



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, December 13, 2001**

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**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Thursday, December 13, 2001

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1000)

[English]

### COMMITTEES OF THE HOUSE

FINANCE

**Mr. John Reynolds (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, I move:

that the 10th report of the Standing Committee on Finance, presented to the House on Monday, November 26, be concurred in.

I rise today to speak in concurrence with the 10th report of the Standing Committee on Finance, the prebudget consultation report.

We have completed two days of budget debate in the House but the government has not seen fit to continue the budget debate before the Christmas recess. It would rather debate gun control and animal rights than the essential business of the people of Canada in building economic and national security.

I know the government House leader has been trying to change that today but he is not having much success with other parties within the House to continue the budget debate so I am having to use this method to make sure that my party lets the Canadian public know how we feel.

Before we get into the budget and into the substance of my remarks, I have to use this opportunity to express the outrage of Her Majesty's loyal opposition at the remarks made by the spouse of Her Majesty's viceregal representative.

John Ralston Saul is known by the title, His Excellency, and performs official functions as consort of the Governor General and is prominently featured on the Governor General's website. Therefore his remarks are not those of an ordinary private citizen but those of a representative of the crown.

In his latest book he attacks our American allies accusing their aggressivity of leading, at least in part, to the horrific September 11 attacks. He, as the consort of our royal representative, personally attacked President George W. Bush, the head of state of our greatest ally, the United States.

The Prime Minister himself has called the United States not only our friends and neighbours but our family. This is not how we treat family.

I urge the government to rein in these highly inappropriate political remarks by the representative who is supposed to be above politics. As a former governor general, Ed Schreyer, said "Mr. Saul is leading us into uncharted waters". He said of his own spouse, who was deeply involved in social issues, that she kept her political opinions private. Her judgment was to refrain from making any statements that directly or indirectly related back to contemporary political controversy. There will be more to follow in question period on this issue.

In order to continue the debate, the official opposition would like to bring the attention of the House toward the excellent report of the committee, which made sensible recommendations, and the travesty of the finance minister's budget, which has been justly dubbed 2001, a waste odyssey.

Like the movie *2001: A Space Odyssey*, this may be called budget 2001 but it seems to have been written in the 1960s. One of the Prime Minister's communications staff said a couple of weeks ago that the budget would be written by one person. It happens to be the Prime Minister of Canada, not the finance minister.

I thought it was quite funny yesterday when we actually asked that question and we got both the Prime Minister and the Minister of Finance not knowing who should stand up. They both stood up and grabbed the Deputy Prime Minister's hand and said that maybe he did it.

If it is true that the Prime Minister wrote the budget, it certainly explains why it so closely resembles the tax and spend budgets of the Liberal governments when the Prime Minister was finance minister in the late 1970s.

Indeed, the spending increases we have seen in the last two years were the biggest spending growth in real terms that we have seen since the Prime Minister's own budgets. Program spending in the coming year will rise by at least 9.3% or \$11 billion. This is on top of a 6.7% increase in spending the year before. This is a 16% spending increase in just two years from a government that boasts about its sound fiscal management. These are irresponsible and unsustainable levels of spending.

*Routine Proceedings*

Spending is growing nearly nine times faster than the economy which will only grow by 1.1%. It is increasing far faster than the growth rate of inflation and population. It is increasing faster than the productive capacity of the economy to grow and sustain this level of spending.

Dale Orr of WEFA, one of the country's leading economists, said "these spending increases are unsustainable". Let us consider the wild growth and projected spending for the current year. In the 1999 fall economic update, the finance minister projected \$118 billion in spending for this year. By February 2000 that had risen to \$121.5 billion. By the fall 2000 mini budget, it was up to \$124.6 billion.

● (1010)

Today the government is saying it would spend \$130.5 billion. Clearly the spending path of the government is out of control.

We in the official opposition agree that in the wake of September 11 increased spending in some areas was necessary, especially in national defence and security. Most of this money could have been found by cutting waste and mismanagement in the pre-existing \$120 billion in government spending.

Furthermore it is important to point out that of the \$10.4 billion in new spending over the next three years less than 40% would be allocated for national security as promised by the government since the election. Over 60% of the new spending would be on Liberal pet projects, not for safety and security of Canadians. Of that 60% not a dime would be provided for health care services. So much for priorities. The finance minister said on September 17:

We are looking at what are the lower priority areas and how do we make sure that we can fund the higher priority areas.

The finance committee endorsed this sensible approach in its prebudget report. The parliamentary secretary to the minister who stands up and defends the government in question period put his name to the report. The committee's report stated:

To the extent that new spending on security and defence could lead to a deficit, the government must balance this new spending with spending cutbacks elsewhere.

I looked at the Liberal website where the Minister of Finance said that he could not find any waste areas. He should take the auditor general out for lunch. She could fill him in on about \$16.5 billion in waste that the government could cut.

**An hon. member:** I'll pay for the meal.

**Mr. John Reynolds:** Somebody on our side has even volunteered to pay for lunch to help taxpayers out. It recommended that the federal government:

Limit program spending growth to the rate of inflation plus population growth.

It also recommended:

The government follow the program review process while maintaining a balanced budget in the face of new priority spending.

