**AUTOMOTIVE INDUSTRY**

**Mr. Marc Garneau (Westmount—Ville-Marie, Lib.):** Mr. Speaker, yesterday, the American government announced that it would retain control of a portion of GM and Chrysler shares. Today, the Conservatives are waking up and saying that they plan to do the same thing.

Once again, they have proven that the only thing they know how to do is play "Simon says" with the United States.

The crisis has been going on for months, so where is Canada's plan? Why are we not in Washington and Detroit every day looking out for Canada's interests?

● (1435)

[English]

**Hon. Tony Clement (Minister of Industry, CPC):** Mr. Speaker, what we are doing on this side of the House through the economic action plan, through our budget, is making sure that Canadians are protected, making sure that Canadians can rebound out of this world economic recession as quickly as possible.

Many times we are in consultation with the Americans and with Premier McGuinty here in Ontario to make sure we have a comprehensive, integrated strategy for the auto sector because that is what the auto sector is in North America, even if the Liberals do not recognize it.

His leader goes to the other end of the country and says he does not want to help the auto sector. Then he says in this province that he wants to tax people more. That is not a strategy for the auto sector nor the economy.

**Mr. Francis Valeriote (Guelph, Lib.):** Mr. Speaker, 20,000 assembly and dealership jobs will be lost at GM alone. Another 18,000 parts jobs will be lost across Canada.

The secured credit facility announced in December is yet to be deployed and industry analysts are now saying the Business Development Bank is not equipped to deploy the facility designed to stimulate car sales and leasing despite the minister's promise to get the facility going by May. That means this week.

What assurances will the Conservatives give Canadians desperate for credit that this facility will finally open for business on Friday, May 1?

*Oral Questions*

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, we have been working hard on the access to credit through the secured credit facility.

Unlike the opposition, we are actually consulting. We are listening to the industry. We have met with the dealership representatives. We are making sure that the secured credit facility will actually work for the benefit of the industry and the people who are employed in the industry.

\* \* \*

[Translation]

**CANADA DAY**

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, in response to a question I asked yesterday in the House, the Minister of Canadian Heritage and Official Languages misled this House by claiming that the figures I gave were incorrect. The figures I gave come from a document by his own department on funding to provincial and territorial Celebrate Canada committees.

Will the minister admit that, just like the Liberals, the Conservatives are using the taxpayers' money for visibility and propaganda in Quebec?

**Hon. James Moore (Minister of Canadian Heritage and Official Languages, CPC):** Mr. Speaker, once again, this is completely false. Those figures are completely false. The figures on the level of investments in Quebec and on the level of investments in this program are completely false.

Let us make it clear: the last group we would consult on the best way to celebrate Canada is the Bloc Québécois.

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, why did the minister not give his consent for us to table his department's own chart, here in this House?

Out of a budget of \$3.7 million, \$3.2 million are invested in Quebec, which represents 85% of the total budget.

How can the minister explain his determination to invest to such an extent in Quebec for Canada Day except by the same unhealthy desire for propaganda and visibility the Liberals had before him?

**Hon. James Moore (Minister of Canadian Heritage and Official Languages, CPC):** Mr. Speaker, the chart my colleague is referring to represents half of the existing program. We continue to seek means of improving the situation on the field so that Canada can be celebrated in each and every part of this country.

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**FORESTRY INDUSTRY**

**Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ):** Mr. Speaker, AbitibiBowater just announced that it is not going to renew its supply contract with SFK Pâte, in Saint-Félicien. Such is the effect in our regions of the government's inaction, which refuses to help forestry companies that are experiencing difficulties.

Is the Minister of State responsible for the Economic Development Agency of Canada for the Regions of Quebec waiting for the regions to shut down one after the other before providing concrete solutions to forestry companies, including loan guarantees?

**Hon. Denis Lebel (Minister of State (Economic Development Agency of Canada for the Regions of Quebec), CPC):** Mr. Speaker, the Bloc member just referred to Saint-Félicien, which is located in my riding. Unfortunately, the plant had to shut down its operations because inventories were too costly. This has nothing to do with what the Bloc member is saying. The Bloc is playing politics at the expense of workers. That is unbelievable. These people depend on an industry that is experiencing difficulties and, instead of supporting them, the Bloc is once again trying to play politics at their expense. Last year, Export and Development Canada invested \$14 billion in 534 businesses in the forestry sector. Our government will continue to do its job.

**Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ):** Mr. Speaker, the comments made by Conservative ministers from Quebec remind me of those of the Reform members, who used to leak information to Embraer to hurt Bombardier. Today, the Conservatives are using their Quebec members to weaken Canada's position in its dispute with the United States, before the London court.

Through their actions, these members are allies of the United States, against our forestry industry. Shame on them.

● (1440)

**Hon. Denis Lebel (Minister of State (Economic Development Agency of Canada for the Regions of Quebec), CPC):** Mr. Speaker, as we announced earlier, our government, along with the Quebec government, has set up a joint committee that is working on six major areas. Once again, the member opposite does not take into consideration all the work that is being done by both levels of government. Senior officials from the two governments are working on this issue. We are working on credit shares, among other things. We will get results. We are not going to merely talk for 18 years without ever achieving anything.

\* \* \*

**FOREIGN AFFAIRS**

**Hon. Bob Rae (Toronto Centre, Lib.):** Mr. Speaker, the cases of Mr. Khadr, the Kohail family, Mr. Abdelrazik and Mr. Smith in Montana clearly demonstrate that this government believes in second-class citizenship and selective justice.

I would like the minister to explain why the government does not recognize that a Canadian passport means something and should guarantee a definition of citizenship that includes all Canadians.

[English]

**Mr. Deepak Obhrai (Parliamentary Secretary to the Minister of Foreign Affairs, CPC):** Mr. Speaker, this government takes its responsibilities very seriously. One of the priorities that the Prime Minister has set is the human rights of Canadians. This government ensures that all consular cases, all rights of Canadians, are respected. That is the position of this government as stated by the Prime Minister.



*Oral Questions***SRI LANKA**

**Hon. Bob Rae (Toronto Centre, Lib.):** Mr. Speaker, if that were the case, our federal courts would not be clogged full of Canadians who feel they have no choice but to take their own government to court. That is what they are being forced to do and that shows how false the statement is.

There is now a massive humanitarian crisis in Sri Lanka. I want to ask the parliamentary secretary a question with respect to the situation involving the Tamil community in this country.

Could the parliamentary secretary please tell the House what steps are going to be taken to ensure that those who are trapped are able to be sponsored by their families, that those who are in camps are able to be sponsored by their families, and that those who are living in terrible circumstances are able to be sponsored by—

**The Speaker:** The hon. Minister of Citizenship and Immigration.

**Hon. Jason Kenney (Minister of Citizenship, Immigration and Multiculturalism, CPC):** Mr. Speaker, obviously we all share the grave concern of Canadians of Tamil origin for the situation of people in the affected regions. We continue to process applications for family sponsorship from Canadian citizens for family members to come here. We have taken steps through our Colombo mission to expedite these applications.

There are logistical problems because an interview is required at our high commission immigration bureau in Colombo and, obviously, many of the affected people are inaccessible, but our officials on the ground continue to do what they can to expedite these files and take all reasonable steps necessary.

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**FOREIGN AFFAIRS**

**Hon. Ujjal Dosanjh (Vancouver South, Lib.):** Mr. Speaker, once again the government is turning a blind eye to Canadians abroad who are in trouble.

Pavel Kulisek has spent 13 months in a Mexican prison. He was publicly declared a criminal before the sole witness against him even made a statement. The Minister of State for Foreign Affairs says that he does not feel this issue even warrants talking to the Mexican ambassador, let alone formally raising it with the Mexican government.

When will the government stop picking and choosing as to which Canadians it defends when Canadians are in trouble abroad?

**Hon. Peter Kent (Minister of State of Foreign Affairs (Americas), CPC):** Mr. Speaker, that question, from top to bottom, is laced with inaccuracies and falsehoods.

I have spoken to both our ambassador and to the ambassador of Mexico and I am assured that the Canadian now held in prison is receiving due process of law, and the case is proceeding. The case has been slowed because of the lawyer involved who has been appealing at every corner and delaying the process.

• (1445)

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, the minister has a very funny definition of due process.

Canadian citizen, Pavel Kulisek, has spent the last 13 months in a Mexican prison based on the sole testimony of an eye witness who never saw him commit a crime. Indeed, the same witness, Macos Assemat Hernandez, is a disgraced, corrupt and twice convicted former police officer.

More insidious, and the minister ought to know this, the lead prosecutor against Mr. Kulisek is currently in prison for allegedly taking bribes from another drug cartel. Is that what he calls due process?

Given this obvious travesty of justice, why has the government so utterly failed to protect and defend the rights of that Canadian?

**Hon. Peter Kent (Minister of State of Foreign Affairs (Americas), CPC):** Mr. Speaker, I would suggest that the hon. member is basing his question entirely on the second-class journalism of a current affairs program—

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

**The Speaker:** Order, please. The hon. minister of state has the floor.

**Hon. Peter Kent:** Mr. Speaker, the charges against the individual in question are very serious and we have cause to believe that the case should be heard in court. It is not helped by hon. members rushing to accept the flawed claims of a second-rate current affairs program.

\* \* \*

**WESTERN ECONOMIC DIVERSIFICATION**

**Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC):** Mr. Speaker, while western Canadians are concerned that the Liberal leader said that he will raise taxes, the member for Newton—North Delta went one further and criticized our government for investing too much in the west.

This Conservative government will continue our investments in the west. In fact, British Columbia will take centre stage this summer from July 31 to August 9, attracting visitors from around the world and showcasing the talents of our first responders.

Could the minister of state tell this House how our Conservative government is investing in the west while supporting everyday heroes around the world?

**Hon. Lynne Yelich (Minister of State (Western Economic Diversification), CPC):** Mr. Speaker, together with my colleagues in British Columbia, our Conservative government's western economic diversification is supporting the 2009 World Police & Fire Games.

This Conservative government got it done. Our \$2.3 million investment will attract more than 12,000 first responders and see \$50 million injected into the B.C. economy. Asked why we are supporting these games, the answer is simple: support for our police officers, our customs and corrections officers, our firefighters and our emergency service personnel. That is what this Conservative government stands for.

*Oral Questions*

[Translation]

**CANADA PENSION PLAN INVESTMENT BOARD**

**Mr. Thomas Mulcair (Outremont, NDP):** Mr. Speaker, today, the Canada Pension Plan Investment Board announced that it lost between \$15 billion and \$20 billion last year. Their base salaries are higher than the Prime Minister's, and in good years and bad, they each get multi-million-dollar bonuses.

Will the Prime Minister join us in making a clear statement that, in a time of crisis, in a year when they have lost billions of taxpayers' dollars, collecting a bonus is unacceptable?

[English]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the issue raised relates to pension plans, which is a serious issue that we are reviewing in some detail.

My parliamentary secretary has been travelling across the country consulting widely with Canadians on this subject of pensions. It is something that needs to be addressed, part of it in the relatively short term and part of it in the longer term, and we are proceeding to do that.

**Mr. Thomas Mulcair (Outremont, NDP):** Mr. Speaker, the issue raised relates to public trust. These people are already receiving base salaries higher than that of the Prime Minister or the Chief Justice of the Supreme Court. They keep those. If we do nothing, they will also give themselves huge bonuses again.

What we are saying is that at public institutions, like the CPP Investment Board, people do not get a bonus in the middle of an economic crisis, especially in a year in which billions in pension contributions have been lost.

Does the government agree, yes or no?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, as I just said, the government is in the middle of a review exercise with respect to all of the pension issues in Canada. These are complex issues and issues of significant importance for millions of Canadians, particularly given the market decline that we have seen which has affected the value of some of the pension plans. We are continuing to work on that issue.

\* \* \*

● (1450)

[Translation]

**FOREIGN AFFAIRS**

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, in 2005, the Prime Minister said there was no danger in giving him a majority mandate because the number of judges, senators and other officials appointed by the Liberals would ensure checks and balances against any arbitrariness. In spite of that, this government continues to ignore the courts and refuses to repatriate Omar Khadr, even though Canada signed the convention on child soldiers.

Can the Prime Minister tell us how Omar Khadr does not fit the definition of a child soldier?

[English]

**Mr. Deepak Obhrai (Parliamentary Secretary to the Minister of Foreign Affairs, CPC):** Mr. Speaker, as we know, Mr. Omar Khadr faces serious charges. Mr. Omar Khadr has been charged with killing an American medic. In this capacity, we are waiting to see what President Obama will do.

However, as we have stated on many occasions, he is facing a very serious charge and we will await the outcome of the tribunal review set forward by President Obama.

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, the parliamentary secretary's response confirms that the organization Lawyers Without Borders is right to be worried about this government's strong tendency to minimize, if not trivialize, illegality. The government's stubbornness only fuels suspicions about its underlying motives.

Since the Prime Minister claims to respect the rule of law, why does he not abide by the decision and demand Omar Khadr's repatriation?

[English]

**Mr. Deepak Obhrai (Parliamentary Secretary to the Minister of Foreign Affairs, CPC):** Mr. Speaker, as I have stated on many occasions, Mr. Omar Khadr faces serious charges. As the news reports have indicated, Mr. Omar Khadr was seen setting up the IED bombs that killed Canadians soldiers.

At this current time, this matter is being reviewed by President Obama's commission. We will await the results of the commission before we make any further comments.

\* \* \*

**CORRECTIONAL SERVICE CANADA**

**Mr. Mark Holland (Ajax—Pickering, Lib.):** Mr. Speaker, communities, agriculture and rehabilitation groups are outraged by the Conservative closure of six farms run by Correctional Service Canada. These farms are productive and profitable, selling produce to correctional facilities, stimulating local economies and providing offenders with important personal and job skills.

The government is cutting them. Why? Because it does not believe that agricultural skills are "relevant and practical employability skills". Unbelievable.

When will the Conservatives reverse these insulting harmful cuts and make local farming and rehabilitation a priority?

**Hon. Peter Van Loan (Minister of Public Safety, CPC):** Mr. Speaker, let me correct the hon. member on a few of his facts. First, the prison farms are not profitable. They lose \$4 million a year. That may be how a Liberal government might run the country on a profitable basis. It would like to do that because it likes to raise taxes, not us. We prefer to run things on a more balanced basis.

In terms of employability skills, the prison farms are set up on a model of agriculture that really reflects the way it worked in the days of the old mixed farm in the 1950s. Today, capital has replaced labour, which is why virtually none of the inmates who work on the prison farms end up with employable job skills and makes them more likely to reoffend when they re-enter the community. That is bad for our communities.

[*Translation*]

**Hon. Dominic LeBlanc (Beauséjour, Lib.):** Mr. Speaker, Correctional Service of Canada currently manages six federal prison farms. In Dorchester, New Brunswick, the farm allows inmates to develop not just agricultural skills, but also administrative and personal skills.

We have now learned that the government plans to put an end to these operations across the country. This will deprive inmates of opportunities for rehabilitation and will cause job losses in the local economies.

Why is the government going ahead with this bad decision?

[*English*]

**Hon. Peter Van Loan (Minister of Public Safety, CPC):** Mr. Speaker, as I said, the agricultural operations of Correctional Service Canada lose \$4 million a year. They are not viable that way and they are not viable as rehabilitation either. As any farmer knows, and I know there are not too many over in the Liberal caucus, setting up a farm these days requires millions in capital. This is not what a prisoner typically has when he or she leaves prison.

As a result, virtually none of the prisoners who go through the correctional farms end up with employable skills. We want rehabilitation that gives people skills so that they can become working members in society, not so that they are left without the skills to get a job and reoffend as a result.

\* \* \*

• (1455)

#### CANADIAN FLAG PINS

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Mr. Speaker, the Minister of Canadian Heritage seems incapable of taking responsibility for the fact that his department has outsourced a parliamentary flag pin to China. Rather than being accountable to the House, he subjected us to a whole series of bizarre obfuscations.

Let us try this again. Is he aware that his department is shipping out thousands of maple leaf pins emblazoned with “Made in China” and will he take any steps to send a message to our manufacturing sector that the Parliament of Canada does not outsource the maple leaf to China? What will he do about it?

**Hon. James Moore (Minister of Canadian Heritage and Official Languages, CPC):** Mr. Speaker, I have answered this question a number of times. The pins purchased by the Department of Public Works must abide by all of the trade laws in this country, of course. The pins sold on Parliament Hill are by the direction of the Board of Internal Economy. If that member wants to purchase and sell anything, he is free to use his MP budget to do so.

However, we have purchased the pins through a process that was fair, open and transparent. Anybody could have applied for it. We

#### Oral Questions

have done our job. If the hon. member would just look at the facts and recognize what is before him, he would recognize that this government has done its job in standing up for Canada.

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#### CANADA DAY

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Mr. Speaker, I have looked at the contract and it is with his department. The WTO provisions do not count the House of Parliament.

Let us see how he is now fudging the facts. On the celebrate Canada fund, he is now saying that the money that is being shipped to Quebec is somehow not happening. B.C. received \$50,000, Ontario received \$100,000 and Quebec received \$3.2 million. We all want to celebrate Canada but what we do not want is a minister who refuses to take responsibility for what is happening under his watch.

**Hon. James Moore (Minister of Canadian Heritage and Official Languages, CPC):** Mr. Speaker, I am more than proud to take credit for what this government is doing for arts and culture, for Canadian history and for standing up for Canada on Canada Day. Our government is spending more money on arts and culture than any government in Canadian history.

With regard to the celebrate Canada fund, this is an important fund that supports communities across this country. We have improved the fund from when the Liberals were in government. When the Liberals were in government, 80% of this money went only to Liberal-held ridings. We are ensuring that this fund will continue to be improved so that money goes across this country on a more equitable basis.

I did not hear that member complaining when money went to his communities of Iroquois Falls, Kirkland Lake, Moosonee and Timmins. When it all went to his riding he was happy about that.

\* \* \*

#### TAXATION

**Ms. Candice Hoepfner (Portage—Lisgar, CPC):** Mr. Speaker, on April 14, the Liberal leader finally revealed his economic plan to Canadians when he said, “We will have to raise taxes”.

Does the government agree with the Liberal leader when he says “We will have to raise taxes?”

*Oral Questions*

**Mr. Pierre Poilievre (Parliamentary Secretary to the Prime Minister and to the Minister of Intergovernmental Affairs, CPC):** Mr. Speaker, in November 2004 the Liberal leader called himself a “tax-and-spend, Pearsonian, Trudeau Liberal”, but that was then. In 2006 he fathered the Liberal carbon tax, but that idea is no longer popular, please ignore it. Last December he said, “I’m not going to take a GST hike off the table”, but that is not quite what he meant. This month he said, “We will have to raise taxes”. What meant was maybe, possibly, later, some time.

When will the Liberal leader return to his seat and start to take himself at his own word?

\* \* \*

**HEALTH**

**Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.):** Mr. Speaker, one year ago the B.C. Supreme Court said that the federal government must enable patients to access harm reduction strategies like Vancouver’s Insite. Yet the government is currently in court trying to overturn that decision right now. The Conservatives are even equating people who have addiction problems with being pyromaniacs.

Will the government follow the science, do the right thing and stop its bullying on Insite and let it continue?

**Hon. Leona Aglukkaq (Minister of Health, CPC):** Mr. Speaker, as the matter is before the court, it would be inappropriate to comment on this issue.

Let me be very clear. We agree that injection drug users are in need of assistance. That is why we are investing \$111 million over five years to improve access to treatment for drug addiction. Of this, \$10 million was set aside for Vancouver’s downtown eastside. This funding has created 20 new transitional recovery beds to help individuals with drug addictions.

The focus of our national anti-drug strategy is on prevention and treatment.

\* \* \*

● (1500)

[Translation]

**ORGANIC PRODUCTS**

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Mr. Speaker, with respect to organic products, Quebec has put in place an organization and regulations to ensure the authenticity of products and guarantee that consumers can have full confidence in them. The federal government is about to adopt regulations that will compromise the credibility of organic products by allowing foreign countries to certify their own products, which will be sold with the same logo as those certified in Canada.

Will the Minister of Agriculture and Agri-Food immediately correct this absurd situation or will he dig in his heels as he did with “made in Canada” labelling?

**Hon. Jean-Pierre Blackburn (Minister of National Revenue and Minister of State (Agriculture), CPC):** Mr. Speaker, we are discussing organic products. It is important that we help consumers discern what kind of products they are buying. Naturally, we want to

have labelling that indicates the contents of the product they are purchasing. In addition, it is important to have standards that are aligned with the international system. We must have consistent standards in our respective countries. The ISO 17011 standard will be implemented to ensure that everyone knows where we are headed in this matter.

\* \* \*

[English]

**INFRASTRUCTURE**

**Ms. Olivia Chow (Trinity—Spadina, NDP):** Mr. Speaker, new streetcars are Toronto’s top priority. Yesterday the Toronto Transit Commission awarded the biggest municipal project in the country, 204 new streetcars, to Bombardier. Streetcars are good for transit riders and immediately create jobs in Thunder Bay, but federal funding must come by June 27.

Will the minister today commit federal funding so jobs and streetcars will not be stopped dead in their tracks?

**Hon. John Baird (Minister of Transport, Infrastructure and Communities, CPC):** Mr. Speaker, I have had occasion to be briefed by the Toronto Transit Commission on this important project.

What we have in our budget, our economic action plan, is a plan to try to stimulate job creation in the next two years, not some time five or ten years down the road. We have agreed to look at the city’s proposal and respond in short order.

I was also very pleased to join the minister of finance in her constituency just yesterday for a \$45 million infrastructure endowment at the Toronto City Centre Airport. A lot of jobs will be created for Bombardier, building those great new airplanes, which are built right in the city of Toronto.

\* \* \*

**TOURISM INDUSTRY**

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Mr. Speaker, yesterday the Minister of State for Small Business and Tourism announced support for eight marquee festivals across Canada, including funding for the Stratford Shakespeare Festival in my riding. This funding is pivotal to invigorate this festival, which is an integral part of my community and enjoyed by people across the country.

Could the Minister of State for Small Business and Tourism explain why we are supporting these major events across Canada during these tough economic times?

**Hon. Diane Ablonczy (Minister of State (Small Business and Tourism), CPC):** Mr. Speaker, my colleague from Perth—Wellington should be very proud of his great work to promote tourism and the Stratford Festival in his riding.

*Points of Order*

Tourism contributes as much to Canada's economy as forestry, fisheries and agriculture combined. Marquee tourism events draw visitors from across Canada and from abroad. They are wide doorways into our visitor economy, which supports jobs and income for communities. The marquee tourism events programs will help preserve the competitiveness and increase their international reach.

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**NATIONAL DAY OF MOURNING**

**The Speaker:** Following discussions among representatives of all parties in the House, I understand that there is an agreement to observe a moment of silence to commemorate the National Day of Mourning and to honour the memory of workers killed or injured at work.

[*Translation*]

I invite hon. members to rise.

[*A moment of silence observed.*]

\* \* \*

● (1505)

[*English*]**PRESENCE IN GALLERY**

**The Speaker:** I would like to draw to the attention of hon. members the presence in the gallery of two ministers from Manitoba, the Hon. Eric Robinson, Minister of Culture and Heritage and the Hon. Steve Ashton, Minister of Intergovernmental Affairs and Emergency Measures.

**Some hon. members:** Hear, hear!

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**POINTS OF ORDER**

## ORAL QUESTIONS

**Hon. Jim Karygiannis (Scarborough—Agincourt, Lib.):** Mr. Speaker, I rise on a point of order. Last week I questioned officials of Citizenship and Immigration if they had allocated extra staff to deal with the length of time it took to deal with spousal sponsorships for Sri Lanka, up to three times as long as other areas. Mr. Stewart, assistant deputy minister, said that no additional staff had been allocated. Today in question period the minister said that extra resources were allocated.

Why is the minister misleading the House and as such is being intellectually dishonest?

**The Speaker:** Order, please. I do not think the member is raising a point of order. It sounded like a matter of debate, so we will not pursue that.

**Hon. Carolyn Bennett (St. Paul's, Lib.):** Mr. Speaker, I rise on a point of order. I do not believe the Minister of Health would willingly mislead the House, however, I think in her answer to the excellent question from the member for Etobicoke North she mistakenly said that there were stockpiles of vaccines in Canada. There are indeed stockpiles of antivirals, not vaccines, and that was the purpose of the question. I would invite the minister, with your permission, to correct herself now on the record.

**Hon. Leona Aglukkaq (Minister of Health, CPC):** Mr. Speaker, to clarify for the record, the member is correct. I meant to say antivirals. Let me go back again.

We have been in contact with provincial and territorial counterparts across Canada and provided them updates on the situation. The provinces and territories have already access to stockpiles of Tamiflu and are able to make decisions on its use. As well, yesterday in my press conference, I said that we were also conducting research on the vaccine development about the swine flu.

I thank the member for asking for that clarification.

\* \* \*

**NATIONAL FOOD ALLERGY AWARENESS WEEK**

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Mr. Speaker, there have been consultations among the parties and I believe you would find unanimous consent of the House for the following motion. I move:

That, in the opinion of this House, the week of May 4 to May 8, 2009 be designed as National Food Allergy Awareness Week.

**The Speaker:** Does the hon. member for Renfrew—Nipissing—Pembroke have the unanimous consent of the House to propose this motion?

**Some hon. members:** Agreed.

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

**Some hon. members:** Agreed.

(Motion agreed to)

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**POINTS OF ORDER**

BILL C-279

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons, CPC):** Mr. Speaker, on February 25, you made a statement with respect to the management of private members' business. In particular, you raised concerns about five bills, which, in your view, appeared to impinge on the financial prerogative of the Crown. One of the bills you mentioned was Bill C-279.

I am therefore rising, Mr. Speaker, on a point of order regarding Bill C-279, An Act to amend the Employment Insurance Act (amounts not included in earnings).

Without commenting on the merits of the bill, I submit that Bill C-279 contains provisions that would change the purposes of the Employment Insurance Act that would result in new spending and therefore would require a royal recommendation.

*Business of Supply*

Bill C-279 would remove pension benefits, vacation pay and severance payments from the amounts that may be deducted from benefits payable under the Employment Insurance Act. The changes would allow individuals to receive employment insurance benefits when they otherwise would not have been eligible because pension, vacation or severance pay would have reduced their benefits or made them ineligible to receive employment insurance benefits.

The Department of Human Resources and Social Development Canada estimates that the changes proposed in Bill C-279 could cost as much as \$130 million per year.

Precedents demonstrate the new spending for employment insurance benefits not currently authorized under the Employment Insurance Act require a royal recommendation.

On November 6, 2006, the Speaker ruled in the case of Bill C-269, An Act to amend the Employment Insurance Act (improvement of the employment insurance system), that:

Funds may only be appropriated by Parliament for purposes covered by a royal recommendation.... New purposes must be accompanied by a new royal recommendation.

On March 23, 2007, in the case of Bill C-265, An Act to amend the Employment Insurance Act (qualification for and entitlement to benefits), the Speaker ruled that the changes envisioned in this bill “would have the effect of authorizing increased expenditures...in a manner and for purposes not currently authorized”.

The Speaker goes on to state:

Therefore, it appears to the Chair that those provisions of the bill which relate to increasing employment insurance benefits and easing the qualifications required to obtain them would require a royal recommendation.

Mr. Speaker, I submit that these precedents apply equally to the provisions of Bill C-279 which would change the purposes of the Employment Insurance Act resulting in new spending and, therefore, must be accompanied by a royal recommendation.

• (1510)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, with regard to the royal recommendation situation as it relates to any of the bills that have come up in recent times about employment insurance benefits, I have been concerned that there has been no discussion about the obligations of the government with regard to the notional surplus of the EI.

Under the rules guiding the employment insurance plan, where there is an accumulated surplus I believe the regulations require that two years of surplus be maintained and, second, to the extent that there would be a greater surplus than that, that it would be drawn down by either a reduction of premiums or by expansion or programs or introduction of new program benefits under the EI program.

Therefore, there is this other element of the fact that there is a notional EI surplus and that the government has an obligation to manage that and to deal with it in the prescribed fashion.

It raises the question as whether or not there is a blanket royal recommendation to authorize the government to continue to deal with the notional surplus or to discharge it by form of some

legislation or changes of regulations related to the EI notional surplus.

I wanted to raise those points because we have had many interventions with regard to private members' items calling for changes in the program. The element is that there are funds available in that program and accounted for by the government to the extent that they have been included in the revenues of the government, which is a requirement of the Auditor General, but I do not believe that overrides the government's obligation to properly manage the notional surplus account and to use the funds in accordance with the regulations prescribed.

**The Speaker:** The Chair wishes to thank the hon. parliamentary secretary and the hon. member for Mississauga South for their interventions on this matter. I will return to the House with a decision in respect of the issue in due course.

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## GOVERNMENT ORDERS

[*Translation*]

### BUSINESS OF SUPPLY

OPPOSITION MOTION—HARMONIZATION OF QST WITH GST

The House resumed consideration of the motion.

**The Speaker:** Before question period, the hon. member for Québec had the floor. She has five minutes remaining for her remarks.

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, I do indeed have five minutes left for arguments to convince the Conservative government to vote in favour of the Bloc Québécois motion. In fact, in response to questions from the Bloc on harmonization with the GST, the minister and member from the south shore indicated that the Government of Quebec wanted to reach agreement with the Conservative government. Would that mean that the Government of Quebec would just give up? Yet there was a motion adopted by the National Assembly. Would Quebec give up its demand for the \$2.6 billion and the right to collect and administer the two taxes?

The Quebec National Assembly called—in a motion from all members—for the Conservative government to recognize Quebec's jurisdiction over taxation. I doubt that the Conservative Party would consent to that. Promises were made to us, but this would not be the first broken promise by one government after another. The Liberals too had made promises to us, promises that were broken once they were elected. Now it is the Conservatives' turn. Just think of Mr. Trudeau and his statement in 1980 that Quebec would stand to gain: what we got was the patriation of the Constitution. In 1984, Mr. Mulroney promised Quebec that he would bring it back into the constitutional fold with honour and enthusiasm; we came up against a wall and what Quebecers got was a watered down Meech Lake accord.

*Business of Supply*

Then the Liberals came back to power with other promises. Jean Chrétien promised lots of changes: what we got was the Clarity Act and the muzzling of Quebec as far as determination of its desire for sovereignty was concerned. They wanted to determine the question in Quebec's stead, Then the Liberals tried to buy us with the sponsorship scandal. Now we can see how the Conservatives are approaching the celebration of Canada in Quebec. Pretty much the same way the Liberals did. The Conservatives have no qualms about giving away the taxpayers' dollars. They are giving Quebec 85% of the total envelope earmarked for Canada Day. On the other hand, when they are asked to give Quebec its fair share, whether in connection with equalization or for Quebec's forest companies, the Conservatives do not have the same propensity to understand the realities of Quebec.

The Conservatives promised us great, open federalism, but we see clearly that this ship has sprung a leak. They said they would put an end to disputes between the federal and provincial governments. Yet, during the last election campaign, we saw that all those disputes continued. They have disregarded the various motions we present here in this Parliament, motions adopted by the Quebec National Assembly. Yet, it can be said that the members of the Quebec National Assembly are not all sovereignists.

Once again, we see clearly that almost the same thing always happens with a federalist party. When it comes time to recognize Quebec's determination to collect its own taxes, the federal government, all federalist parties included, have about the same attitude, because to do otherwise would upset the rest of Canada. We can understand their logic. They are far from willing to recognize Quebec's different responsibilities in constitutional matters. They are very far from willing.

We would have wished that the Conservative government would change its mind today and recognize that, as part of the harmonization of the GST in the Atlantic provinces and Ontario, there was compensation of \$1 billion for each of the three Atlantic provinces, and a bit more than \$4 billion for Ontario.

• (1515)

We know that they gave compensation to Ontario, which is, after all, a double standard. Why Ontario but not Quebec? They say that Quebec can no longer collect its own tax and the federal tax.

Today, they dared to answer a question from the Bloc Québécois by saying that Quebec has been compensated because it receives \$1 billion a year for administering what the federal government gives free of charge to the other provinces. Officials are on the job to do what the federal government was supposed to do; however, it had been agreed that in Quebec, it was the Government of Quebec that would be responsible for administration.

Now, we are hearing a different tune. The Conservatives have changed their position. Compensation was based on a collection system that included losses. If those losses exceeded 5%, compensation was provided. However, when the Conservatives came to power, they disregarded that and took a new approach, which gives them the right to negotiate with the other provinces as if they wished to be harmonized; but not Quebec. It is the members from Quebec—

• (1520)

**The Speaker:** The hon. member's time has expired.

The hon. member for Alfred-Pellan has the floor for questions or comments.

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Speaker, I want to congratulate my hon. colleague from Québec on her excellent presentation. I would like her to comment on the statements by the current Minister of Finance and his government to the effect that the government is prepared to negotiate in good faith. We are hearing that over and over on a daily basis in the House.

What does good faith mean for this government? This is the government that recognized the Quebec people as a nation. What meaning does it give to good faith? What might it mean ultimately, given that Quebecers form a nation?

**Ms. Christiane Gagnon:** Mr. Speaker, clearly, the words “in good faith” mean nothing to them; they do not have deep meaning for them. The fact of the matter is that negotiating in good faith means going along the lines of the motion passed by the National Assembly of Quebec, calling on the government to compensate the Government of Quebec to the tune of \$2.6 billion for harmonizing the QST with the GST. It also means accepting that Quebec continue to collect and administer the harmonized QST and GST.

It is clear that the government does not want to support this motion. It wants to give the impression that it is prepared to negotiate and that the others are acting in bad faith. Anyone who has been following this issue understands that there is no good faith in the Conservatives' attitude with respect to harmonization with the GST. One would have expected the Conservatives to act on Quebec's request immediately upon taking office. But no, they have been dragging their feet.

In addition, Ms. Jérôme-Forget, who was a Liberal minister in Quebec, agreed to make some changes at the request of the Conservative government, which just keeps making people go through more hoops.

**Mr. Jacques Gourde (Parliamentary Secretary to the Minister of Public Works and Government Services and to the Minister of National Revenue, CPC):** Mr. Speaker, it is very wrong to claim that our government has failed to honour its commitments to the people of Quebec. I would therefore like to take the opportunity I have been offered to set the record straight.

In my speech today I would like to look at the exceptional results of our Conservative government's commitment to restoring the fiscal balance for the benefit of Quebec, and in fact for the benefit of all the provinces and territories. Nothing less will do, to ensure that there is full and balanced debate on this issue.

There is a huge range of programs that illustrate our government's commitment, in particular when it comes to levelling the playing field throughout Canada through the equalization program.

Those payments mean that all provinces are able to provide a reasonably comparable level of service at reasonably comparable levels of taxation.

*Business of Supply*

Equalization is designed to help the less well-off provinces and it must be fairly dynamic in order to adapt to changing economic circumstances.

Our government not only places great priority on preserving and strengthening programs, it also focuses on the future. Ensuring that the equalization program is sustainable is crucial to Canadians as well as to our government.

Equalization payments have risen by 56% since 2003-2004. The government has taken steps to ensure that equalization payments will rise at a viable pace.

Last fall, the unprecedented volatility in international financial markets and natural resource prices called for us to take firm and decisive action. The government responded quickly to mitigate the impact of the global credit crisis on Canadian financial institutions.

As well, the equalization program has to adapt to new developments that no one could have foreseen, in particular the extreme volatility of natural resource prices, which has put intolerable pressure on the program.