The committee quoted David Paterson of the Canadian Advanced Technology Alliance who said:

Increased spending on security is essential, but we believe it can be offset by reduced spending on less important programs. New initiatives can be postponed until a budget surplus has been restored to a more adequate level.

This was not the Canadian Alliance speaking. This was a government dominated committee report signed by the minister's

own parliamentary secretary. The government broke every one of these recommendations. I guess that is a separate debate of how functional committees are in the House of Commons these days.

For the Liberals there was no reallocation, not one dime of cuts to waste and no choosing between priorities. Apparently for the government everything was a priority, except perhaps farmers, sick people on hospital waiting lists, or men and women serving in our armed forces who got next to nothing in the budget. However there was money for TV and film producers, pet projects of Liberal leadership candidates and African governments. There were special grants for everything from woodlots to wind power.

Yesterday I looked in the paper and saw that the Prime Minister had sort of agreed with Mr. Mandela to put \$500 million into Africa. I do not disagree with that. I do not disagree with Mr. Mandela becoming a citizen. I thought that was a wonderful award to a gentleman who had made an impact on the world.

However I also thought it was strange that we were taking a person from a foreign country, honouring him in Canada, yet one of our leading Canadians, Conrad Black, was refused an honour in a foreign country by the government. The government spent tens of thousands of taxpayer dollars to prevent it from happening. It forced him to become a citizen of another country when all that country wanted to do was recognize a great citizen of Canada who had done very well in the financial world.

I thought it was strange that we were prepared to give \$500 million to honour somebody from outside the country but not let one of our own people receive the same honours from another country which is one of our neighbours, one of the members of the Commonwealth and certainly part of our blood. I thought that was rather strange. It shows how the government really works.

The Liberals claim this was a balanced approach to budget making. When we hear a Liberal talking about a balanced approach we should check our wallet and count our silverware. To a Liberal finance minister a balanced approach means striking an equal balance between waste and management.

● (1015)

In order to pay for all the slush the budget broke the finance minister's solemn word on prudent fiscal management in previous budgets and appearances before the finance committee. The so-called prudence factor has been eliminated. We have known for years that the government had no prudence, but we did not expect it to confirm that in black and white in the budget.

*Routine Proceedings*

It raided the contingency reserve fund, a special fund allocated for debt paydown at the end of the year. In the increasingly unlikely event that we do go into a deficit, it has already promised money for new spending on infrastructure and African aid, as I mentioned earlier. As recently as last May the finance minister piously told us:

It is not a source of funding for new policy initiatives. If not needed, it is used to pay down the public debt.

A few months ago this was an emergency cushion not to be touched and if anything was left over it was to go toward long term debt paydown. Now the contingency reserve is just another Liberal slush fund.

Let us look at some of the spending increases made in the budget and the identified waste that was not touched.

Some of the spending the government proposes sounds good and noble in its purposes. However when we look at the reality it is not clear it would fulfill its objectives or that the money could not have been found elsewhere.

For example, the government would allocate \$185 million for aboriginal children, for programs such as measures to prevent fetal alcohol syndrome. Some Liberals applaud and I agree, but let me continue. This is a valuable priority, but there is some \$7 billion already being spent on aboriginal affairs by the government. It is clear that much of this money is wasted. It is not getting through to ordinary aboriginal people on reserves or in urban centres. It is not helping aboriginal communities to overcome the challenges of substance abuse, poverty and crime.

Indian Affairs has received the largest spending increase of any department over the past six or seven years, but we see no improvements for our aboriginal people. That is a sad commentary. Throwing money at it will not solve the problem. The amount of money going in sounds good and, yes, we could applaud it, but when we look at the overall picture it is pretty sad.

If the government thought that \$185 million for fetal alcohol syndrome would help things, could it not have found in the \$7 billion some programs that were not working and reallocate? This is a government that was sending aboriginal leaders and bureaucrats on Caribbean cruises with money that was supposed to go to substance abuse. We forget that very quickly. It was the Christmas before last that we received the picture of the Caribbean cruise.

The auditor general talks about waste. The government throws \$185 million into the budget for something to get a headline. It sounds really good. However that department is full of waste and the auditor general has pointed it out. Hopefully this winter they are not going on any cruises.

The government cannot tell the House there was no money to reallocate in the existing budget. The finance minister, or perhaps it was the Prime Minister helping the finance minister's rival, gave the Minister of Industry \$110 million for his pet Internet project. That was \$110 million to soothe his wounded ego for not getting the full \$4 billion enchilada for his crazy scheme to lay fibre optic cable to every hamlet, homestead and outpost in the country. It was a parting gift of \$110 million to the budget loser. On game shows, losers of the

big prize get a year's supply of Rice-a-Roni and a copy of the home game.

There was \$160 million for the heritage minister and her rich friends in the television industry. That may sound great to cappuccino sippers in Yorkville and in Banff when folks from Yorkville visit there one week a year. However it does nothing for farmers, patients waiting for hip replacements or soldiers flying in 40 year old Sea Kings.

There was \$170 million given to the Minister of Health for programs that will do nothing for patients but will keep plenty of Ottawa bureaucrats very busy. The provinces received nothing for delivering health care services to the people who are on hospital waiting lists.

Most of these programs are not necessary at all. However, if the government in its wisdom felt that these were top priorities, even in a time of recession and war, then for heaven's sake it should have cut some of the fat elsewhere in the system to pay for them.

• (1020)

The auditor general's report pointed to the pool of \$16.3 billion in voted grants and contributions. It said:

The government still has a lot to do to fix the chronic problems in the way it manages grants and contributions.

It is not the opposition saying that. It is the auditor general who has the respect of all Canadians and looks at the books. Opposition parties should read them carefully because some day they may be in government and will be criticized by the opposition who is the government today. It went on to say:

Our most recent audits found a government-wide control system for grants and contributions that is not yet rigorous enough to ensure the proper management of public funds. We are concerned that serious and correctable problems remain unexamined and uncorrected.

It is not like this auditor general is the first one to say that. We are talking about \$16.3 billion. It sounds easy to say, but we should think of the people in British Columbia who are out of work because we cannot solve the softwood lumber fix, close to 30,000, who read the paper because they have a lot of time these days.

The auditor general found in a short period of time that the government had \$16.3 billion that was unmanaged and unexplainable. People are becoming pretty upset and we are hearing about it. I have never had so many replies from constituents about an auditor general's report. Perhaps it is because a lot of people are unemployed, not just in my home province of British Columbia but across Canada, in the softwood lumber industry, the auto industry and the high tech industries.

*Routine Proceedings*

They are concerned when they see this kind of waste. We do not need headline budgets for the quick spin. We need to solve real problems for the unemployed in the country. We need a plan and a mission to get the country back to work again, not just spin doctoring the headlines across Canada. The auditor general went on to state:

Management practices were uneven among the programs we audited. Most programs had significant shortcomings in one area or more—program design, performance, measurement, project approval, or project monitoring.

The auditor general identified money for AIDS and prostate cancer programs that was given out improperly, with poor management. Both are great programs and make great headlines when the government announces what it is doing. They get support from all sides of the House, but the money and the programs have to be managed.

The auditor general questioned \$400 million in loans given by the Atlantic Canada Opportunities Agency to companies that were bankrupt. She questioned whether ACOA's job creation claims were justified. How many times in the House has my party been accused of being against Atlantic Canadians because we questioned ACOA? Many times, and not only by the government but by other members of the House from Atlantic Canada. We thought we were being responsible asking questions about grants going to questionable companies.

I will mention it again so that it sinks in. The auditor general questioned \$400 million in loans given out by the Atlantic Canada Opportunities Agency, much of which went to companies that were bankrupt. She questioned whether ACOA's job creation claims were justified.

This is pork barrelling and patronage. We are rife with it. I thank the auditor general for justifying all the questions my party asked in the House in the last 10 years about this agency. It is about time there is an even closer look. Perhaps there are better ways to create jobs. I know that some think-tanks in Atlantic Canada stated publicly that this was not the way to create jobs in Atlantic Canada.

Problems cannot be solved in the country by giving money away. We have not solved the problems with native people and we have been doing it for 100 years. We have to come up with some serious plans on how the country will operate.

The auditor general found \$9 million in Canadian heritage grants that were given out without application forms being filed. I will mention again that it is not the Canadian Alliance saying that.

• (1025)

[*Translation*]

**The Acting Speaker (Ms. Bakopanos):** Order, please. I would ask hon. members to continue their conversations outside the House. The Chair is having trouble hearing what the hon. member is saying.

[*English*]

**Mr. John Reynolds:** Madam Speaker, I know some people are anxious to get home for Christmas and I guess they are trying to negotiate as I am speaking. However, I am quite happy to keep going.

I read in what I think was the Ottawa *Citizen* this morning, or one of the other newspapers, that some leaders in another country have all been arrested because they spent some money on airplanes that they could not justify. Here we have \$9 million in Canadian heritage grants given out without application forms being filed. How can that happen? We ask but we are not getting answers. I am sure that every member of the House, no matter what their party, must wonder why. However, we have not received any answers to that. I can assure everyone that over the next few months we will ask those questions.

I am sure the auditor general must have some good ideas as to how we can stop this problem. I think every Canadian wants to know, in detail, the list of those grants, who they went to and why they went to them.

The auditor general found that \$100 million was given to Downsview Park Inc., in the riding of the Minister of National Defence, without parliamentary authorization. I do not have my notes with me to see when he got that, but I know we just had an election a year ago. I would not doubt that it was sometime prior to that. Perhaps it was not, but it is good for the next election.

How does anyone get \$100 million without parliamentary authorization? If we asked that question in this House, we would hear some answer that it was in a budget and that it was all approved, then the government would sit down and say it is wonderful. However the auditor general has said that \$100 million went out without parliamentary authorization. It should shock every member of the House that any minister would have that kind of power to get that kind of money without parliamentary authorization.

The auditor general found money for aboriginal policing being spent to pay for officers who were not even hired. I go back to a nice announcement of \$185 million for fetal alcohol syndrome, but money for aboriginal policing was paid for people who were not even hired. It is time we have accountability in these areas of government waste to ensure that all taxpayer dollars are being properly spent.

All this waste was found in her audit. She did not even dig into many other departments in that \$16.3 billion of mismanaged government grants. There is waste and mismanagement galore here. If the government insists on putting money toward its pet projects, it should at least get serious about reviewing and cutting some of the pet projects of past years and past ministers, which are happily being carried on without any accountability.