For example, at the meeting of finance ministers held on November 3, 2008, the provinces were informed of upcoming changes to the equalization program, and we told them in advance what the amounts would be for payments to be made in 2009-2010, to facilitate their budget planning.

At the November meetings, the government announced that because Ontario had become an equalization-recipient province, the baseline fiscal capacity for the new equalization program would correspond to the average fiscal capacity of the recipient provinces.

That was the explanation for the projected increase, based on a three-year moving average, along with the new ceiling, which was based on the average fiscal capacity after equalization of the provinces that receive payments under the program.

The detailed calculations, including the impact on each of the provinces, were presented on November 13.

On November 21, the provinces were made aware of the proposed legislative approach to be incorporated in the bill to give effect to the changes. The changes were again explained and justified in the economic and fiscal statement presented by the Minister of Finance on November 27, 2008.

In addition, the provinces were informed of the projected impact of the changes over five years at the December meeting of finance ministers.

The equalization changes that were discussed in November were confirmed in the 2009 budget that was introduced in January.

At that time, the government reaffirmed the commitment it had made, in the context of restoring fiscal balance, to offering growing, long-term transfers to the provinces and territories.

● (1525)

Those changes are an important aspect of Canada's economic action plan, which will enable us to meet the exceptional challenges of our times. Viable growth in the equalization program is now assured, in line with the economy.

I would like to quickly highlight a few of the most significant measures our government has adopted in this important area. The 2007 budget, which was supported by the party of our colleague who has presented this motion today, provided for the renewal and strengthening of equalization by including a principle-based approach and long-term fair, growing funding.

We made adjustments to the equalization program consistent with the O'Brien recommendations and within the principle-based structure set out in the 2007 budget, which provide for long-term funding growth. Specifically, equalization will grow in line with the economy. The growth provision will also act as a floor to protect provinces against reductions in overall equalization.

The growth path will reflect a three-year moving average of nominal gross domestic product growth, which will help to ensure stability and predictability for both orders of government while still being responsive to changes in economic conditions.

The government periodically consults all the territories and provinces, and we adopt measures to maintain sustainable, fair growth in the equalization program.

I would now like to take a few minutes to show how our government has succeeded in meeting its two key commitments, starting with the commitment to fairness. Until 2008-2009, the fiscal capacity of the lowest non-receiving province was used as the measure to ensure fairness and provide stability. However, if the number of receiving provinces expands to cover roughly two-thirds of the Canadian economy, a new measure is required to both ensure fairness and that provinces continue to receive a meaningful and stable net fiscal benefit from resources.

The new ceiling has been set to reflect the average post-equalization fiscal capacity of those provinces receiving equalization. The result is that receiving provinces will get a net fiscal benefit from their resources equivalent to half the per capita resource revenues of the receiving provinces.

In keeping with the fiscal balance approach, the government is providing transition payments for 2009-2010, to ensure that a province that receives equalization in that year will receive no less than its payments for 2008-2009. Overall, equalization will continue to be fair as a result of these changes.

Mr. Speaker—

● (1530)

[*English*]

**Mr. John Cannis:** Mr. Speaker, on a point of order, first of all, excuse me for interrupting, but I sat here listening to this debate with great interest and I would just ask the hon. parliamentary secretary if he could talk a little bit about the motion in terms of harmonization as opposed to equalization. That is what I am trying to pick up on. Could I just hear a few comments about that?



*Business of Supply*

[Translation]

**The Speaker:** The hon. Parliamentary Secretary to the Minister of Public Works and Government Services and to the Minister of National Revenue has the floor. I am sure that he heard the point of order.

**Mr. Jacques Gourde:** Mr. Speaker, if I can just finish my speech, my colleague will get all of the information he is looking for.

In keeping with its approach to fiscal balance, the government will make interim payments in 2009-10 to ensure that the provinces' equalization payments for this year will not be less than those for 2008-09. Overall, equalization will remain fair thanks to these changes.

I would like to mention a few important numbers to back that up. In 2009-10, principal transfer payments will amount to \$49.1 billion—the highest ever. In 2009-10, under the equalization program, the provinces will receive \$14.2 billion compared to \$13.5 billion in 2008-09. Besides the additional \$723 million—

**The Deputy Speaker:** Order. The hon. member for Québec on a point of order.

**Ms. Christiane Gagnon:** Mr. Speaker, I am not sure how long the member from the south shore opposite Quebec City has been talking, but not once has he mentioned GST harmonization. We are supposed to be debating the motion. Even if he manages to mention it at the end of his speech, I have to point out that he has been talking for at least five minutes without mentioning the motion before us today.

He said that he wanted to set the record straight, so I would like him to set the record straight about his government and its approach to GST harmonization.

**The Deputy Speaker:** I would remind the members that the rule about relevance is important. It would be best if the parliamentary secretary were to talk about the motion.

● (1535)

**Mr. Jacques Gourde:** Mr. Speaker, I was getting to that. If I can get to the end of my remarks, my colleague will hear what I have to say, and what I have to say is important.

Besides the additional \$723 million in equalization in 2009-10, the increasing transfers include the following: the Canada health transfer, \$24 billion in 2009-10, an increase of \$1.4 billion; the Canada social transfer, \$10.9 billion, an increase of—

**The Deputy Speaker:** The hon. member for Laval on a point of order.

**Ms. Nicole Demers:** Mr. Speaker, my colleague paid absolutely no attention to what you told him. I would appreciate it if you could ensure that he addresses the motion we are supposed to be discussing today or else sits down.

**The Deputy Speaker:** The hon. parliamentary secretary is avoiding the issue. I know it is possible to talk about other things that are relevant to the motion, but the House wants to hear his opinion on the motion.

He still has about eight minutes for his speech.

**Mr. Jacques Gourde:** Mr. Speaker, the government has been active on a number of fronts to provide the provinces and territories

with more support in these trying times. We will increase and accelerate the funding for infrastructure projects all across Canada.

In conclusion, I want to remind the House that our government will protect the equitable, viable support we are providing to all the provinces, including Quebec. New Brunswick, Nova Scotia, Newfoundland and Labrador, and Ontario have all made the transition to a fully harmonized sales tax system and have benefited as a result. This is a matter of equity and give and take.

If Quebec wants to take the same path, it can expect to be treated in the same way. The Government of Canada will be happy to discuss the possibility of Quebec joining the harmonized federal sales tax system. As for the other harmonized provinces, that will mean the following. The provincial share of the harmonized sales tax is levied under the federal legislation. The tax base is essentially the same as for the federal GST. In addition, the federal and provincial components of the harmonized sales tax are administered by the Canada Revenue Agency. The provincial revenues are paid out in accordance with the framework for the distribution of harmonized sales tax revenues following the signature of a comprehensive integrated tax coordination agreement.

Under the terms of this agreement, companies that collect the harmonized sales tax deal with only one tax authority, regardless of where their offices are located. This obviates overlap and bureaucratic inefficiencies. It also has the effect of lowering costs for both the government authorities and taxpayers and, by the same token, makes us more attractive to investors, which is good for Quebec and good for Canada as a whole.

Our government has made a firm commitment to the provinces to ensure that the stability and predictability of the program is adapted to economic growth. Like all the provinces in our great country, Quebec will be able to continue counting on long-term, targeted assistance from our government based on a cooperative approach.

In conclusion, I would like to propose an amendment, namely that the motion be changed by striking out all the words after “in the early 1990s”.

[English]

**Mr. John Cannis (Scarborough Centre, Lib.):** Mr. Speaker, first, thank you for trying to get the parliamentary secretary on track to talk about GST and QST harmonization. I know he was not a member then, but under the Jean Chrétien government and former minister of finance Paul Martin, there was a proposal for Ontario at that time to harmonize, which is what is being proposed today.

The current Minister of Finance was adamant, should it happen, it was no good.

Ontario has lost hundreds of thousands of jobs. The economy is not good. People are very concerned. At least the economy was good then. I would like him to tell me and my constituents—

● (1540)

**The Deputy Speaker:** I apologize to the hon. member for Scarborough Centre and to the House.

*Business of Supply*

[Translation]

The hon. parliamentary secretary has moved an amendment. I forgot to submit it to the House. I am doing it now. I have to inform hon. members that an amendment to an opposition motion can only be moved with the consent of the mover. If the mover is absent, the deputy leader, the whip or the deputy whip of the mover's party can give or refuse consent on behalf of the mover.

**Ms. Christiane Gagnon:** M. Speaker, we are against the amendment moved by the member opposite. It would render the motion meaningless. We are against this amendment.

**The Deputy Speaker:** There is no consent for the amendment.

[English]

The hon. member for Scarborough Centre can continue.

**Mr. John Cannis:** Mr. Speaker, I will finish. The question I have for the parliamentary secretary is this: When Ontario and the country as a whole are hurting, why do they think it is good today to harmonize? His Minister of Finance, the then finance minister in Ontario, the member for Whitby—Oshawa, thinks it is good today and it was not good then.

Could he explain that for us?

[Translation]

**Mr. Jacques Gourde:** Mr. Speaker, I would like to remind my colleague that facts are facts. It is obvious that the Liberal leader favours increasing the tax burden. The Liberal leader has said so. He said we should raise taxes. In a period of global recession when so many families have a very tight budget, the Liberal leader must speak the truth to Canadians. His agenda includes more taxes and more spending. Why does he want—

[English]

**Mr. John Cannis:** Mr. Speaker, I rise on a point of order. With all due respect to the House and civility, the member must be on a different planet. I am asking him a question and he is going off in a totally different direction. I would ask him to be professional and answer my question.

**Mr. Kevin Sorenson:** Mr. Speaker, on a point of order, I have sat in the House this afternoon, and to be quite frank, I have been very disappointed with the response from the members of the Bloc and now, unfortunately, from the Liberal Party as well. I was listening to a speech by my hon. friend, who was segueing. He talked about the importance of negotiations, getting along and dealing with Quebec. Time after time he was interrupted, not because of doing something that is not commonly done in the House but rather simply for the sake of interruption.

Regarding that last hon. member who stood up raised a point of order on the question, I can tell you, Mr. Speaker, in nine years in the House I have seen a remarkable amount of latitude given to the answering of questions.

The answer our colleague gave was a good, forthright one in regard to negotiation and the direction that the other parties are taking, compared to what this party is taking, on the harmonization of taxes. I would just suggest that rather than having members of the opposition jump up time after time simply to interrupt this colleague,

they apologize and give this colleague the opportunity to answer those questions.

**The Deputy Speaker:** I do not want to get involved in a great deal of debate on whether answers are relevant to the questions. There were some points raised about the relevance of the member's speech, and I think the member did come back to the subject that is material to the motion.

We are into questions and comments now. In my experience, the Chair usually does not decide whether the responses to questions are appropriate or not. That is for members to decide and they can ask follow-up questions if the responses are not adequate.

I will do my best to manage the time if we can come back to the member.

• (1545)

[Translation]

Continuing questions and comments.

The hon. member for Québec.

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, it is obvious that the amendment moved by a member from the Quebec City area is meant to make the motion we are debating meaningless.

Refusing to pay Quebec \$2.6 billion in compensation, asking Quebec to stop collecting the QST and the GST, and wanting to have the federal government administer these taxes is contrary to the motion debated in the Quebec National Assembly. Obviously people are being deceived. The member's speech about equalization indicated some frustration. It was deceptive because the equalization issue has still not been settled.

It is easy to understand that the opposition parties are nervous because of the government's approach to the problems they are faced with. The speech made in this House is proof that the Conservative government is nowhere near ending its constitutional wrangling with Quebec.

**Mr. Jacques Gourde:** Mr. Speaker, had the two opposition parties given me a chance to complete my speech, they would no doubt have seen what I meant and understood better. Today, they have created interference in this chamber, infringing upon my right to give a 20-minute speech in its entirety.

Despite it all, we are prepared to work with Quebec to facilitate the transition to a harmonized sales tax.

We are certainly not going to negotiate with the Bloc Québécois, but we will negotiate with the Government of Quebec, a legitimately elected government.

[English]

**Hon. Gary Goodyear (Minister of State (Science and Technology), CPC):** Mr. Speaker, before I ask my question I would like to premise it that the motion itself concerns harmonization of various taxes. It does in fact mention the 1990s, and the hon. members opposite did make examples of some things in the 1990s.

*Business of Supply*

In the 1990s, the Liberals cut science and technology by \$442 million, which in today's dollars is about \$1 billion of cuts to science and technology. They also raised taxes on Canadians. The Leader of the Opposition has been cited as saying that they definitely will have to raise taxes on Canadians. I suspect that they will in fact cut and gut science and technology once again.

However, I would like to ask my hon. friend what he thinks the impact would be on Quebec of the Liberal Party's proposal to raise taxes, across the board is my guess, and whether the member has any insight as to which taxes he thinks the Liberals intend to raise on our good friends in Quebec.

[*Translation*]

**Mr. Jacques Gourde:** Mr. Speaker, I thank my hon. colleague for his excellent question. Why is the Liberal leader intent on imposing a carbon tax and increasing the GST, taxes which would both affect disproportionately families, workers and seniors in Quebec? I would like him to tell me. When does he intend to increase our tax burden? Which taxes will he increase, and by how much? That is a legitimate question I would like the leader of the Liberal Party to answer someday.

**Mr. Robert Carrier:** Mr. Speaker, again, the speakers' question and answer are not relevant to the motion before us today, which deals with tax harmonization. Planted questions like the ones we just heard distract from the issue at hand which is important to Quebec. I find it unfortunate that you would allow a different topic to be raised when the topic of discussion today is tax harmonization.

• (1550)

[*English*]

**Hon. Gary Goodyear:** Mr. Speaker, on that point, obviously the motion deals with harmonization of taxes. The motion cites the 1990s. The Liberals themselves raised the issue of examples in the 1990s. I asked the question and I was quite happy with the answer.

The only thing is that I did not quite understand which taxes would be raised on Quebecers. I guess that is hypothetical. But I asked the question and I was quite happy with the answer.

**Mr. Paul Szabo:** Mr. Speaker, on the same point, the members are maybe getting a little off the topic because the harmonization of the Quebec taxes took place in the early 1990s. That is why it is relevant. I simply want to indicate my concern as well with regard to the relevance.

If the members are spending all their time thinking about which taxes the Liberals are going to raise, all I can say is that I am delighted to know that they have already conceded the next election to the Liberal Party.

**The Deputy Speaker:** I think we are entering into some realms of debate here. The motion is dealing with tax policy and aspects of the GST. In my opinion, some of the remarks made by the minister of state and the parliamentary secretary were relevant to aspects of the motion.

I think we will move on.

[*Translation*]

The hon. member for Alfred-Pellan.

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Speaker, I will be sharing my time with the hon. member for Brome—Missisquoi.

The goal of our opposition day here today is really to allow Parliament to reach a decision on this important matter of the compensation that the government owes Quebec for the harmonization of the Quebec sales tax with the goods and services tax.

The motion reads as follows:

That, in the opinion of the House, the government should negotiate in good faith with the Government of Quebec to resolve the dispute dating back over ten years regarding the harmonization of the QST with the GST in the early 1990s and agree to provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes.

The Bloc Québécois motion strongly emphasizes the words “negotiate in good faith”. The Conservative government has taken quite the opposite approach, despite the number of times they have talked about it in this House. With his dithering and his all too frequent objections concerning current negotiations with Quebec, the Minister of Finance has proven that he does not understand the meaning of negotiating in good faith.

Since they came to power, the Conservatives have reiterated through their finance minister their intent to continue the discussions on sales tax harmonization in all their budgets and economic statements. Over the last few weeks, though, the finance minister has demonstrated just the opposite. He has shown instead how able he is to use all possible subterfuges to try to undermine the negotiating process with the Government of Quebec.

What does the minister mean by “negotiating in good faith?” Quebec was the first province back in the 1990s to harmonize its sales tax with the federal tax and it did so by negotiating in good faith with the government of the day, as it has always done. Can the same be said of the federal government?

Last March 31, a motion was introduced in the Quebec National Assembly concerning the provision of compensation similar to what the federal government provided to Ontario. The motion was passed unanimously by all the parties in the National Assembly.

It states that Quebec was the first province to harmonize with the federal goods and services tax in the early 1990s. Since then, three Atlantic provinces harmonized with the GST in 1997 and received nearly \$1 billion in compensation. The Government of Ontario announced that it would harmonize its sales tax with the GST beginning on July 1, 2010. The federal government is going to pay Ontario \$4.3 billion in compensation for this, an amount that is justified in the Canada-Ontario agreement by a desire to stimulate economic growth and job creation. The federal government will administer this new provincial tax for free on Ontario's behalf. The Ontario sales tax will be very similar to the Quebec sales tax because certain items, such as books, will be exempt. The input tax rebates in Ontario may well be identical to those in Quebec. Ontario is the fourth province to receive compensation from the federal government for the harmonization of the federal and provincial sales taxes, while Quebec has not received any compensation, even though it was the first to harmonize its sales tax.

*Business of Supply*

All the parties present in the Quebec National Assembly are asking for fair, equitable treatment from the Conservative government and its Minister of Finance and want compensation similar to what was provided to Ontario.

The voters in my riding who have given me their majority support on three occasions are closely following the supposed good faith negotiations with the Minister of Finance.

• (1555)

They do not understand why the government is applying a double standard to the detriment of Quebec.

My voters have not been fooled. They have understood that, to defend their rights, they must rely on the members of the Bloc Québécois; that to defend respect for their culture, there is only the Bloc Québécois; and that to properly protect their future, there is only the Bloc Québécois. For far too long, they have understood that rhetoric is and will remain just that, rhetoric, and that only the Bloc Québécois can really defend them.

I will recall a little bit of history to corroborate what I have just said.

In 1980, Pierre Elliott Trudeau stated in Quebec that the Liberals would put their seats on the line to bring about change, leaving the impression that Quebec would receive its due. What we got was the unilateral repatriation of the Constitution, which was imposed on Quebec.