Even before this budget was tabled, the Canadian Alliance identified \$6 billion to \$7 billion of low priority spending which could have been reallocated to pay for national security and health care or to tax cuts and debt load. We did that with a fairly modest budget to run a whole party, certainly a lot less than the auditor general has, with a research department that works very diligently. The auditor general has found \$16.3 billion.

*Routine Proceedings*

There is no reason to have an increase in spending this year. We could have decreased our spending, paid down the debt and still have been ahead of the game if we managed this business properly.

The government gives out \$1.2 billion in corporate welfare grants every year. It gives out \$1 billion a year in regional development schemes like western economic diversification. There is a \$1 billion annual subsidy to the CBC to fund a television network that competes directly for viewers and advertisers with the private sector. It could probably thrive if it were allowed to raise private sector capital itself.

I was at CPAC last night during one of its political shows. What a great job it is doing. In this day and age of satellite dishes, we are still subsidizing another network which should be competitive and out on its own. It is great that the government sponsors CBC Radio because it serves every little corner of the country. However, as far as my party and I are concerned, CBC television should be sold. It should be competitive with all other networks in Canada and in the world. We would all be better off for it.

There is a massive waste in Indian Affairs. There is a half billion dollar registry for duck hunters.

As well, the government still owns a \$2 billion stake in Petro-Canada and Hibernia, even though it promised years ago that it would sell its shares in those ventures and even though the finance committee urged it to get rid of Petro-Canada in its recent report.

• (1030)

I do not know for sure, but \$2 billion off the debt might bump our dollar up a couple of pennies. Most politicians agree with their constituents that government should not be in business. It should be running the country the best way it can. We should not be in the oil and gas business nor any other type of business where we compete. Why does the Prime Minister not tell the Minister of Finance to sell Petro-Canada and get it off the books and put that money against the debt of this country?

Instead of reallocation and making tough choices, instead of choosing between low priority spending and high priority spending, the Prime Minister and the finance minister refuse to choose. This is why the government will run a \$1.9 billion cash deficit next year, which the American congress would call an actual deficit. That is why, using its own accounting standards from previous years, the government has a planning deficit of \$6.2 billion over the next three years. In the words of an official in the Toronto-Dominion Bank, that is why the government has to use fancy accounting footwork for its deficit plan. Talk about hidden agendas.

The Minister of Finance quotes other people. He can always find somebody because there are always lots of Liberals out there who can write nice reports. I do not find that offensive. What I do find rather disturbing is people of the calibre of the Toronto-Dominion Bank talking about hidden agendas and fancy accounting footwork.

Canadians do not want fancy accounting footwork. They want no debt in this country. They want proper management of their tax dollars, and the auditor general has proven this year that they are not getting that. That is why we are on the brink of a real deficit. A sharper economic turndown or a slower recovery could push us back

into another string of Liberal deficits, and we certainly do not need that in Canada.

The government has missed the potential to save at least \$50 billion over the next four years because of its reckless spending. That is \$50 billion that could have gone toward powerful tax relief or debt reduction for all our grandchildren. I know not all members have grandchildren, but I have eight with another one on the way. I do not like the fact that they will have to bear this debt and will perhaps ask me someday why they are paying high taxes for debt and why I did not ensure that our finances were handled better in this country.

That estimate is based on the almost universal recommendation by the private sector made up of economists and business groups that the government limit its program spending increases to the rate of inflation plus the growth in population or about 3% per year.

The finance committee reiterated its longstanding recommendation that the government limit spending increases to inflation and population in its most recent report. I said that earlier, but it is worth repeating.

We cannot afford to let the government dig a \$50 billion hole. We cannot afford to let this country slip back into deficit. We cannot afford to keep our national debt at a staggering \$547 billion and pass these costs on to our children and our grandchildren.

The government must cut waste and mismanagement and reallocate from within existing spending to finance priorities like defence, security and health care. It is the only way we can be assured there will be money left for tax and debt reductions, which this country so badly needs.

Now that I have outlined where the government went wrong, where it spent too much and where it could have and should have cut waste to pay for higher priorities, let me talk about what some of these priorities are.

The first and foremost responsibility of any federal government is to defend national sovereignty and to protect the safety and security of its citizens. That is why the Canadian Alliance, and before it the Reform Party, consistently called for adequate resources for our police, intelligence and defence services. These were calls that went unheeded. We have done this even though we are a party that believes in smaller and less costly government in almost every other area. We believe that freedom is not something we can take for granted. It was worth the price to pay for the defence of freedom.

*Routine Proceedings*

With this Liberal government and even in this supposed security budget, national security seems to be a low priority, almost an afterthought, for a government that cannot seem to say no to spending in other areas. It is amazing and unbelievable the amount of money allocated for the CBC which could have gone to defence and health care.

• (1035)

Over the last few years the government has routinely dismissed our calls for necessary spending to enhance national security and defence. We made those calls long before September 11. Since September 11, the government response has been too little and too late.

Since 1993 defence spending has been cut by \$1.6 billion, a massive 23% reduction in real terms. We have heard the defence minister get up and say that they just put in \$1.2 billion or that they have just put that in. The facts are defence spending has been cut by 23%. I do not think that is what Canadians want. They want a good defence, something of which they can be proud. We are proud of our soldiers.

The government says that we are hammering our military people. We are not doing that. We are working for them. We are trying to get the government to live up to what it should be living up to, which is to ensure we have the best trained. Our helicopters are a bit of a joke. All our airplanes are in terrible shape. Equipment is lacking. These reports are from the auditor general. The auditor general herself has said that the military needed a minimum of \$1.2 billion this year just to bring it up to scratch. What did we get? We got \$250 million.

Why do we have an auditor general, if the government is not going to pay attention? Why do we have an opposition? The government wants to operate like a dictatorship. The government goes along, makes the stories and gets the spin doctors. There are probably more spin doctors hired by this government than by any other government in Canadian history. I thought the former Conservative government was bad on that. Today the Liberals hire the best PR people in the world to spin their stories out there and make them sound wonderful. The facts are our military spending has gone down way too far.

Our troop strength has declined from 90,000 to 58,000. The Conference of Defence Associations, which is the major amnesty group on military issues, said in its recent report that there was a \$1.2 billion annual need just to maintain ongoing operations. Similarly, as I said before, the auditor general said there was a \$1.3 billion annual shortfall just to maintain existing equipment.

How can we feel proud for our service people when the auditor general says that there is a \$1.3 billion shortfall just to maintain the equipment? How can we stand in the House and have a minister of defence tell us nobody will go anywhere unless they are well equipped. We must not be going anywhere. It was the auditor general and not the opposition—

**Mr. John Bryden:** For heaven's sakes, John, there is no war.

**Mr. John Reynolds:** I hear a Liberal member down at the other end saying we are not at war. Did he just wake up? This country is at war with the United States against terrorism. I do not know where he has been sleeping.

We are at war. We have troops that have been leaving this country to go to war. Talk to those mothers, children, fathers and brothers of our service people who are over at war right now and have the chance of being killed. We are sending them there \$1.3 billion short of equipment. This party is not saying that. The auditor general has said that. The Liberals should be ashamed of themselves. Anyone who thinks we are not at war does not know what is going on in this country.

The defence committee is controlled by the government. The committee recommended an increase to the budget of the Canadian forces of at least \$1 billion a year. My party has consistently called for \$2 billion. Even the Liberal members of the defence committee said \$1 billion, which is certainly better than \$250 million, and I congratulate them for that. I am sorry their Minister of National Defence and the Prime Minister did not listen to their wishes or our wishes.

We need these kinds of increases just to get into the game if we are to have a serious and credible armed forces and play a significant role in our NATO partnership. The government has given Canada the embarrassing distinction of giving the second smallest defence commitment to NATO, second only to the Grand Duchy of Luxembourg. This is embarrassing for most Canadians.

Canada's commitment of 1% of gross domestic product is less than half of the NATO average of 2.2%. For Canada just to match the average spending in terms of the commitment that our allies share, it would require us to double our defence budget from \$10 billion to \$21 billion.

• (1040)

What do we get from the government? We get \$1.2 billion stretched out over five years. Most of that money is already accounted for by the mission costs of Operation Apollo, special anti-terrorism measures such as JTF2 and chemical and biological hazard preparedness, and emergency preparedness. By the time these funds have been allocated, there will be only \$500 million left. Stretched over just five years, that is an annual base increase of just \$100 million, one-twentieth or five per cent of the minimum level that experts say is necessary to bring our forces up to operational effectiveness.

All of us in the House should be embarrassed about that, because we all support the very fine forces we have. They have done a great job of peacekeeping missions around the world, and it was unbelievable what our people did in the first world war and the second world war, but nowadays the government has decreased it to 23% of what it was. Its own committee recommends \$1 billion and the auditor general recommends \$1.2 billion. What do we get? We get \$250 million. That is not enough and I hope the government will change its mind very quickly.

Here is what David Bercuson, a distinguished military historian who has been hired by the government in the past to analyze military affairs, has to say about the budget. He says:

*Routine Proceedings*

[The Minister of Finance's] new budget has thrown table scraps to Canada's soldiers... Over the past year or so a substantial body of evidence has emerged that Canada's military is on a long slide to virtual oblivion...The Standing Committee on National Defence and Veterans' Affairs of the House of Commons unanimously pointed out that "providing the [Canadian] Forces with the capabilities they need to meet their commitments will require significant expenditures." That was in addition to the forecast of the former auditor-general that calculated that the shortfall in defence expenditures over the next five years may be as high as \$4.5-billion.

It simply cannot be that [the finance minister or the Prime Minister] is unaware of the desperate straits of the Canadian military today. Thus yesterday's budget must be taken as a strong signal that this government really has no interest in restoring, let alone increasing, Canadian military capability and that Canada's international role will continue to amount to little more than preaching "soft-power" morality and distributing food parcels—

This is not from the opposition. Those comments are from a very distinguished Canadian, a military expert. He states:

The only military capability the government excels at is camouflage...Although the 1994 defence white paper committed Canada to maintaining military forces capable of fighting alongside the best, against the best, that capability no longer exists. Canada's air force has virtually no capacity to conduct aerial combat operations. Canada's navy is so seriously undermanned it cannot put its entire destroyer fleet to sea. Canada's army is so hard pressed to find troops for overseas deployment that it is incapable of sending even a battalion-sized force (of about 1,000) anywhere for more than six months. Moreover, Canada has no way of getting troops and equipment anywhere without chartering private ships or aircraft—

Let us just think about that. President Bush calls up the Prime Minister and asks for couple of ships and couple of planeloads of people and the Prime Minister responds that he will have to call Air Canada and Princess Cruise lines to see if he can get them over. Or maybe he would try to buy those ferries in British Columbia that the socialists built and that are sitting in dry dock.