In 1984, Brian Mulroney promised that Quebec would return to the constitutional fold “with honour and enthusiasm.” What we got was the Meech Lake shipwreck.

In 1995, during the referendum campaign, Jean Chrétien promised change. What we got was the Clarity Act and the sponsorship scandal.

In 2005—closer to our time—during a speech in Quebec City, it was the turn of the current Prime Minister to try the grand seduction by promising an open federalism. What we got was a government that rejected the rights, the identity, the values and the interests of Quebec. For 25 years now, the orators have changed but Quebec is still waiting and nothing has changed.

Despite all the great promises to Quebeckers, despite the smoke and mirrors by the Conservative Prime Minister, after 31 months in office, after 31 months of speeches and promises made to Quebec, nothing has been done.

To practice open federalism, in addition to respecting the distribution of powers set out in the Constitution and ensuring that Quebec has the autonomy it needs to exercise those powers, the federal government would have had to demonstrate its openness and take into account the opinions and interests of Quebec when making decisions within its own sphere of jurisdiction.

In that respect, Quebec lost ground when the Conservatives were elected. Indeed, in areas under federal jurisdiction, the current Prime Minister demonstrates less openness than his predecessors with regard to the opinions and interests of Quebec.

In conclusion, I call on the government to recognize the longstanding injustice to Quebec of denying it compensation for harmonizing the federal and provincial sales taxes.

In particular, I call on the Conservative members from Quebec to show solidarity with Quebeckers and to support the motion introduced today by the Bloc Québécois.

• (1600)

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the reason that the compensation issue is still outstanding is because there are some issues with regard to harmonization which have still not been resolved. The House will understand that harmonization seems to imply that all things are brought together so there are efficiencies in the system of taxation.

The first issue is that there are still two taxes on the books and that means two separate activities to be carried on by businesses.

The second one has to do with the differences in the basis on which the taxes are applied. They are not identical and therefore there are still some problems to be worked out. There were exemptions in certain cases in Ontario.

The third area has to do with the system of tax credits where they are not the same under the two existing Quebec taxes.

The fourth issue is the collection of taxes and whether it would be Quebec or the Canada Revenue Agency.

The final issue to be resolved has to do with the application of Quebec sales tax on the GST, or a tax on a tax.

These matters are to be discussed. The Liberal position is that there are no major items here that cannot be resolved through good faith discussions and negotiation.

I am wondering whether the member would be prepared to indicate whether he believes any of these items are not touchable in terms of negotiation pursuant to receiving compensation.

[*Translation*]

**Mr. Robert Carrier:** Mr. Speaker, I thank the hon. member for his question.

Indeed, there are details to be worked out regarding the points that he mentioned in the harmonization process. These issues are not impossible challenges. The Quebec government is open to changes, just like Ontario is doing right now. However, the collection of that harmonized tax is a major issue. Since the early 1990s, Quebec has been collecting both the GST and the QST, and it sends the money generated by the GST to the federal government. Things are working just fine, and there has not been any complaint on the part of the federal government. That system is particular to Quebec.

*Business of Supply*

As I mentioned earlier, and members are all aware of that, Quebec is recognized as a nation. Quebecers also have a status that is different from that of all Canadians. Only in Quebec do taxpayers have to complete a separate provincial tax return, in addition to the federal one. Everything is working just fine and there are no problems in that respect. This is why Quebec absolutely wants to keep collecting this harmonized tax, because this way of doing things has always worked. This is something that is not negotiable for the Quebec government, and the federal government should accept that in good faith.

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Mr. Speaker, I want to congratulate the hon. member for Alfred-Pellan.

For the past few years, he has been the deputy finance critic for the Bloc Québécois. He is also our revenue critic. Therefore, he knows first-hand that the Quebec government—and even the National Assembly as a whole—regularly adopts motions, including as regards this issue. It is very obvious that, in Quebec, there is a will to harmonize the GST.

However, there are also other issues—and that is why I referred to my colleague's responsibilities within the Bloc Québécois—concerning which the federal government, whether Liberal or Conservative, is simply thumbing its nose at Quebec by refusing to give our province what is owed to it. It is our tax money that is in Ottawa's coffers, but it is always extremely complicated to get our due, particularly when it comes to the equalization program. There is still some money that has yet to be paid for the ice storm.

I wonder if my colleague could tell us about other instances where the Conservative government, and even the previous Liberal government, did not respect the rights of Quebec.

**Mr. Robert Carrier:** Mr. Speaker, I thank my colleague for this excellent question.

I would not want to elaborate too much on other issues besides harmonization, because we blamed other members for doing the same thing earlier.

The harmonization issue is a classic example of bad faith on the part of the current Conservative government. It is as if the government had abandoned Quebec. It cuts Quebec's revenues and finances everywhere it can, even if it affects our identity and culture. The government seems to really enjoy cutting in that area. This is unacceptable for members of the Bloc Québécois. Indeed, as we all know, our main focus is to defend the interests of Quebecers.

• (1605)

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Mr. Speaker, it is with pleasure that I rise today to speak to this motion regarding tax harmonization.

Many members seem to fail to understand what tax harmonization means. The Minister of Finance wrote a letter that was published in the newspapers. In it, he says that Quebec's harmonization model was one to follow. It seems the Conservatives have forgotten it, even though the letter is fairly recent. I think we will hear this often during debate this afternoon.

We have heard some very peculiar things. The parliamentary secretary said that he wanted to deal with legitimately elected people. It just so happens that we too are legitimately elected, even if it is not

up to us, but to the provincial government, to negotiate in this case. The Bloc Québécois cannot solve this problem, but if it were not for us, the matter would probably never have been raised in this place. It is thanks to the Bloc Québécois members, and not the Conservative members from Quebec, that this debate is being held today. I wanted to underscore this because I think it is very important.

As my colleague said earlier, does open federalism mean refusing to give Quebec what it is entitled to? Every time an issue has to do with Quebec, we come up against a brick wall with the Conservative government, and every time, we raise the issue again. We have to fight, insist and repeat that all we want is justice within this Canadian confederation. As my colleague said, we must not forget that our taxes are paying for this compensation. Quebec is paying a little more than \$1 billion of the \$4.3 billion in compensation for Ontario. That money is coming from all over. If we are paying some of it, then we would like to have the right to the same treatment as the other provinces, like Ontario.

Currently, there is no major obstacle to compensating Quebec. There is no more obstacle to compensating Quebec than there was to compensating Ontario. The government wasted no time in giving Ontario \$4.3 billion. Now, it is trying to tell us that there are major obstacles, because we are trying to gain political advantage. That is only reason the government is refusing to treat Quebec in the same way as Ontario.

Certainly, Ontario had further to go in harmonizing its taxes. Quebec can do so easily by making the few adjustments that have been requested.

But what does harmonizing taxes mean?

Harmonizing provincial sales tax means adopting the same taxation mechanism as the GST. We all agree on that. In other words, a harmonized tax system is a system where the federal and provincial components of the tax apply in the same way to the same goods. Quebec already does that. Harmonizing Ontario's tax with the GST will mean that there will be no tax on goods used by companies, but hydro bills, for example, will be taxed. It is simple. The idea is not to have absolutely the same taxes, as several people have said. The idea is for the taxes to be identical.

Why should we move to a harmonized system?

Non-harmonized taxes apply to commodities that companies use to make manufactured goods. This type of tax adds to companies' production costs. By moving to a harmonized system where there is no tax on commodities companies use, we reduce production costs and improve productivity.

• (1610)

In other words, we are going from a tax system that imposes a tax on every stage of production to a system that only taxes the finished product. Adopting a single tax mechanism reduces the administrative costs of the tax system for business and government.

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I will speak to another point, that of harmonizing the sales tax in Ontario. Earlier, it was mentioned that things were done. In its 2009 budget, the Ontario government announced that it would receive compensation. To our surprise, the federal government was going to provide \$4.3 billion over two years in compensation to cover the cost of the transition to this harmonized system. That is exactly what Quebec did. It paid and therefore is entitled to expect compensation.

In what way is the QST not perfectly harmonized with the GST? That is an excellent question. There is a minute difference in the refund of QST on inputs for large businesses. That is why, in order to completely harmonize the QST and GST, Ms. Jérôme-Forget, Quebec's finance minister up until a few days ago, announced on March 31, 2009 that she would establish a QST credit for large businesses, as Ottawa is doing. Given that we are prepared to do that, there should be no further disputes or misunderstandings on the part of the Conservative government.

When did the province of Quebec harmonize its sales tax? In July 1992, or 17 years ago. Quebec did not receive any financial compensation from the federal government. For that reason, we now want compensation. Quebec has requested that it be responsible for PST administration on behalf of the federal government. Thus, the GST will be administered by Revenu Québec, which will forward the monies to the federal government. In exchange for this service, the Government of Quebec wants financial compensation. This type of compensation is not unique.

In response to a question, earlier, a claim was made to the effect that the government has been giving Quebec money for years and that the total amount paid in compensation could be as high as \$7.5 or \$7.6 billion. That is not putting it quite right. The money is not simply given, it is payment for a service. That is different. Such compensation is not unique. The provinces for which the federal government administers income tax also have to compensate the government for its services, and there is no confusion about what that compensation is all about. They are simply paying for a service.

Which provinces received federal assistance for the tax harmonization process? On April 1, 1997, the provinces of Newfoundland, New Brunswick and Nova Scotia received a first \$250 million installment for harmonizing their sales taxes. Ontario will receive \$4.3 billion from the federal government to harmonize its sales tax. Quebec, however, received no compensation. In other words, Quebec is the only province that has not received any compensation for harmonizing its sales tax.

On what rules was the federal government's refusal to compensate Quebec based? The federal government allowed quite a while ago the Atlantic provinces to benefit from \$1 billion over four years in compensation for harmonizing their sales taxes, all the while arguing that Quebec, as well as Ontario and British Columbia, would not be entitled to compensation because having harmonized taxes would not make their sales tax revenue drop by more than 5%.

Time is flying. I wish I had time to get into the differences between the various provinces. At any rate, Quebec will have to pay one quarter of the \$2.6 billion in compensation. After all, part of the money will be coming from our own taxes.

•(1615)

It would only be fair and reasonable, if every other province received compensation, that Quebec also receive compensation for having harmonized its sales tax.

I hope that all members from Quebec, Conservative or not, will vote in favour of this motion.

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Speaker, first of all, I want to congratulate my colleague from Brome—Missisquoi for his speech, which was really enlightening in terms of the motion before us. I would like to give the member the opportunity to elaborate on the gap or the differences between provinces regarding harmonization.

I would also like to know what he thinks about the following. It seems to me that the federal government, in this matter with Quebec, has enjoyed a certain privilege because Quebec was the first province, in the early 1990s, to harmonize its tax with the federal GST.

Today, Quebec is penalized, on the one hand, regardless of the efforts it made in the past and, on the other hand, because the Minister of Finance, every time he talks about negotiating, changes the terms of this harmonization. I would like to hear the member's thoughts on that.

**Mr. Christian Ouellet:** Mr. Speaker, I find that question very pertinent and I thank my colleague from Chambly—Borduas for giving me a chance to elaborate a bit on the subject.

Indeed, the federal government had an advantage in the 90s because since 1992, it could count on Quebec, which had harmonized its tax and was collecting it for Ottawa. That was very efficient and the federal government noticed it. It said that the Quebec government was showing remarkable clarity and efficiency in collecting the tax.

Everybody benefited. That meant that everybody was on the same level playing field as far as paying taxes was concerned. I remember that at that time the question of clarity in the payment of the tax was discussed. The federal government often held Quebec up as an example of the tax collection techniques to be used.

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, in March the Minister of Finance indicated that this would not happen unless the areas of differences in the harmonization details were resolved. However, he subsequently said that he would be willing to provide \$2.6 billion of compensation if Quebec fully harmonized its sales taxes, and he suggested that this would include two major steps. The first was to stop applying the provincial sales tax on top of the GST, the tax on the tax. The second was to allow the Canada Revenue Agency, not Revenue Quebec, to collect both taxes.

If that is the conditions under which the finance minister is prepared to provide compensation of \$2.6 billion, would those two conditions be acceptable to the Bloc Québécois?

[Translation]

**Mr. Christian Ouellet:** Mr. Speaker, I do not think that we should change the system right now. I thank the member for his excellent question.

I just underlined how efficient Quebec is in the collection of provincial as well as federal taxes. Why change something that is working very well just to give Ottawa even more powers over the provinces? There is no point in changing that right now. On the contrary, Quebec is doing a good job. Since, as is seldom the case, there is no duplication between the federal and provincial governments and there is only one government acting for both levels of government, we should keep it that way.

As for the other aspect, I do not think that the tax on tax is a major problem. That could easily be harmonized.

● (1620)

[English]

**The Deputy Speaker:** It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Labrador, Equalization Payments; the hon. member for Willowdale, The Environment.

[Translation]

**Ms. Niki Ashton (Churchill, NDP):** Mr. Speaker, I am pleased to address the Bloc Québécois' motion today.

My party, the New Democratic Party, intends to support this motion. We agree in principle with a number of points in this motion. First, the provinces should be compensated fairly, regardless of the issue involved. Here, we are talking about the harmonization of taxes and the fact that Quebec should have been compensated a decade ago for the arrangement that it made with the federal government. Also, we note that the federal government has reached agreements with other regions, such as Ontario, without respecting the situation of Quebec.

The first reason to support this motion is that we must absolutely recognize that the federal government has a responsibility to compensate each province fairly.

It is truly a matter of fairness, and a province should not be treated differently than another in such cases. What happened in the past must be recognized, and we must ensure that, in the future, agreements with the other provinces will be respected.

The second reason to support this motion is that it says that the federal government claimed to be prepared to find a solution, but only if the administration of taxes was transferred to it. We have a problem with that, since Quebec has been administering the tax system for several years already. Therefore, there is no reason for the federal government to now change what Quebec has been doing. We do not think this is appropriate.

In the end, whether it is harmonization or another issue, we must ensure that Canadian consumers and families are not punished. Regardless of the decision we make on harmonization, we should keep in mind the current reality of Canadians, and also how the regulations and the legislation voted in this House affect them.

Every day, our party comes to the House to talk about the issues and challenges facing Canadians, and to reflect on the fact that we, as their representatives, have a responsibility to help them.

Of course, the government has more than one responsibility. It should, in every case, think about what is best for Canadians. We

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find that some aspects of harmonization pose a problem. We note that in Ontario harmonization will adversely affect consumers and their families. New taxes will be imposed on goods that have never been taxed. This is very problematic, because these goods are basic necessities of life. People's well-being should be the priority, and these goods should not be taxed.

What is even more important is that we should think about the reality that Canadians must face right now. In a period of economic crisis, very large numbers of jobs are lost in many regions of the country, as is the case in Ontario and in Quebec.

● (1625)

In my region, there have been all time highs in job losses in the forestry and mining sectors as well as in a number of service industries that depend on those industries, which are truly crucial to our region. I feel it is extremely important for us as members to reach decisions on bills that consider the reality of Canadians and do nothing to penalize them when they are already in difficulty.

I believe it is somewhat problematic when not only does this request have to be made in connection with harmonization, but also in terms of other rulings and decisions by this government. For example, the decision concerning employment insurance. Our leader, the member for Toronto—Danforth, has spoken about employment insurance and the fact that the changes made by the government did not benefit the bulk of those in need of it.

Because of my committee work, I realize the difficulties women face, especially those who wish to have access to employment insurance and cannot because of the regulations concerning the number of hours worked and the type of work they do. The few changes that have been made do nothing to support Canadians who have lost their jobs and are trying to benefit from a program into which they have paid for years. We can see what an extremely difficult situation they are in.

There is also a lack of leadership as far as supporting Canadians rather than penalizing them is concerned. As for the motion which we introduced and which was passed by the House last week, this was a motion moved by my colleague, the hon. member for Sudbury. It had the support of the three opposition parties and we are really proud of it. It had to do with credit cards and the role the government should play in regulating the credit companies in order to really protect Canadians who find themselves in quite difficult financial straits. Many of them tend to make greater and greater use of their credit cards.

We believe that the credit card companies continue to abuse their position rather than adopting measures like those that the Bank of Canada has adopted to reduce interest rates. We can see that this is a problematic situation. In fact, even if the House of Commons voted in favour of that motion as well as the one concerning changes in employment insurance, we can see that the government does not respect those results. In the end, Canadians are the ones who will bear the consequences, Canadians who are already in really difficult situations.

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I would also like to describe in more detail the difficult situation prevailing in my region. I am here to speak not only as a member of Parliament concerned by this question of tax harmonization, but also as a member of Parliament who sees this issue and the fair treatment of provinces as being directly related to my region, northern Manitoba.

• (1630)

Many of the challenges Canadians are faced with every day are to be found in my region. For example, a large majority of the people from the riding I represent come from one of more than 30 first nations. Many of them do not see the realities of the employment situation as conclusive. There is a lack of economic development which penalizes those people.

It is also directly related to the taxation system. Of course, we know that, traditionally, people from the first nations do not pay taxes in their own region, but when they go out in the urban areas, the reality is not the same. When they come, for example, in my community of Thompson—the business centre in our region—, and they go shopping, they must pay taxes. And, for many of them who suffer from a low rate of employability, since many are unemployed or in quite difficult situations, the idea of paying taxes when outside of their community is difficult to bear.

Generally speaking, the tax situation in Manitoba is a bit different, because we have our own provincial tax. It must also be acknowledged that, in addition to the taxation problem, there are problems relating to plant closures or layoffs, which result in these industries paying less tax to the urban communities they are located in, and of course also to the federal government. This is fairly problematic for our communities, which most of the time depend on a single industry and on the provincial tax to invest in our services: recreation, infrastructure, water. It is the entire community that suffers in such situations.

It must also be acknowledged that, when we speak of taxes here, we are speaking of the Bloc Québécois motion, the Quebec reality and the necessity to respect its situation. It must also be acknowledged that, when we speak of taxes, decisions must be reached that encompass not only the well-being of individuals, of each Canadian, but also that of our communities and our regions which are at present experiencing some unfortunate and historic circumstances because of the economic crisis.