These comments are not those of the Canadian Alliance. They are those of a distinguished Canadian who understands the military. He concluded his report with this damning comment: "It has become the Canadian way to let others do the bleeding and dying for us". That is a sad commentary on what is happening in the country right now.

The budget was supposed to be about physical security and economic security in the wake of September 11 and in the face of the imminent recession. Instead it provides us with more waste, more mismanagement and more taxation. It does nothing about the national debt, the second highest of the G-7. The Minister of Finance yesterday was bragging about how he had lowered our debt faster than any of the G-7 have. When a country has the second highest debt, it should be able to do that. I do not know what he is bragging about. We have the second highest national debt of the G-7.

**Some hon. member:** Higher than when he came to power too.

**Mr. John Reynolds:** It is much higher than when the Minister of Finance took over the country.

•(1045)

I said yesterday in my opening question that the Minister of Finance and Prime Minister brag about what they have done since 1993. It would not have mattered who had taken over. Probably the socialists would not have brought us into as much debt as has happened here and would have got us through the deficit. There is nothing to brag about in what they have done. The debt is now the second highest of the G-7. It was much better than that when this Minister of Finance and the Prime Minister took over.

The budget does nothing for the front line of our security service, our serving men and women in the Canadian armed forces. There is just nothing in this budget for that. The government's budget blatantly disregards the recommendation of the government's own committee to fund new priorities in security by pruning low priority spending. It ignores the invitation provided by successive auditor generals' reports to go after waste in government, especially the \$16.3 billion in grants and contributions envelope. Nobody at all seems to be able to get that message straight anywhere in the government.

The budget provides nothing for farmers, one of our most important resources. It provides nothing for forestry, suffering from the government's bungling of the softwood file. Here we are, going home for Christmas with people unemployed all across Canada but particularly in British Columbia in softwood lumber. There have been many promises. I have seen the Prime Minister stand up to tell us he has talked to President Bush, talked to the people, but nothing is happening. No agreements are taking place. We have different provinces dealing with the United States and the federal government and it is a mess, yet we have people unemployed all across this country. There are tremendous problems in my province on that issue, especially at Christmastime.

Most important, I think, there is nothing for patients stuck on hospital waiting lists. It is not good enough to say that the provinces run the hospitals, that the provinces run health care. When a Liberal government brought in health care in Canada, and I give it full credit for that, it was a 50:50 deal with the provinces. My province gets about 14% covered now. This government did that. It brought down the grants to provinces to lower the deficit. It put it on the backs of the provinces so that they have to raise more taxes and put it on the backs of the municipalities. The government is to blame for what is happening in health care today. It is to blame for every person in Canada who needs a hip replacement or who needs a heart transplant and is on a waiting list. With our technology and our abilities in this country, we should not have those problems in health care. We just should not have them and there is nothing in this budget to solve those problems.

It does have money, however, for Liberal leadership candidates' pet projects: heritage money for filmmakers; health money that will not provide health care; and a mini Internet boondoggle instead of a giant Internet boondoggle.

*Routine Proceedings*

Now the government wants to cut off debate on this budget after a mere two days. The government plans on adjourning until the new year without dealing with the amendment on the budget from the official opposition. Without deciding that question, confidence in the budget and in the government cannot be determined. The government cannot leave such a question of non-confidence to languish on the order paper until the new year. Its assumption that the House will defeat this amendment is another example of its arrogance. Presupposing a decision of the House trivializes the constitutional roles of members of parliament and of the official opposition.

The government should be reminded of an essential feature of parliamentary government. The Prime Minister and the cabinet are responsible to, or must answer to, the House of Commons as a body for their actions and must enjoy the support and confidence of a majority of members of the House to remain in office. This convention provides that if a government is defeated in the House on a confidence question, then the government is expected to resign or seek dissolution of parliament. There is a motion of non-confidence on the order paper in the name of the member for Calgary Southeast, who has done a great job on the budget debate, and it is appreciated by all members of the House, I am sure. His motion is as follows:

this House rejects the Government's Budget statement because it fails to provide adequately for the national and economic security of Canada by continuing to underfund Canada's military at the second lowest level of defence expenditure in NATO; by increasing overall spending at a rate nine times faster than the rate of growth in the economy; by failing to reallocate spending from low to high priority areas such as health care and agriculture;—

I just cannot believe there is nothing for agriculture in this budget. The amendment goes on:

—by failing to address the long-term slide in Canada's productivity and standard of living; by increasing payroll taxes in the midst of a recession; and by planning for no reduction in Canada's \$547 billion debt.

The motion is a damning indictment of the government's mismanagement of our country's finances. The members of the House have a right to decide on such an important question. This question cannot be ignored.

• (1050)

That is why the official opposition wants to debate this concurrence motion until the government yields to the will of the House and lets the members here continue the budget debate which it has so arrogantly cut off.

I want to close with one issue in the budget because I received a number of phone calls last night on it: the new airline security charge. In my constituency, and I am sure other members will find this at Christmas, where there are short routes, this is an increase of anywhere from 25% to 50% in the cost of a flight in a small community. A flight from the city of Powell River, a community with high unemployment because of the softwood lumber issue, to Vancouver will increase from \$100 to nearly \$125.