I will make another point: the reference in the Bloc Québécois motion that “the government should negotiate in good faith with the Government of Quebec”. We believe that the two words “good faith” are really the focal point of this motion, the idea of the need to negotiate with our provinces on an equal footing and to really recognize the matter of equity here. This matter of good faith does not apply solely to negotiations with Quebec. It is important, of course, because that is what we are talking about today. But this matter of good faith also applies as a general rule to the discussions we have in this House and with our provinces.

• (1635)

We must recognize that Canada is in a rather unique position in the world as a federation and that, in the past, certain provinces had considerable control over their own regions. The federal government must really work in partnership with the provinces in all areas in

order to be able to improve the lives of Canadians, whether in Manitoba, Quebec, the Yukon or Prince Edward Island.

No matter where one lives, one must recognize that Canada is a federation. We must negotiate in good faith on all kinds of matters. For instance, equalization is still being discussed. The government made a number of promises in that regard, but later broke them, especially concerning Newfoundland and Labrador. It is extremely problematic. As politicians, we all know it is extremely important to keep our promises, but even more so, we all know the consequences of breaking our promises. We saw what happened concerning equalization and the frustration expressed by the people of Atlantic Canada.

We also now recognize Quebec's frustration regarding the agreement it reached with the federal government several years ago. That agreement must be respected. If we are going to talk about compensation, we must respect the fact that Quebec has been administering the tax system for several years.

I will conclude today with the following message. We hope that good faith and the well-being of Canadians will remain in the forefront. Canadians must not be penalized by new taxes, credit card problems or employment insurance. As leaders and representatives in this House, we must help them. This is an important message, which will guide us in our decision making, and all of Canada will benefit as a result. In this case, we are talking about Quebec, but all of Canada will benefit.

[*English*]

**Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.):** Mr. Speaker, I would like to ask my hon. colleague a few things.

During economic hard times, those who are most vulnerable are even made more vulnerable. I will provide a couple of solutions that may be of benefit and I would like to know her opinion on them.

First, does she not think it offensive that people who make less than \$20,000 a year have to pay taxes? One cannot live on that amount. The government could institute a tax policy that if the gross income of people was \$20,000 or less, they would not pay federal taxes.

For first nations communities, the government under funds first nation schools at a level of at least \$3,000 to \$6,000 less per child and that needs to be rectified immediately. How on earth can children acquire the skills training they need to be gainfully employed in the future. Does she agree with that?

Does the member not think an early learning head start program for children would be one of the most effective things the government could implement with the provinces so children would have a head start on life and would give them the best opportunities to be an integrated member of society as an adult?

• (1640)

**Ms. Niki Ashton:** Mr. Speaker, my colleague raised the reality faced by low income Canadians. Canada is one of the best countries in the world in which to live. The extent to which Canadians face rates of poverty is shameful.



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Time and time again we have heard that as the economy gets worse, these people will suffer the most. People will be now bounced into that reality as a result of losing their jobs, as a result of not being able to access employment insurance, as a result of not being able to get back on their feet. We are dealing right now with a historic economic crisis. We should be looking at making our taxation system responsive to that reality. That is also what we are talking about today in the context of the motion.

I appreciate the reference to first nations and education, a reality that is very urgent and in need of great attention in my region, which represents over 30 first nations. We need a number of schools in areas such as St. Theresa Point, Nelson House, God's Lake Narrows, God's River. Not only do we need schools, but we need the federal government to invest in that education. We see an alarming gap between the amount of money provinces pay per student compared to what the federal government pays for first nations students.

We need to see the federal government apply some leadership in these realities. There has been commitment to education, but we need a great deal in order to create a more just situation for first nations children in our country.

[Translation]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Mr. Speaker, I would like to congratulate my NDP colleague for being well informed on the subject and for having made a very clear presentation. I would also like to congratulate her on the quality of her French. She makes great efforts. She speaks French well and I congratulate her for the quality of her French.

I would also like to congratulate her for speaking of good faith, and that is the subject of my question. Good faith is important. Does she think that the Conservative government is acting in good faith when it insists on taking over a service already well delivered by Quebec—I am talking about the collection of the taxes—or does she think that the government is doing so out of pettiness or partisanship?

Let us not forget that those people have 17 years of work experience. They started somewhere else and gradually acquired experience. Finally, now that the system is running smoothly, we will start all over from scratch. I would like to know if my colleague thinks the Conservatives are acting in good faith when they say that.

**Ms. Niki Ashton:** Mr. Speaker, I would like to thank my colleague for the compliment. I think that it would be great if we had more opportunities to discuss motions in French. I will work on that.

This is what I think about why the government is doing these things. I would really like to know why it has made a number of these decisions about harmonization and equalization. I think that it is a real problem. It is a problem because this is a federation. We have to bear in mind the issue of equality and promises made about equal treatment of the provinces, all the while recognizing that there are differences, of course.

However, we have to consider the issue of equality when we are talking about taxes. I have often questioned the government's lack of good faith in decision making. I mentioned employment insurance, credit cards, motions in which the House supported a decision and said that it would support Canadians, face the challenges and help

people. The government is supposed to support its citizens. I am not so sure that it does, and in Quebec's case specifically, I have often heard that the government wants all kinds of support from the province. When I see that kind of action and reaction, I have to keep wondering. I do not know.

• (1645)

[English]

**Mr. Rob Clarke (Desnethé—Missinippi—Churchill River, CPC):** Mr. Speaker, during her speech, the member talked about first nations and how the Quebec harmonization would be similar to first nations in Manitoba.

I am a first nations. I am trying to figure out what first nations pay taxes on reserve. I think she needs to do a little more research.

**Ms. Niki Ashton:** Mr. Speaker, if the member had heard what I had said in French, I noted that first nations did not pay taxes on reserve. However, when first nations people go to urban centres like Thompson, which is my hometown, they do. My research is just fine.

We also need to realize that the realities that first nations face in terms of challenges and being unable to pay for goods and services in urban communities, because they face 90% rates of unemployment or because they are among the poorest people in Canada, is something we need to recognize. I understand many of us in the House are trying to do that.

When we talk about things like tax, we need to look at the bigger picture. We need to encourage leadership from the government to respond to the reality that first nations face, which in many ways is very different from other Canadians.

**Hon. Keith Martin:** Mr. Speaker, I have two brief questions.

First, does the member not think that one of the best things the government could do would be to scrap the Indian Act and work with first nations communities to develop the structure that would allow them to develop their lands?

Second, does she not also think there are opportunities to change our RRSP structure to enable seniors to use moneys in their RRSPs for their basic needs? Right now they need to have that asset liberated. The government could really do some innovative things to allow tax-free RRSP moneys to be used by seniors. In doing so, it would be an innate stimulus package that would be very effective.

**Ms. Niki Ashton:** Mr. Speaker, with respect to governance and first nations, one of the principles that needs to guide the future decisions in that area is consultation. I know it is a popular word used by many but practised by few. Whether it is post-secondary education funds, treaty land entitlement, health or employment, consultations with first nations needs to be at the forefront of the way we move forward. Specifically governance is a huge area.

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Over the years, the Government of Canada has invested a great deal of money in consulting, in figuring it out and it is time—

• (1650)

**The Deputy Speaker:** Resuming debate, the hon. member for Nanaimo—Alberni.

**Mr. James Lunney (Nanaimo—Alberni, CPC):** Mr. Speaker, I have been following today's debate with a lot of interest and appreciate the opportunity to respond to the Bloc motion concerning taxes, specifically the harmonization of taxes, and the province of Quebec potentially following the lead of the Atlantic provinces and Ontario to enter into a harmonized sales tax framework with the Government of Canada.

In response to some of the comments made during the debate, Quebec has not fully harmonized its sales taxes. Even the Quebec government has admitted such, recently admitting that there was a major difference between the QST and the GST and that the province was ready to agree to make the necessary adjustments for full harmonization.

Quebec currently administers the Quebec sales tax and the GST in Quebec on behalf of the federal government. The federal government compensates the Quebec government for doing this. In 2007-08, approximately \$130 million was paid to Quebec to administer the GST.

On this motion, the Minister of Finance has been clear. He has spoken to Quebec's new finance minister about this issue and he is open to discussions with the new minister on this matter. As outlined in an op-ed in the *Montreal Gazette*, the new Quebec finance minister is “—prepared to sit down and discuss the issue”.

The previous Quebec finance minister, who recently stepped down, was also very content with the stance of the federal government on this issue. An April 2009 press release states:

The Minister of Finance and Minister responsible for Infrastructure, Monique Jérôme-Forget, welcomed the openness shown by the federal government regarding fair treatment for Québec with respect to the harmonization of sales taxes.

We notice something here, though. These negotiations will not and cannot involve the Bloc, for the Bloc, as it has shown in its nearly 20 years of perpetual opposition, cannot obtain results for Quebec or for Quebecers, just debate. In a little over four years, our Conservative Quebec caucus has managed to do more for Quebec than the Bloc MPs ever can or ever will do.

For instance, total federal support for Quebec in 2008-09 was \$16.8 billion, an increase of \$4.5 billion or 37% since 2005-06 under the old Liberal government, including increased support for health care, post-secondary education and for infrastructure. In 2009-10, Quebec will receive over \$8.3 billion in equalization alone. That is a huge increase of over 70% since 2005-06 levels under the old defeated Liberal government. That is nearly as much as was transferred to all provinces for the program in 2003-04.

In terms of background, the harmonized sales tax framework involves Canada and the province harmonizing its sales tax with the GST under a federal-provincial comprehensive integrated tax coordination agreement. Such an agreement would include the following key elements: the provincial portion of the harmonized sales tax being imposed under federal legislation; a tax base

essentially mirroring the GST base with the provincial portion of the tax not applying to the GST; provincial revenues paid according to the HST revenue allocation framework; and finally, federal administration by the Canada Revenue Agency and the Canada Border Services Agency of the federal and provincial components of the harmonized tax.

The HST framework is simpler and less costly as it involves only one tax rate, one substantially harmonized tax base, with no need to track and report tax on a by-province basis, and one level of tax administration.

I would like to take this opportunity to congratulate the Liberal leader and the Liberal Party for finally unveiling the Liberal's very own economic action plan. While it was months after the actual budget and it only contains one idea, it is great to finally see the Liberals bringing a plan forward, and what a plan. It is a plan that really speaks to what Canadians expect of Liberals. It is a plan that speaks to the type of Liberal thinking Canadians have become all too familiar with. It is a plan that we know will be met with the reaction it so richly deserves when fully exposed to the public.

• (1655)

In the words of the Liberal leader, under the plan, and this is all of it, “Federal taxes must go up.... We will have to raise taxes”. I note that the early reception to the Liberal plan has not been as favourable as the Liberals would have liked. Almost everyone has suggested that this is perhaps the last thing the Canadian economy needs right now. Almost everyone agrees that the Liberal plan will only serve to stunt economic recovery or to bleed more jobs.

Unfortunately for the Liberal leader, some commentators were particularly displeased. A *Windsor Star* editorial noted that:

Perhaps the last thing that Canadians want to hear during a recession is a politician talking about tax increases. But [the] federal Liberal Leader...has said he won't rule out a tax hike....

Those comments should be setting off alarm bells with taxpayers.

The Canadian Taxpayers Federation said that “Canadians...find the idea of raising taxes now or after the recession subsidies 'scary’”.

Even TD economist, Don Drummond, joined in on the act pointing out that:

The federal government can get back to budget balance if they apply a dose of spending restraint once the economy begins a sustained recovery. ...tax increases will not be required. Nor would they be appropriate.

Nevertheless, we understand that the Liberal leader may be providing further details about his economic action plan shortly. We understand that items under consideration include a 1% or 2% GST tax hike to ensure fixed income seniors, working families and others pay more to the government when they can afford it the least.

Furthermore, Canadians may once again feel the sting of that old favourite, the regressive carbon tax.

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No wonder many Canadians are demanding more fulsome answers on what the Liberal plan actually involves. Which taxes will the Liberals raise? Will they implement the carbon tax? Will they hike the GST? Will they do both? By how much will the Liberals raise taxes and when will the taxes rise? Canadians want to know.

A recent editorial in Waterloo's *The Record* states:

Canadians deserve to know in clear, unambiguous language the Liberal leader's stand on a tax hike.

Again, the Liberal leader was unequivocal and clear when he unveiled his own economic action plan last week and said, "Federal taxes must go up.... We will have to raise taxes". It sounds to me like that is plural taxes, which clearly suggests that there is more than one tax to be raised under the Liberals' economic action plan.

We already know that the GST will likely be raised under the Liberal plan from an earlier statement made by the Liberal leader when he said, "Let me be clear here...you can't exclude tax increases.... So I'm not going to take a GST hike off the table".

Having uncovered that, we demand, on behalf of Canadians, that the Liberals reveal the details of their hidden tax-and-spend agenda.

**Hon. Gary Goodyear (Minister of State (Science and Technology), CPC):** Mr. Speaker, in his great speech, the member went into the taxation issue. I do know that in the mid-1990s the Liberals cut \$442 million from science and technology. I have not done the math for 2009 dollars, but in 2007 dollars that alone was almost \$1 billion cut from science and technology. At the same time, they also raised taxes on Canadians.

Now we are hearing this promise by the Liberals to raise taxes on Canadians. I am concerned that they will also gut science and technology. Hopefully, that will never happen because Canadians will not vote for raising taxes.

Would the member be kind enough to share with us some of his thoughts on how raising taxes would affect Canadians and, in particular, Canadians in Quebec?

• (1700)

**Mr. James Lunney:** Mr. Speaker, I think the Minister of State for Science and Technology correctly points out that Canadians should be alarmed by the prospect of tax increases. We remember that when the Liberals actually formed the government way back in 1993 they had claimed that they would slay a huge deficit. However, that was a period when we came through terrible deficit financing. It was the Conservative government that took initiatives to slay that deficit.

We remember when the Liberals promised to get rid of the GST. That was their promise in the election but, gosh, they forgot about that. They kept the tax and reaped the \$35 billion in tax benefits that came into the government that helped reduce the deficit of the day.

It seems to me that the Liberals also campaigned against free trade and wanted to renegotiate that, which was the other initiative brought in by Brian Mulroney that actually contributed to slaying that deficit.

The Liberals' contribution to slaying that huge deficit in that day was to take \$25 billion out of the health care funding which created a

crisis for the decade to follow in terms of health care funding for the provinces.

I think the minister's concerns about science and technology funding are certainly well placed to remind us that the Liberals cut the science and technology funding in the same era. We think that by making our investments in the kind of infrastructure at a time when the country needs investment to create jobs and get communities going right across the country and lowering taxes at the same time with personal exemption increases for 2010, lowering taxes for all—

**The Acting Speaker (Mr. Barry Devolin):** Questions and comments, the hon. member for Brome—Missisquoi.

[*Translation*]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Mr. Speaker, I would like to ask my Conservative colleague whether he thinks it is far better to lower taxes, add the full cost of the recovery plan to the debt and have the next generation pay for it, instead of leaving taxes as they were and having those who can afford it pay for the recovery plan. In other words, is it better to lower taxes and raise our debt or keep taxes as they were and not have any debt?

[*English*]

**Mr. James Lunney:** Mr. Speaker, part of our stimulus package is reducing the taxes for all Canadians. When Canadians are not sending money to government, they have more money in their pockets and have more money to invest. Therefore, part of our stimulus package includes lowering taxes.

We are also ensuring that the stimulus investments we make, at a time when the country is hurting and when jobs are in transition, are in the kinds of infrastructure that will create jobs locally, infrastructure such as roads, bridges, buildings and community centres that will benefit communities for many years to come and will create the employment that people need right now.

Of course, the other part of the stimulus package is helping those people who are displaced and ensuring they get the EI benefits they need and the retraining they need to be successful in the new economy that will come out after the recession.

**Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.):** Mr. Speaker, I am truly amazed that the member and the Minister of State for Science and Technology were able to carry on that discussion with a straight face because it was such a blatant act of historical revisionism.

The fact is that when the Liberals came into power in 1993, they were, in many ways faced with a similar situation that Mr. Obama is facing in the United States. Mr. Obama was faced with a Republican Party that left Americans with a huge, massive, monstrous debt. When the Liberals came to power in 1993, what did they have? They had a monstrous debt.

If we go back in history and look at the facts, because we like to follow the facts, it shows that Tory times are tough times. What does that mean? It means debt and it means deficit.

*Business of Supply*

When we were defeated in 2006, we left the Conservatives with a \$12 billion surplus. What did they do with that surplus? They burnt through it. They spend and reduce taxes, the same kind of voodoo economics that Mr. Bush did south of the border resulting in a catastrophic economic problem in that country.

I will give the member a chance to change his tune and say that the right thing to do is to follow the Liberal economic plan that was done in the 1990s and follow our economic plan that will get Canadians back to work and our economy will be strengthened, rather than the kind of voodoo economics that the Conservatives are pursuing.

• (1705)

**Mr. James Lunney:** Mr. Speaker, I appreciate that the member for Esquimalt—Juan de Fuca, when he was first elected in 1993 as a Reform MP, would have remembered very clearly at the time how he would have been standing with the rest of our colleagues of that era reminding the Liberals of their promise to get rid of the GST, the entire 7% GST that they campaigned on getting rid of. Of course, they simply forgot to do that.

So talking about political revisionism, it is now very interesting to hear him adhering to the Liberal talking points and Liberal revisionism, because of course they created an ideology that actually they slew the deficit, which never was true. It was actually the policies implemented by Brian Mulroney and free trade, which brought in billions of dollars in cross-border trade. It was a huge benefit to Canada, in the view of even the unions, the labour leaders who were alarmed about it at the time, such as Ken Georgetti, who has admitted that free trade was a great asset to Canada. It brought in tremendous revenues, along with the GST with all its revenues, and that is what slew the deficit. But I thank the hon. member for the question.

**Mr. John Cannis (Scarborough Centre, Lib.):** Mr. Speaker, I want to put on the record:

Through hard work, foresight and good fortune, we have come together to make our vast country one of the most successful the world has ever seen.

The Government is proud of what Canadians have accomplished so far...

These were the words of today's Prime Minister, the member's leader, right after he took over from the Liberals. Does the member agree or disagree with his leader, the Prime Minister?

**Mr. James Lunney:** Mr. Speaker, I appreciate the way the member framed the question. Of course I would agree with the Prime Minister. We are very proud of what Canada has accomplished, but it is wrong to construe that as the period of Liberal rule in the country. Of course we are very proud of Canada, the best country in the world. We are very proud to be Canadians.

I know we are the envy of the world. That is why so many people want to live in our country. We are blessed with freedom and prosperity, and even though the entire world has spun into a time of economic uncertainty, transition and economic restructuring, Canada has been better positioned. That is why we were later coming into recession than any of the other developed nations. That is why we are very hopeful as signs are encouraging even now that we may be starting to pull out of it. Canada has been resilient. Canada is a tremendous country, and we are very proud to live here and to represent the people of Canada. We are proud to be Canadians.

[*Translation*]

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, I must say that I am a bit surprised to see how much the Liberals have digressed from the issue since this debate began. Of course, the Conservatives have as well, but we expected that, because they are going to vote against the Bloc Québécois motion. What is surprising is that the Liberals are going to support the motion, yet they are talking about things that have nothing to do with the issue before us today.

In the case of the member for Scarborough Centre, it is even more pathetic. He raised a point of order a bit earlier today because members were going off topic. Yet he just asked a question that has nothing to do with the motion before us.

I am going to talk about this motion, because it is crucial and very important to Quebec. I would like to draw the attention of the House to a motion adopted unanimously by the National Assembly of Quebec—our National Assembly of Quebec—on March 31, 2009, not so very long ago. I will not read the entire motion, because unfortunately, I do not have time. I will just read the last paragraph.

Be it resolved that the National Assembly ask the Federal Government to treat Québec justly and equitably, by granting compensation that is comparable to that offered to Ontario for the harmonization of its sales tax with the GST, which would represent an amount of 2.6 billion dollars for Québec.

I would like to remind this House that this unanimous resolution by the National Assembly was not proposed, defended and adopted by the Bloc Québécois alone. The Minister of Public Works and Government Services says he will not negotiate or talk with the Bloc Québécois. The Bloc Québécois represents unanimous positions in Quebec.

There were two sovereignist parties that supported this resolution. There was Ms. Pauline Marois and the members of the Parti Québécois and also the member of Québec Solidaire, who know very well that sovereignty is the only solution to the ongoing constitutional wrangling. So they obviously supported it. But it was not only sovereignists—those the evil “separatists”, with for or five s's at the end, that we sometimes hear about in this House—who supported it. It is not just the sovereignists who are calling for this. There are two federalist parties—well, we are not sure what one of them stands for. There is the premier of Quebec, Jean Charest, who can definitely not be accused of being a sovereignist. He was once a member of a Conservative government. He is a good friend of Paul Desmarais and company and a strong federalist. He supported this resolution. Not only did he vote in favour of it but he supported the initiative of his then finance minister, also a federalist. Therefore, it is not a Bloc Québécois fantasy. There is clearly a consensus in Quebec.

What does this consensus say? First, we want to continue administering our own sales tax. If it must be harmonized, administration of this tax by the federal government is clearly out of the question. The opposite should prevail, as is presently the case. The federal government should allow the Government of Quebec to administer the tax, in return for appropriate compensation. That is the most logical thing to do and that is what is being done already.

*Private Members' Business***PRIVATE MEMBERS' BUSINESS***[English]*

Second, in the interest of equity and justice, compensation must be provided on the same basis as it has been to the other provinces. In addition, a quarter of this compensation from the federal government is paid by Quebec taxpayers. Thus, we are not to be treated any differently.

The motion before us speaks to all this. I found it unfortunate that the Conservative Party attempted, unsuccessfully, to propose an amendment to the motion that would delete the second part. This second part calls on the government to "provide \$2.6 billion in compensation to Quebec for this harmonization, and that Quebec continue to administer these harmonized taxes." This amendment would have weakened the motion, the consensus of the National Assembly and Quebec. Who moved this motion? Was it a member from Ontario, a province that will be receiving \$4.6 billion in compensation, which Quebec has not received?

• (1710)

Was it a member from the Maritimes? Was it a member from the west? No, it was a member from Quebec who rose in this House to undermine Quebec.

It makes me sick to my stomach, as a Quebecker, to see such a thing in this House. The member could have simply toed the party line and rose in this House when it was time to vote. But, no; instead, he acted as their puppet and rose in this House to undermine Quebec.

He did the same thing that the Liberals did with the budget. Some members from Newfoundland, if I am not mistaken, or from somewhere in the Atlantic region, were permitted not to support it. They were told they could vote against the budget because their ridings were being fleeced. However, even though everyone knew that the budget was bad for Quebec, the members from Quebec had to be good little soldiers and fall in line behind the Liberal Party leader. They had to betray Quebec.

That is why I am very happy to be a member of the Bloc Québécois. At least when I come here to work and I rise in this House, I never have to betray my own people. My only loyalty is always to Quebec, and I can always be proud to be here, to stand up and have the honour to defend the interests of Quebeckers.

*[English]*

**The Acting Speaker (Mr. Barry Devolin):** It being 5:15 p.m., pursuant to the order made on Monday, April 27, 2009, all questions necessary to dispose of the opposition motion are deemed put and a recorded division deemed requested and deferred until Wednesday, April 29, 2009, at 3:00 p.m.

• (1715)

**Mr. Rob Clarke:** Mr. Speaker, I am sure that if you seek it you will find agreement to see the clock at 5:30 p.m.

**The Acting Speaker (Mr. Barry Devolin):** Is it agreed?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Barry Devolin):** Accordingly the House will now proceed to the consideration of private members' business as listed on today's order paper.

**EMPLOYMENT INSURANCE ACT**

**Mr. Malcolm Allen (Welland, NDP)** moved that Bill C-279, An Act to amend the Employment Insurance Act (amounts not included in earnings), be read the second time and referred to a committee.

He said: Mr. Speaker, it gives me great pleasure to debate my private member's bill today on the issue of severance and vacation pay for those who may receive it for pension income.

The EI act looks at moneys in certain ways. It sometimes takes it into income and sometimes it does not. Sometimes it treats it in a different manner. In the case of severance pay, which is due employees upon their termination of employment, it treats that income differently, as if they were actually collecting employment insurance and out in the workforce.

At this moment in time, the gross up provision, which is an anomaly in the act, says that individuals can earn 40% of a claim up to \$179 while on a claim. The act takes severance and deducts that dollar for dollar from their claim and leaves those individuals with less because they have severance rather than if they had actually taken on part-time work and deducted that in a different manner. This is really an inequitable system.

The nub of all this is that severance pay is really about pay for time that has gone before. In other words, in some situations individuals would get paid a week for every year that they may have been employed.

There are two parts of the act that talk about earnings as paid and payable. I would suggest that we ought to look at severance pay the way we did some 20 years ago when it was not used as a calculation for unemployment insurance. It was deemed to have been paid because it really was for the time that individuals spent prior to their termination because that is how it was generated in the first place. Severance pay is not paid on a go forward basis in the sense that individuals would be paid for what they might have worked. They are actually being paid for the time they did work.

At some point the act was changed to have those moneys deducted. Severance was seen to be as if someone was working but clearly they were not. That is why they were given severance pay. The reason it is called severance pay is because the individual was severed from employment.

What happened? What transpired that changed the system? We have to go back some 20 years and look at the changes that started to come into effect during the latter part of the eighties and well into the nineties under the leadership of two previous governments. The Conservatives enacted some changes in the 1980s. During the nineties, the Liberal government made a wholesale change of the system, reducing the number of people who qualified from a high of nearly 86% back in 1990 to the lows we see today, which is less than one in two, just slightly under 50%.

Why did that occur? What situation was so dramatic that the unemployment system needed to be changed wholesale?

*Private Members' Business*

The first question we need to ask is whether or not the system had enough money. The obvious answer to that is, no, because we know the surplus in the EI system during the nineties and into the early 2000s was approximately \$54 billion. That money rightfully belonged to workers who had paid into the system, who were rightfully entitled to receive benefits from that system, and who saw the system actually become denigrated to the point where they were no longer able to collect from that system.

The obvious question to ask is, what happened to the \$54 billion? Some of us are still asking that question today. It seems as if that money has vanished. In fact, some say it has been absconded. Some say it went to the surpluses of the Liberal government that preceded this Conservative government. Liberals wracked up those great surpluses talking about economic management. What the Liberal government actually did was take it from those who paid into the system and then denied them entry into the system. One has to wonder, what if we had left the \$54 billion in there, would we need to drawback the severance pay of those who, at this point in their lives, need it?

This reminds me of the story of a young woman in Oshawa who received a severance package when she was laid off. She no longer lived with her parents, who had been laid off before her. Her father asked if she could assist them because they were going to lose their house because they were going to default on their mortgage. He was still waiting for employment insurance. His severance pay was basically gone because he had to use it up before he qualified for EI. She agreed to turn over her severance pay to help them keep their house. That is what families in this country do for one another.

• (1720)

However, under this present system, she has signed herself into poverty. The fact that she gave the severance package to her parents does not negate the fact that she will have to wait an equal amount of time of that severance pay. It would be exhausted out before she is eligible to qualify for EI. And if she qualifies subsequent to that, she would then collect.

For ease of example, if she is entitled to eight weeks worth of severance and she gives it to her parents, she will have no income for the next eight weeks. Employment insurance will not pay her one thin dime because of that. She will wait out those eight weeks and the two week waiting period for a total of 10 weeks. She will fill out a report for the next two weeks, perhaps on the third week, which will now take her to week 15. If she is extremely lucky and the system works the way it is supposed to, she will receive her first cheque on week 16. In the meantime, she has no source of income because the severance pay that has been allocated for her has all but been exhausted because of her willingness to help her parents.

When we look at that, it tells us there is something wrong with the system. The system was never designed to take people's severance pay. Severance pay was never designed to be seen as earnings. It is for income tax purposes, but it was never designed to be a qualifier for EI. That is the way the act was initially.

This bill talks about the future, but it goes back to the past at the same time to recapture the days when the system actually worked for the unemployed. That is not the way it works now.

When it comes to the issue of why it should be changed, it begs the question of why it changed. We are still waiting for that answer. No one from either government, Liberal or Conservative, has been able to explain to us that it was changed out of necessity. One might posit the suggestion that it was changed to reduce the EI premium. I think if we went to workers and asked them if they really needed \$2 or \$3 off their EI premium every week, which is basically a cup of coffee and a doughnut, most would probably say, "No, thank you". They would ask us to keep the premium the way it was and to keep that money in the system so that if they perchance get laid off, the system will be there to protect them.

Twenty years ago, individuals could collect more money on EI than they can today. Think about that. Twenty years ago, we could collect more dollar for dollar on EI, of course at that time we called it unemployment insurance, than we can today under the present employment insurance system because it used to be 66% of earnings. It has driven down to 60%. It has now been driven down to 55%. Unless we get changes, we are going to see more folks in poverty than we have ever seen in this country's history.

Because of the system that we pay into, those of us who work, those Canadians out there who toil every day, who are paying their premium on a regular basis in good faith expecting to qualify, are finding themselves thrown onto this heap. It becomes a maze for them and it becomes this whole system of inequity. For them, that is an injustice because it is their system. It does not belong to us. It does not belong to the House. It belongs to workers. Those are the folks who contributed. Those are the folks who built up the fund. Those are the folks who built up the surplus.

Those are the folks who expected to draw on a surplus in a time of need. Now, when they find an absolute time of need, what do they find? The surplus is not there. We are not sure where it went. There is some conjecture about where it went. They are not sure where it went. Their hard-earned money disappeared. They ask if they can get into the system. They want to be treated the same as others across this land and, indeed, they are not. We have workers in certain parts of this country who have to have more hours than others.

There is an easy fix to all of this. New Democrats proposed and received the majority approval of the House to make changes. We asked the government to do that. At this economic moment in time, Canadians who work hard every day, pay into the system, and play by the rules are telling the government to listen to what they are saying. They need change. They need the system to be modified the way it once was, when it protected them as workers when they were unemployed. That is all they are asking for. They are not asking for their taxes to be raised. They are not asking for a government handout. They are just asking for some of the money they put in back.

*Private Members' Business*

●(1725)

I do not think that is an unfair request. In fact, I would suggest that is a more than reasonable request because ultimately it was theirs in the first place. We collected for them as a government and as a Parliament and we administered it for them. They gave us their money in trust, not for us to do willy-nilly whatever the government wanted depending on the flavour of the day. Workers said to us, "Here is our hard-earned money, it is our insurance premium. We expect to collect our insurance when we need it". What have they found now that they really need it? It is not there and now we have made all these rules to make sure they are excluded so we can push them aside, so we can tell them they just do not qualify in the system, sorry. Yes, they paid their premium, but we are sorry about the fact that they do not qualify.

Instead we can reverse the system. We could go back to what it once was. We could go back to a day when 86% of those who paid into the system qualified within the system. We could go back to a day where 66% of earnings were qualified as insurable earnings and were paid. As members of Parliament, who live on a salary which is very commendable and very lucrative, I defy any of us to wake up tomorrow and say we are going to work on 55 cent dollars. In our case, if we were unemployed tomorrow, we would be collecting \$435 a week and I would have a hard time thinking that most of us in the House would actually manage to live on that. But again, that is the high end. That is not the average. The average is close to \$340 a week. Living on \$340 a week before deductions, because people still pay income tax on that, and raise a family is impossible.

We know all of those things and the government knows all of those things. It talks about statistics of who qualifies and who does not. It tells us every day that it understands the needs out there. Ministers stand in their place every day and tell us they understand. If the government truly understands, it should change the system. We are not asking to reinvent it. It does not have to because we basically told it how to do it. New Democrats, with our friends in the opposition benches who voted for it, put a plan in front of the government so it did not have to go to the department to get it rejigged and all those marvellous things. It simply has to enact it. It could go back to 1993 and bring that act forward and implement it again. I am sure the Parliamentary Library has a copy. It would be dead easy. It will not be hard or difficult.

Canadians who are unemployed will be forever grateful, not just to the government but to all of us in the House because it is about all of our constituents. There is no constituency in this land that does not have someone unemployed. Not one of us has full employment in our area, so we are dealing on behalf of all our constituents.

It is an absolute crime if we are not willing to raise the hand that we are fully capable of doing in the House, raising that hand to our fellow Canadians who find themselves in a time of need through no fault of their own. Unemployment is not a choice. The rules are clear, if people quit a job they do not qualify. We need the will of the House to have the government implement what has been spoken from this side.

As we look at the situation, it never was lucrative to be on employment insurance. For those who think it was, they are

absolutely misleading folks. If anyone had been on employment insurance, they would know it is not lucrative.

For the government, now is the opportunity to make changes. The NDP motion has shown how to mend a system that is truly broken. I ask the government to do the right thing and accept the NDP changes and correct an EI system that the previous Liberal government destroyed. Now is the government's opportunity to say that it knew better than the Liberals when they were in government and it has fixed it for workers. Workers will forever be grateful. Conservatives should not lose that opportunity.

●(1730)

**Mr. Ed Komarnicki (Parliamentary Secretary to the Minister of Human Resources and Skills Development and to the Minister of Labour, CPC):** Mr. Speaker, I have listened to what the member has said. Some of what he has said makes good sense.

However, there was a provision for improvements to the EI system, which we put before the House for a vote. It included a five week extension that would help approximately 400,000 people, a work-sharing agreement that would help approximately 80,000 people and skills upgrading and training that would assist about 190,000 people. That was about a \$4.5 billion stimulus injection through improvements to the system and the member's party voted against each and every one of those proposals.

How can the member justify that at this time in the economy? Why would he not have supported those absolutely positive initiatives to help a good number of people?

**Mr. Malcolm Allen:** Mr. Speaker, I hate to sound like a broken record, but I have said this in the House about a dozen times now. Five weeks of nothing is still nothing. If someone does not qualify, five weeks makes no difference.

The Association of Universities and Colleges has said quite clearly that if the government does not provide somewhere close to about \$1.5 billion to build spaces in community colleges, those apprenticeship programs will not mean a tinker because no one will have a seat to sit in. These are at the top end and there are no places for one to sit.

Yes, they need the added five weeks, and I congratulate the government for adding those additional weeks for those who qualify. However, what will the government do about the other 54% that do not? Just leave them out there with nothing? That is a typical attitude. Fifty-four per cent does not mean anything to the government. It is simply going to discard those people.

We say, no. It used to be 86%. The government has the opportunity to bring that other 30% back into the system.

*Private Members' Business*

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, I congratulate my colleague for bringing his private member's bill to the House. I think it is very clear that more needs to be done in the employment insurance system. The government has failed Canadians miserably, particularly those who are losing their jobs through no fault of their own.

There are a number of ways the EI system can be changed. The member has mentioned a number of them. They were in a motion before the House about a month ago, for which a majority in the House voted. He is making the case on his bill tonight.

Specific to his bill, can he talk about some of the stakeholders or organizations who support it? Has he had a chance to do any costing as to what the incremental cost to the employment insurance fund might be if we did go back? He is right. Up to the 1980s severance was not part of that calculation on EI. Has he done a costing as to what it might be to the EI fund for his specific bill?

**Mr. Malcolm Allen:** Mr. Speaker, as far as those who are supportive of the bill, Canadian workers are supportive. I need no other validators besides Canadian workers. Those working and those who are unemployed have said to me for the past 20 years in which I have been an EI advocate in different venues that this is what they want to see happen. I have not met a laid off worker yet who has not said, "My severance shouldn't be touched".