I received a call last night from Pacific Coastal Airlines, which flies a lot in my riding. At Pacific, they just cannot believe this will be applied to their airline. They do not do security checks on the small flights between communities. They have never had a problem, but the charge will be applied because the government taxes everyone equally. This tax will cripple some of the small companies

in the airline industry. The finance minister does not seem to have an interest in that, but when we already are in a recession we should be doing everything we can.

The government already put in a \$10 fee at the Vancouver airport, which already kicks in \$50 million or \$60 million a year to the government just in transportation tax. The airlines already are paying for security. Why this big number when the Americans can do it for \$5? Unless the finance minister is trying to tell us he expects that within a year or two \$5 American will be worth \$24 Canadian and he is just setting it in advance—

**An hon. member:** It almost is now.

**Mr. John Reynolds:** This is something the government will have to address. I ask all members when they go home to their constituencies to check with their constituents over the holidays. It will not be too late when we come back to vote against the budget and change that item. I think members will find that a lot of their constituents do not like this new tax.

Everywhere we turn today there are taxes. We have the GST which the government promised to eliminate and now we have taxes on airplanes. There is a highway tax on our gasoline which the government does not give back to any of the provinces. My province kicks in nearly \$1 billion a year in gasoline taxes. We get back about \$200,000 a year. There is the Trans-Canada Highway in British Columbia, from the mainland to the island, and for the ferries there has not been an increase in 30 years. It is shameful.

The government's priorities are wrong. It has continued its big spending programs, giving money to its friends, and the pork barreling is there, with \$16 billion in grants that the auditor general said were not done properly. It is time the government realizes that it is not doing a good job. I am sure when we come back from the holidays a lot of Liberal members will have gotten that message from their people at home.

**Mr. Peter Adams:** Madam Speaker, I rise on a point of order. I would like to seek unanimous consent to return to presenting reports from committees.

**The Acting Speaker (Ms. Bakopanos):** Is that agreed?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**Mr. Garry Breitkreuz:** Madam Speaker, I beg your indulgence for a couple of moments as I raise this issue.

The RCMP has been responsible for the registration of firearms since 1934. On April 12 a briefing note to the Minister of Justice stated:

RCMP operations in Ottawa, which houses the office of the Registrar, has about 400 employees—

This is the issue. Yesterday I learned that on July 1, 2001, the responsibility for the registration of firearms had been transferred from the RCMP to the Department of Justice without the knowledge or consent of parliament. When was the government going to tell us about this major change in the delivery of the Canadian firearms registry?

*Routine Proceedings*

When Bill C-68 was going through parliament in 1995, everyone was led to believe that the RCMP, with more than 60 years experience in running a gun registry, would continue to be in charge of the registration component of the government's firearms program. Everything in the RCMP registrar's annual reports on firearms to the solicitor general, including the most recent report tabled in the House on September 17, also has indicated it was business as usual.

I recently learned that the RCMP registrar has a new office in the Department of Justice. I am not certain if the government has the legislative authority to make this major change without the knowledge or approval of the House. I respectfully request that you, Madam Speaker, examine this point or refer it to the Speaker.

For, if the authority that parliament granted the RCMP commissioner and his registrar in the Firearms Act has been usurped in this surreptitious move, then I ask the Speaker, would this be a breach of the Firearms Act and would I do better to deal with this by raising a question of privilege? That is my question for the Speaker.

Within this context, I also have learned that at the request of the Department of Justice the force has advanced some \$25 million to cover the operating costs of—

•(1055)

**The Acting Speaker (Ms. Bakopanos):** I gave the hon. member a lot of leeway to make his point. This is not a point of order. This is a point of debate in my opinion. If the hon. member can clarify, the Chair will allow the hon. member for Yorkton—Melville to get to his point.

**Mr. Garry Breitkreuz:** Madam Speaker, my point is that I am asking the Speaker to rule on whether this would be better dealt with as a question of privilege rather than a point of order.

**The Acting Speaker (Ms. Bakopanos):** The member is raising an issue that is outside the purview of the House. Therefore he can either raise it as a point of order or a question of privilege according to the procedural rules of the House.

**Mr. Julian Reed (Halton, Lib.):** Madam Speaker, I will be dividing my time with the hon. member for Yukon. I congratulate the new leader of the reform alliance. He is the third leader to take his place with that party. Over the years the watchword of the party has been change, or turmoil if I might use another word.

We are glad to have the third leader of the party with us. I listened with interest to his debate. If one tries to analyze the things he has said, Canadians are lucky not to have an Alliance government. He made reference to statements by the auditor general concerning the fact that we have a lot to do. That is the very reason we have an auditor general. It is because we have a lot to do. Every successive government has a lot to do. We continually work to improve the functioning of government, and so we have.

I will point out some of the accomplishments of the government over the years. I detect a note of jealousy that often comes from the reform alliance. The fact is that we have ended—

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

**The Acting Speaker (Ms. Bakopanos):** Order, please. It is very difficult for the Chair to hear the hon. member if there is shouting. I know it is getting to the end of the session. I know we are all excited

about getting out of here, but let us permit the hon. member to finish his 10 minutes.