As far as the costing, it is simply a delaying tactic. Severance delays unemployment insurance. People can still collect the same amount of employment insurance at the end. If they are so unfortunate as to be unemployed that length of time, they simply eat up their severance and their entitlement to EI.

There is no cost to the EI system per se because of severance pay. What it does do is it lets people keep their house. It perhaps lets people keep their youngsters who may be involved in recreational or cultural activities in those activities for perhaps an extra month or two. It keeps people out of abject poverty hopefully until they can get a job. That is what keeping their severances does, at no cost to the EI fund. They will qualify for EI anyway and they will collect those numbers of weeks. The old argument was, if people received EI from day one, and had eight weeks worth of severance, we could take that out of the fund by that eight weeks.

In this day and age that is not the case. We all know that. The workers are entitled to it. They ought to be able to keep it. Hopefully the House will pass the bill.

• (1735)

**Mr. Ed Komarnicki (Parliamentary Secretary to the Minister of Human Resources and Skills Development and to the Minister of Labour, CPC):** Mr. Speaker, I welcome the opportunity to join in the discussion of Bill C-279.

Our economic action plan commitments to improve the EI program clearly indicate the employment insurance program is very important to our government. It is important to Canadians.

The bill put forward by the hon. member for Welland proposes that pension benefits, vacation pay and severance payments, collectively called separation payments, not be included in earnings under the Employment Insurance Act and therefore will not reduce benefits under the act. While this government appreciates the

sentiment behind the bill, it is important that we look at the central premise of employment insurance and that this debate be put in context.

At the core of the employment insurance program is the insured-based objective that EI benefits are available to those individuals who are facing a loss of employment income. To be consistent with this objective, it naturally follows that, under the EI program, separation payments be considered as income arising from employment, and that is what they are.

The rationale behind the current system is that benefits are not paid simultaneously as, in reality, there is no loss of employment income. Once the time allocated to separation money expires, EI benefits can be collected. People are not losing EI benefits, it is saying they must use up the earnings from employment, or the income, first. When that is used up, then they go on EI. Severance payments are there to replace lost income. It is something that happens by negotiation between employer and employee. It is something that is paid out through legal action. That is meant to replace employment loss and it should be used up.

As things currently stand, the EI program makes provision for workers who receive separation payments to have their benefit periods extended by each week for which separation moneys are paid up to a maximum of 104 weeks. This means that EI claimants are eligible to collect EI benefits over that period of time. EI can continue up to a maximum of 104 weeks.

For example, if claimants qualify for 45 weeks of benefits and receives separation pay that equals 6 months of regular salary, they may receive their benefits provided they are still unemployed, once this initial 6 month period has elapsed. Therefore, claimants use up the six months, then go on EI and they are entitled to the full benefits.

If we use this example, while these individuals may not be able to receive EI benefits for a six month period, they, through their separation pay, already have employment income to live off for six months. Given that these individuals have income to live off for six months, the current system assumes they have not suffered the loss of employment income for this period of employment.

While the obvious effect of the bill would be to remove separation payments from amounts that may be deducted from benefits payable, it is important to note that the full implications of this proposal are difficult to determine.

For example, as the bill proposes to change the definition of earnings throughout the EI Act, it is not clear how the amendment may affect what would be considered to be insurable earnings and how it would affect premiums collected. Premiums have to be paid. As benefits are extended, premiums have to be increased. The ramifications could be quite substantial and would require considerable effort to clarify.

It is therefore difficult to estimate the full cost of implementing the changes proposed in the bill. Looking solely at exempting separation moneys for determination of EI benefits, the cost would be approximately \$130 million annually.



*Private Members' Business*

Our government is always concerned when Canadians lose their job. We understand the pressures faced by Canadian families during these challenging times. That is why, through our economic action plan, we will help over 400,000 people benefit from an additional five weeks of EI benefits. We will help 190,000 people, including long-tenured and older workers, get retrained to find a new job and put food on the table for their families.

Our government has heard the needs of Canadians and will continue to deliver the protection they need to get through these difficult times. We recognize that during these challenging economic times, more and more people are unfortunately losing their jobs.

People who have lost or are at risk of losing their jobs need to know that their government is working hard for them to get them the assistance they need. That is why, as part of our action plan, we are investing an unprecedented \$8.3 billion in Canada skills and training transition. Looking at that, it is a huge amount of dollars. With this strategy, we are making use of employment insurance to bolster benefits and invest in skills training.

● (1740)

Our government remains committed to having a highly skilled, globally competitive workforce. Helping Canadians receive training is essential to meeting this goal. That is why important changes to EI also include supporting long-term training for those workers who have been in the labour force for many years and have not made significant use of EI. For these workers, we are extending EI income support for the duration of training up to two years. These are moneys well spent, positioning people for the time when this economy changes.

I would also like to highlight that in our economic action plan, we committed to allowing earlier access to EI regular income benefits for eligible individuals investing in their own training, using all or part of their separation package. If they use all or part of that, EI would then kick in. Training and skills development are key to helping permanently laid off workers who need to change occupations or sectors, preparing our nation for the jobs of tomorrow.

Our proposal will help unemployed Canadians invest in the training they need for the jobs of the future, while allowing them to receive their EI benefits sooner.

Our government is also assisting laid off workers by providing nationally the advantage of an extra five weeks of EI benefits previously offered as part of a pilot project that was only provided in specific regions with high unemployment. Additionally, the maximum duration of benefits available under the EI program has been increased from 45 weeks to 50 weeks. These changes mean that unemployed Canadians, who otherwise would have exhausted their benefits, will receive financial support for a longer period of time. These new measures became available on March 1.

These are some of the measures that the Government of Canada is taking to temporarily provide additional income support to unemployed workers facing transitions in tough economic times.

Our government has also taken steps to provide assistance to unemployed individuals who are unable to qualify for EI benefits at all. By establishing a new strategic training and transition fund, we

are investing \$500 million over two years to help these individuals obtain training and other support measures. In the event they do not qualify for EI, this program and fund is available for them. We understand that the provinces and territories know local needs best, so these funds will be delivered through existing labour market agreements.

Our plan also takes into account that, in economic downturns, it would often be older workers who would be most severely affected. To provide them with greater assistance, we are investing an additional \$60 million over three years in the targeted initiative for older workers program. We are also expanding its reach so communities with a population fewer than 250,000 will now be eligible for funding. It makes no difference if these communities are located in larger metropolitan areas. They are still eligible. Our plan provides additional support to unemployed Canadians over the short term and is designed to meet the needs of the current economy while helping Canadians get the skills they need for the jobs of tomorrow.

We believe that while the intent of this legislation is laudable, the wording of it is unclear. If passed, it could have considerable impacts on the fiscal framework and significant implications on other aspects of the EI program that are unclear at this time.

As I mentioned earlier, our government is already proposing a measure that will allow earlier access to EI benefits if individuals use some or all of their separation payments to purchase skills upgrading or training for themselves.

These initiatives, when taken as a package, are meant to address the needs of Canadians. It is unfortunate that the member and members of his party oppose each and every one of these proposals, such as extending the EI program by five weeks. It matters very much to those Canadians who are still looking for a job and have not found one. That five weeks is very significant. It matters to those who want to job share to ensure that all of them have an opportunity to work, while the economy recovers. There are 190,000 people who want to get their skills upgraded and want to have training so they are prepared to enter the job market of the future.

That party has opposed and voted against very important measures. In fact, it said that it was going to vote against them before it had an opportunity to read and understand what these measures were. One has to look at this whole picture as a package.

● (1745)

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, again I would like to congratulate my colleague, the member for Welland, for bringing this bill forward. Clearly, he understands the issue, cares about it passionately and has given a great deal of thought to it.

*Private Members' Business*

I want to start by talking about how big an issue employment insurance is in Canada right now. Today we got word that according to Statistics Canada a staggering 325,700 EI claims were received in February. That is up 51,000, some 18%, from January. That is the largest number of EI claims since the tracking of EI data began. The total number of regular EI beneficiaries has climbed 22% since October 2008. Today there are well over 600,000 Canadians collecting benefits.

This issue is gripping Canadians. I would say it is an issue that is gripping Canadians who for many years probably thought, not in an arrogant way but because of history, that they would not be touched by a faltering economy. However, now they are, through no fault of their own.

The government's response has been very weak. When the economy started to dip a bit last year, instead of dealing with it, the Prime Minister decided to call an election. In the fall when Barack Obama was already talking about a stimulus package, the Conservative government came out with an economic update that did nothing to stimulate the economy but did a lot to stimulate politics in Canada. Then in January when we finally came back here, yes, there had been an improvement.

The parliamentary secretary, from his briefing notes that we just heard him read, spoke about the additional five weeks. That was helpful to a small percentage of Canadians, the less than half of Canadians who can claim EI. There was some money for training. There is so much more to be done. It is not just what people sometimes refer to as the usual suspects, the social policy groups, the anti-poverty organizations and organized labour, but even organizations like the C.D. Howe Institute have said that they were surprised the government did not do more on EI.

Today at the human resources committee, we were doing an anti-poverty study. My colleague from the Sault who is in the House tonight is well aware of this. Armine Yalnizyan from the CCPA, Dennis Howlett from Make Poverty History, and Canada Without Poverty, formerly NAPO, the National Anti-Poverty Organization all spoke about how important EI is as part of the country's social infrastructure.

The simple fact is our EI system, as we know it today, is not recession tested. So how do we fix that? Our colleague has brought forward his idea. There are other things we could do, obviously. We have a regional rate system, and maybe we could go to a national standard. That has been called for. We could increase the percentage of earnings that an individual could qualify for, a maximum of 55% of \$42,000. It is still not exactly as my colleague said, it is not 55% of replacement earnings for somebody who maybe had been working in the auto sector or had another job. Maybe we could look at that. Maybe we could go to the best 12 weeks.

Maybe it is time we seriously looked at the structural issues of EI, as to how they affect women and part-time workers who are not well treated in the EI system. We know that.

My colleague from Cape Breton—Canso is in the House tonight. He was on the human rights committee, along with others, when it looked at this issue. Up until 1984, I think, severance was dealt with separately. People did not lose EI because they had received a

severance payment. I think Michael Wilson was the finance minister when that was changed. It was the way things were done. The human resources committee has looked at it before and has done some work on this.

How do we prioritize what we are going to do on EI, and where does this bill fit in with that? I do not think it is right to say that there is not a cost. There is a cost to the system, but it may well be a justifiable cost.

With respect to the EI fund, as people know, there has been a surplus each year for the last number of years of what has been paid in and what has been paid out. Some money is there, even in normal times, that we could look at when it comes to the need of the country for a stronger social infrastructure.

There was a point in time when the percentage of replacement earnings was about 75% to 77% in Canada. We have to look at those things. We have to determine in each case what is the cost and what is the benefit.

● (1750)

We also have to remember that this recession is an opportunity to focus on the needs of our social infrastructure, but issues existed before, things like regional rates, how women, largely part-time workers, are affected. We need to do some things.

Vacation pay is for work that was provided in the year directly previous to somebody being severed from his or her employment. That should not affect EI.

The question on severance is a little more complicated. There are many arguments in favour. Some workers have worked for the same company for many years. They put their heart and soul into that company. They should be treated well for their service when they are let go. Those workers paid into EI for years. Why should they not draw some kind of full benefit from the employment insurance system?

Maybe there are other possibilities. Maybe there should be lump sum protection in the EI system. Maybe there should be a specific percentage clawback. These are things that we could look at. It may be that more evaluation is required.

This is an indication of the kinds of problems we have with the EI system. At their time of hardship, people are not getting the financial support that this country is well known for and the kind of financial support they expect.

*Private Members' Business*

Some anti-poverty groups say that if issues on EI are going to be prioritized, this would not be in the top five. They think we should get rid of regional rates, look at the two-week waiting period, and maybe even add more than five weeks to the employment insurance system, as is being done in the United States.

I get emails, as do all MPs. I received an email from somebody the other day who had been laid off without any severance package at all. It took her more than a year to get fairness from her company. She eventually won her case and the company had to pay her a lump sum, but employment insurance clawed back the money.

These people are not rich. EI is not a lucrative system, contrary to what the minister has indicated. The minister said she was concerned about making employment insurance too lucrative. She did not want to pay people not to work. That is a throwback to Reform Party days. At \$440 maximum earnings a week, and an average of \$335 a week, employment insurance is not too lucrative. We could afford to do a lot more for Canadians than what we are doing for them right now. The Conservative government has to act.

There was the other spectacle regarding the two-week waiting period. That is really a misnomer. It is not a waiting period; it is a period during which the individual does not receive benefits. The waiting period is how long an individual has to wait to get a claim processed. We have seen ample evidence in this country of people waiting a long time. The standard, according to Service Canada, is that 80% of claims are dealt with in 28 days or less. That has slipped dramatically.

On November 27 I stood in the House and asked a question of the Minister of Human Resources and Skills Development about this. On December 19 I sent her a letter. Two months later I received a letter from her apologizing for the delay in getting back to me about my concern about delays.

The government has not made employment insurance adjustment a priority. It has not put a priority on building that social infrastructure that makes Canada strong. As a result, people are hurting severely.

Bill C-279 brings up the issue of severance. It brings up the issue of pensions in some cases. It brings up the issue of vacation pay in some cases.

I want to congratulate my colleague for bringing this bill forward. I want to congratulate many colleagues in the House. I see my colleague from the Bloc, who has brought forward measures on EI that have come to our committee for consideration.

We need to make sure the government understands that the EI system needs to be more robust, especially during a recession.

Somebody back home said to me that a recession is too important a thing to waste. In other words, let us do something about poverty in this country. Let us do something about the social infrastructure, including employment insurance.

I congratulate the member for Welland for bringing this issue up. I look forward to the further debate on it and seeing how things turn out.

• (1755)

[*Translation*]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Speaker, in order to put those listening to us in the right context, it would be wise to remind them that we are discussing Bill C-279, which provides that pension benefits, vacation pay and severance payments are not to be included in earnings in order to give people access to employment insurance benefits immediately. This strikes us as totally fair under the circumstances.

What we feel is unfair is the present situation. Like my colleague who spoke before me, I wish to congratulate the member for Welland for bringing this bill before the House, a bill that I feel will result in a little more humanity in our employment insurance program.

It is also a good time to remind hon. members that the Bloc Québécois has intervened in a number of ways over many years in order to correct this program which has, over time, been gradually destroyed by the two parties each in turn. With respect to benefits when there is money owed to the worker after he leaves, the Conservatives are the ones who imposed that limitation on benefits in 1985. From the 1990s on, the Liberals in turn adopted various measures to limit as much as possible any access to EI. This is one such measure.

Fortunately, as we have just heard from our colleague from Dartmouth—Cole Harbour, the Liberal Party has rethought its position. That member has brought in some slightly more equitable thinking in order to remedy this situation, which is absolutely unfair to the unemployed. One of the measures in which our colleagues have participated, particularly those in the Liberal Party and the NDP, were discussed at the time of the 2005 examination of employment insurance reform.

Recommendation 23 was focused specifically on correcting that shortcoming. The committee wanted to see the EI regulations not include in calculations of income for benefit purposes any pension income, severance payments or vacation pay. This measure has therefore been in existence since 2005 and two successive governments have not acted on it. I must also indicate, as the preceding speakers have done, that this is only one of the measures that needs to be put in place in order to restore the employment insurance program.

There are currently a number of bills before the House of Commons about this issue. The Bloc introduced four of those bills, and I myself introduced one on behalf of the party. Bill C-308 calls for the following amendments. It would change the qualifying period to 360 hours of work. People would have to work 30 hours per week for a period of 12 weeks to accumulate 360 hours. This measure would eliminate the existing disparity that excludes unemployed workers based on unemployment rates in each region.

The bill would also increase the rate of benefits, which is currently 55%, to 60%. Unemployment organizations, anti-poverty organizations, unions, and even the three opposition parties, if their participation in the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities is any indication, are unanimous in their support of this initiative.

*Private Members' Business*

●(1800)

This bill, Bill C-308, eliminates the distinctions between a new entrant and a re-entrant to the labour force. That distinction discriminates against women because they are often in unstable jobs and are more likely to be laid off. Also, many women work in so-called atypical part-time jobs. This bill also eliminates the presumption that persons related to each other do not deal with each other at arm's length; the department must prove it. The bill also increases the maximum yearly insurable earnings to \$42,500. That is all in Bill C-308. It is useful to bear these bills in mind.

Then there is Bill C-241, introduced by my Bloc colleague from Brome—Missisquoi, which eliminates the waiting period. I am not the first member to have raised this issue. Tomorrow, in the late afternoon, we will be voting on this bill at second reading. I would urge my colleagues in the House to vote to refer Bill C-241 to committee so that we can eliminate the waiting period, which is yet another measure to prevent as many people as possible from collecting benefits.

Bill C-336, introduced by my colleague from Berthier—Maskinongé, changes the way in which the qualifying period is calculated in the case of a labour dispute. I am thinking about the dispute that took place in Lebel-sur-Quévillon. The employer claimed that it was not a plant closure. He put off closing the plant as long as possible by locking out the employees. When he finally announced that the plant was closing, the employees had been locked out for more than 200 weeks and therefore did not qualify for employment insurance benefits. This is another serious injustice that must be corrected. We will correct it with Bill C-336, another Bloc bill that will soon be studied at second reading.

Bill C-339, introduced by my colleague from Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, extends the maximum period for which special benefits for illness, injury or quarantine may be paid from 15 weeks to 50 weeks.

These are the Bloc Québécois bills that are being examined and that are designed to correct what has been done to the employment insurance system in recent years. As a result of the changes that have been made, close to 60% of unemployed people are currently excluded from the employment insurance system.

The employment insurance program is a measure supposed to prevent people from growing poor or even living in misery as they lose their job. However, it is not what is happening right now. In committee, with my colleagues who spoke earlier, we are studying the question of poverty. Different witnesses give us their opinions on this subject.

For example, this morning, we heard the following national and pan-Canadian groups: the group for the abolition of poverty, the Canadian Centre for Policy Alternatives, Citizens for Public Justice. These are the most important groups. They have a lot of expertise on the state of poverty. And, as far as measures to fight poverty are concerned, employment insurance is at the top on their list.

Poverty exists because there are impoverishment factors, and one of the factors which makes it now more difficult to get out of poverty is the fact that close to 60% of the workers who lose their job are being excluded and are not entitled to EI benefits.

●(1805)

I will conclude by reminding the House that we will vote in favour of Bill C-279 because delaying employment insurance because the employee is still owed some last amounts is simply unfair.

I encourage my colleagues to vote in favour of Bill C-279.

[English]

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, I too want to congratulate the member for Welland for bringing forward Bill C-279. I am going to touch on some specifics in a moment.

However, I also want to acknowledge the good work that the member for Acadie—Bathurst has done. Over a number of years he has been a champion for EI reform in the House. I believe in previous sessions of the House he had brought this bill forward for approval of the House.

The member for Welland has raised a number of very good points, but I want to touch briefly on what Bill C-279 actually does. It is trying to rectify an inherent unfairness in the employment insurance system. It is attempting to have the following categories no longer considered as earnings, so that when someone files a claim for employment insurance, the start of that claim is not delayed because he or she has been in receipt of a pension, superannuation, a retiring allowance, vacation pay, or severance.

I am going to put it in context in terms of what is happening in our economic climate. It is important because in effect when workers receive these payments it is actually money as a result of past service. This is money that is received as a result of the years they have worked or vacation pay for the year that they worked. Really, it is retroactive.

The argument when this was changed in the 1980s was that this should be considered as income arising out of employment. What that failed to take into account is that for many workers, particularly in the current economic climate, it is a buffer. It is a safety net for them.

What we are hearing in many of our communities is, for workers who manage to qualify, there is no guarantee that at the end of their employment insurance claim they are actually going to have a job.

I have heard from workers in Nanaimo who have talked about the fact that they are in their late 40s, or early or late 50s, they have worked all their lives in forestry, and their EI has run out. They have been sent for training as long distance truck drivers and there is simply no work for them.

For those workers who actually got severance pay, that money would have been a safety net for them when their EI claims ran out. Instead, they are forced to look at having to sell their homes or go on welfare. There is not much dignity for workers who have spent their entire lives in the workforce to be forced into those kinds of circumstances.

*Private Members' Business*

I want to touch on those circumstances. First of all, it has been mentioned in the House but I think it is worth repeating that the Minister of Human Resources and Skills Development, on January 30, 2009, said, "We do not want to make it lucrative for them to stay home and get paid".

The member for Welland raised the point that the average weekly benefits rate now is \$335 a week. That is before one pays one's tax.

I do not know where the minister lives, but where I live I would challenge anyone to live on \$335 a week. People have to pay rent and are lucky to get anything under \$1,000 if they have a family. They have to buy groceries and might actually have to pay for clothing or education for their children. It is hardly lucrative.

I have not met workers who say they would rather stay at home and collect their \$335 a week than go out there and have a good-paying job.

In this current economic climate, I want to speak to why these reforms for employment insurance are so important. Other members have referred to the fact that the NDP had proposed a motion that was going to see some significant changes to the Employment Insurance Act. It was going to look at reducing the number of hours to qualify, expanding the number of weeks that people could get paid, and increasing the benefit rate. All of these are very important in this economic climate.

I come from a community that suffers from the recession because of what is happening in the forestry industry. A couple articles have come up and I want to reference them.

Today, in the *Nanaimo Daily News*, the headline is:

Province's once-mighty forestry industry is now faltering badly. An estimated 22,000 forestry workers are off the job in B.C.

That is nearly half of all the forestry workers in British Columbia, out of roughly a 55,000-person workforce. This includes thousands in the mid-island region where my riding is. They remain idle as mills continue to close or cut back and logging operations are shut down as the ailing industry continues to struggle. Analysts see no light at the end of the tunnel.

• (1810)

In a report released last month PricewaterhouseCoopers reported that the nation's largest forest, paper and packaging companies hemorrhaged red ink in the last quarter of 2008 and the forestry analyst company does not paint a very rosy picture for the near future in this industry.

We recently had a representation from the CEP, formerly Canadian Paperworkers Union, about the fact that pulp mills are in desperate straits in this country because of a loophole in a tax in the United States. They are talking about the Canadian pulp and paper industry facing mill closures and the loss of its global markets over a massive United States green energy subsidy that could provide a \$6 billion taxpayer handout to American pulp producers. This could cut as much as 60% of the cost of chemical pulp in the United States. It goes on to talk about the fact that it is going to crush the pulp industry in Canada if there is not something done about that subsidy, that tax loophole in the United States.

In the *Times Colonist* today there was an article that says: "Lumber industry bottoms out" and goes on to quote the president of West Fraser Timber who said he is seeing a bottom, not because markets are rebounding but because things cannot keep getting worse. Lumber prices are below the cost of production, forcing massive curtailments both here and in the U.S.

In that grim background, if we do not fix the employment insurance system, we are going to see workers having to walk away from their houses and many of them will end up on welfare. We are already seeing the welfare rolls rise in many provinces including British Columbia.

I want to talk about some of the companies in my riding and why severance and vacation pay are so important. These are the ones that have already collapsed. We do not know how many more are going to go down that road. We had a company called Munns Lumber which was a contract logging company based in a little community called Mesachie Lake. It is gone. It laid off all its workers.

There was a company called Ted LeRoy Trucking based in Chemainus. It was a full phase logging contractor handling all of the harvesting operations that grew in response to the move by major companies to get out of the business. This is part of the transition that has been happening in British Columbia. Leroy logs primarily for Timberwest Forest. Now Leroy Logging is also gone. We have seen a company that had a very proud history of providing heavy equipment to the forestry sector, so we are not only seeing forestry companies close down and workers lose their jobs, but also the companies that supplied them.

A company called Madill had 190 employees in its Nanaimo operation. That company had been in business as a heavy equipment manufacturer for the logging industry since 1911. It is gone. One of the saddest sights I have ever seen was the equipment from Leroy and Madill in a huge acreage filled with logging equipment. I drove by thinking that maybe there are some good things happening, only to realize that they were auctioning off the remains of what was once very proud forestry operations on Vancouver Island in the riding of Nanaimo—Cowichan. This has happened all over the province of B. C. and the rest of Canada.

It is absolutely essential that we make the changes to the employment insurance system to ensure that workers have the wherewithal to continue to provide livelihoods for themselves and their families. That is an important economic stimulus for our communities as well. We hear the other side talking about economic stimulus. If we want to provide economic stimulus in our local economies, we should make sure the workers have some income. They have to be able to pay their rent. They have to be able to buy food. They have to be able to pay for their kids to go to school whether it is supplies or clothing. One of the ways to make sure that economic stimulus happens at the local level is to give those workers some income.

*Adjournment Proceedings*

I would urge the House to look at the very sensible bill that the member for Welland proposed. I would hope that all members in the House will support the bill, so that this is one step in that process of reforming the employment insurance system. With any kind of democratic process, we will see the government implement the NDP motion that proposed substantial reforms to EI to make sure that those workers and their communities can continue to have the kind of access to a safety net that we would all expect as reasonable Canadians.

• (1815)

[*Translation*]

**The Acting Speaker (Mr. Barry Devolin):** The time provided for the consideration of private members' business has now expired, and the order is dropped to the bottom of the order of precedence on the order paper.

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## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*English*]

### EQUALIZATION PAYMENTS

**Mr. Todd Russell (Labrador, Lib.):** Mr. Speaker, I am following up tonight on my question for the government side concerning equalization. When I asked my question, I invited the government to lay all its cards on the table with regard to the impact of the Conservative budget on equalization and I asked for detailed projections and calculations.

I would add that it would also be useful to know more about the communications between the federal and provincial governments on this subject. There is still some confusion about how the provinces were notified about the Conservative government's intentions. There has been some back and forth on this issue, which has only served to confuse rather than clarify matters.

It would be good for the government to live up to its promises of openness and accountability by showing all Canadians, including those in Newfoundland and Labrador, the equalization forecasts and giving us details on how and when these changes were communicated to the provincial governments.

This issue is part of a larger picture. Despite the government's high-sounding words during the election campaign, it is not open or accountable. It has retreated into secrecy, gutted the rules concerning access to information and has even stopped the long-standing practice of issuing notices of cabinet meetings.

Just today, for example, the public learned how much the Conservatives paid a Republican advisor in the United States for communications advice. However, we only found out because it was part of the American law concerning disclosure. There is a lack of respect for provincial and territorial partners. Numerous provincial governments have had run-ins with federal departments and federal ministers.

Not that long ago, the Minister of Finance said:

The long, tiring, unproductive era of bickering between the provincial and federal governments is over.

That is a good thing, I would say. I would hate to see how bad the provincial-federal relations would be if the bickering had not stopped.

What does it say about federal-provincial relations or about the effectiveness of the ministers opposite that the Government of Nova Scotia today announced the appointment of the member for Cumberland—Colchester—Musquodoboit Valley as its so-called ambassador to Canada? The government must start treating all provinces and all regions of the country more fairly and even-handedly.

I would once again invite the government to be open and transparent with the people and the provincial governments on this equalization issue. Surely, in the spirit of openness and accountability, it can provide the House, and through us, the public, with detailed information on how its equalization changes will have an impact on each province. I would also hope that the Conservatives would make it clear when and how they communicated the changes to those governments. Were they open and transparent with the finance ministers and those involved?

When will the Conservative government start treating the provinces with more respect?

**Mr. Ted Menzies (Parliamentary Secretary to the Minister of Finance, CPC):** Mr. Speaker, I appreciate the opportunity to respond to the member's question surrounding recent changes to strengthen the equalization system.

First, let me be clear. We are committed to treating all provinces equally and that is why we have restored fiscal balance through long term and fair transfer support to the provinces, as well as the territories, and why, under our Conservative government, federal support to the provinces has reached historic levels of over \$54 billion and will continue to grow every year.

Equalization itself has grown 56% since earlier in the decade at a pace of 15% annually and such growth was clearly unsustainable. We made changes to ensure equalization would grow in line with the economy, allowing the program to remain affordable and sustainable.

We are pleased that the provinces have accepted the necessity of this action and to working co-operatively during this economic challenge. Even better, we are protecting transfer support to provinces. Health transfers will continue to grow by 6% and social transfers will continue to grow by 3%.

If we contrast that with the Liberals' record on supporting provinces when they were in government, the Liberal record is clear. The Liberals radically and shamefully slashed transfer payments to provinces and territories, a record even current Liberal MPs cannot help but be highly critical of. For instance, the Liberal member for Kings—Hants stated that the Liberal government devastated health care in Canada by making draconian slashes to health care and putting health care in a crisis in every province.

Our Conservative government will not follow the discredited Liberal example. We will ensure provinces and territories have the ability to provide the health care, education and other services that families need.

What is more, Newfoundland is now proudly a have province, and that is a good thing, a good thing because, economically, strong provinces like Newfoundland are essential for a strong Canada.

Premier Danny Williams said that “Newfoundland and Labrador is now a have province. It's a momentous day...it means we'll probably receive less money but...we can hold our heads high and feel very good about it”. Even still, Newfoundland will still receive a projected \$1.2 billion in offset payments between 2009-10 and 2011-12. That support is on top of the \$2 billion in up-front payments Newfoundland retained as part of the 2005 accord and, despite no longer receiving equalization, federal support for Newfoundland remains strong; total support of \$1.1 billion in 2009-10, including \$372 million through health transfers and \$164 million through social transfers.

What is the Liberal plan for the people of Newfoundland? To quote exactly from the Liberals' own leader, he said “Federal taxes must go up.... We will have to raise taxes”. We understand that has caused great concern in Newfoundland and many are looking for more details on this Liberal plan to hike taxes.

I would ask the Liberal member which taxes will be raised on Newfoundlanders, when and by how much.

• (1820)

**Mr. Todd Russell:** Mr. Speaker, I would like to tell my hon. colleague that we are indeed a have province. We have received the shaft from the provincial government, we have received no respect and we have received less than we were supposed to get under the Atlantic accord offset payments. Indeed, from the government's perspective, we are a have province.

I would ask the parliamentary secretary to answer the question clearly and distinctly. Why did we receive less under the Atlantic accord offset payments than what was projected?

**Mr. Ted Menzies:** Mr. Speaker, when it comes to supporting provinces and territories, we have nothing to learn from the Liberal Party.

If the member would like to know why, he should speak to his Liberal caucus colleague, the member for Kings—Hants, who said that the Liberals slashed transfer payments to the provinces and that the provinces are still scrambling to catch up on the lost Paul Martin years of inadequate funding. He went on to say that the Chrétien-Martin cuts sent the health and education systems into crisis in every Canadian province. That is the Liberal record.

#### THE ENVIRONMENT

**Ms. Martha Hall Findlay (Willowdale, Lib.):** Mr. Speaker, I stand tonight to follow up on a question with regard to the public transit tax credit and information that was released in the report of the Commissioner of the Environment and Sustainable Development, which was released at the same time under the Auditor General's report.

#### *Adjournment Proceedings*

The report stated that the government's public transit tax credit plan in 2007 was to reduce emissions by 220,000 tonnes each year over the course of 2008 to 2012. Interestingly enough, by the time we had passed a year, the 2008 projections had been dropped from 220,000 tonnes to 35,000 tonnes, a dramatic reduction and, I think, clear evidence of a recognition that the program was failing.

The cost for the first two years, so this is money already gone now according to the report, was \$635 million. The report states that the public transit tax credit “will have a negligible impact on Canada's greenhouse gas emissions”.

We support action to reduce greenhouse gas emissions but we on this side of the House certainly favour not misleading Canadians and not wasting taxpayer money.

When I first asked the question, the minister's answer, or rather non-answer, was:

Mr. Speaker, we continue to work on this. We continue to focus on emissions. We continue to ensure that we achieve the environmental objectives that we have spoken about in the House.

In effect, a complete non-answer. Now the minister may not have heard the question or one might suspect that the answer was completely a non-answer because the minister did not actually have an answer.

I will now give the parliamentary secretary the opportunity to address that.

However, more specifically, despite this clear failure of the program, the program is still in effect. Therefore, I would add additional questions to the original question. Given that the government has decided to continue a program that is so completely a failure in terms of reduction of emissions, as well as costing the taxpayers a great deal of money, could he also inform us of what the projections are now in terms of greenhouse gas emission reductions and at what particular cost for this coming year?

• (1825)

**Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC):** Mr. Speaker, I am surprised, from the sound of her comments, that she does not support Canadians using public transit.

In budget 2006, the Government of Canada announced that it wanted to encourage people to use public transit. We clearly stated that the public transit tax credit was there and that it was intended to help low income Canadian families, as well as pensioners, students and other Canadians who regularly use public transit.

It was and still is the government's view that public transit eases traffic congestion and improves the environment. As we indicated in our climate change plan for the purposes of the Kyoto protocol implementation act for 2007, there are many factors that affect transit ridership, including fuel prices, parking costs and service levels.

*Adjournment Proceedings*

Discussions with experts indicate that there is no direct manner of capturing the greenhouse gas reductions resulting from the tax credit. The environmental impact from the program was based on estimates using the best methodology and the information that was available.

Environment Canada, Finance Canada and Transport Canada undertook a critical review of the 2007 estimate and developed a more appropriate methodology for the 2008 plan. It should be noted that the national round table on the environment and the economy, in its review of the 2007 plan, highlighted the need to revise the methodology for estimating emission reductions from the tax credit.

Though the new estimate of greenhouse gas emission reductions are lower than originally thought, the results of the program have been beneficial. Greenhouse gas emission reductions are only one of the several benefits provided by the increased public transit usage. To the extent that car ridership decreases, Canadians are also exposed to fewer atmospheric pollutants, such as particulate matter.

The transit tax credit, together with other initiatives undertaken by our government to support public transit, help to ensure the availability and affordability of this important service to many Canadians who cannot afford the alternatives. We continue to believe that the public transit tax credit is beneficial.

Finally, I would like to note that the public transit tax credit cannot be seen as a measure working in isolation. It is part of a package of policies that are intended to move Canada in the direction of lower greenhouse gas emissions.

• (1830)

**Ms. Martha Hall Findlay:** Mr. Speaker, I would like to thank my colleague for his brave attempt at an answer, but I am afraid he is following along with his minister and not, in fact, answering the question.

My riding is Willowdale. I am a huge supporter of public transit and use it all the time when I am in my riding. My constituency is in

the area which is the northernmost subway station of the Toronto subway line, Finch subway station. My constituents of Willowdale are proud to be centre in terms of public transit in Toronto and strong supporters of public transit.

My colleague talked about methodology. I will quote again from the report:

Environment Canada could not provide any analysis to support the assertion that the Tax Credit would result in measurable impacts.

That is a pretty damning condemnation of the methodology.

I will give my hon. colleague one more opportunity to answer my questions. How much will this program cost this year? What specific greenhouse gas reductions will we see?

**Mr. Mark Warawa:** Mr. Speaker, the government's plan is a 20% reduction of greenhouse gas emissions by 2020, and that is the toughest target in Canadian history and a major change from what happened for 13 long, dark years under the Liberals.

My colleague provided some quotes. Here is an interesting quote: "I think our party has got into a mess on the environment". That comment was made by the leader of the Liberal Party. He also said, "We didn't get it done". Now he is saying that "Canadians are ready for tough measures, including a controversial carbon tax".

Would my colleague stand up right now and say no to that job killing carbon tax? It is not what Canadians want. It is not good for the environment. It is this government that stands up for a cleaner environment. Why does she support the carbon tax?

**The Acting Speaker (Mr. Barry Devolin):** The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24(1).

(The House adjourned at 6:32 p.m.)







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