**Mr. Julian Reed:** Madam Speaker, with deference to my friends across the way I know that what I am saying is exciting, produces adrenalin and engenders a reaction.

We have ended 28 years of deficits in Canada. The last five budgets have been balanced budgets. We have been able to pay down debt that was accumulating at an horrendous rate before the Liberal government took over. While we have a lot to do and will always have a lot to do whatever government is in power, we have accomplished major improvements in the way the government is run.

I was concerned, though, when I heard the leader of the reform alliance talk about some of the elements that really express the view of the reform alliance. It allows me to say how lucky we are as Canadians. He talked about military spending. He obviously has not looked back at the history of the military in Canada.

Between wars Canada's military always shrunk to a corps of highly trained, elite people who could then receive the mass of volunteers who came on every time there was a conflict. It is interesting that a similar thing is happening today with the amount of recruitment taking place in the military. The military stays as a corps between wars but when we are faced with conflict Canadians respond. They respond as volunteers. We have historically not maintained a large standing army. That has not been the history of the country but now we are responding.

Another thing that concerns me about the view of the military is that in this conflict there seems to be an attitude on the part of the reform alliance that the only conflict is military conflict. It is bomb and shoot. What we are faced with at the present time will be more intelligence gathering, providing of security at borders and so on. That is where the bulk of the new money is being spent so Canadians can be safe over the long term.

Victory over terrorism will not be a military victory. There will be no victory day. Our challenge is to make terrorism in the world impotent. It is not just military. The military is a major tool but it is not the only tool we will use.

The hon. leader of the reform alliance also referred to the tax for air safety, the \$24 return fee flyers will pay. I am a bit confused by the reform alliance's position in this regard. It seems to have moved away from its historic position on user pay.

I am not sure what percentage of Canadians fly, but if I buy an aircraft ticket I feel comfortable paying that \$24. I do not think I should impose a share of it on someone who seldom or never flies or who takes the train or drives a car. Is that fair?

*Routine Proceedings*

The member suggested we talk to some of our constituents. I have done that already. The \$24 imposition for security in the air is generally accepted in the riding I have the honour to serve. Perhaps the hon. member should go back and talk to his constituents over the Christmas season. He will probably get an idea of exactly how they feel.

• (1100)

It is the function of the official opposition to criticize where criticism is due. The government accepts that. Today in the member's speech there was a rather chicken little approach of the sky is falling to virtually everything the reform alliance is critical about. It is a function of opposition to cherry-pick issues. It is also a function of opposition not to give credit where credit is due. We can accept that.

Overall this has been a balanced and fair budget. As members read the budget they will see that we have gone on to areas of endeavour other than just security. That means the government is not giving in to terrorism. We will not throw up our hands in defeat. We are getting on with business as usual.

This year and next year the country will continue to function the way it did before: free of deficit. We will be able to move into new areas of endeavour. That is the function of a forward looking Liberal government.

I was particularly pleased there was something left in the budget for environmental enhancement and supporting the development of renewable energy. It is encouraging that we have started down this road. I hope that in my tenure as a member of the House it will become a major thrust of the Government of Canada.

• (1105)

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Madam Speaker, I thank my colleague for his remarks although he was stretching for relevance at times. He seems to have prided himself on the notion that there is not a deficit in the budget or in future years as presented in the budget.

Perhaps my hon. friend is not familiar with the basic rules of accounting. If he would care to examine the table at page 24 of the principal budget document he would find there is a deficit in the next fiscal year of 2002-03 if we use anything like the standard accounting practices enforced by the Canadian Institute of Chartered Accountants, the auditors general of Canada or the United States congress.

For instance, the finance minister has moved \$2 billion of revenue from the current fiscal year into the future fiscal year to manufacture an ostensible surplus where there is an actual deficit. He also creates two new foundations, the likes of which have been repeatedly condemned by successive auditors general for lacking parliamentary accountability and scrutiny.

The budget virtually eliminates the prudence and contingency funds which the finance minister said would never be used to direct program spending. He told me that in the House last May. Now he will be using what is left in the contingency reserve to finance new program expenditures.

How can the member claim that this is a balanced budget or that it meets anything like basic transparency or accounting standards?

How can he claim that it is a responsible fiscal approach when the finance minister, according to the Toronto-Dominion Bank, Merrill Lynch and other major economists, is taking us back into deficit?

**Mr. Julian Reed:** Madam Speaker, I will defer to my hon. friend's expertise in accounting because I am not an accountant and would not pretend to be. However if ever there was a contingency it was September 11. I hope he recognizes that.

**Mr. Grant McNally (Dewdney—Alouette, PC/DR):** Madam Speaker, I have a question for my hon. friend. The auditor general pointed out approximately \$16 billion of questionable spending on behalf of the Liberal government. Surely he would agree with me that the government could have found some areas of spending that could have been reprioritized into areas of military defence, health care and other priority areas of spending, rather than the grants and contributions that we have seen under the Minister of Human Resources Development.

Surely the member would agree with me that there must have been some room to reduce some wasteful spending. Surely he would admit that the Liberals could be looking closer at some of those areas of wasteful spending and reducing that and putting it into high priority areas. Would he agree with me on that?

• (1110)

**Mr. Julian Reed:** Madam Speaker, I suppose my hon. friend would consider it wasteful spending to spend money on fetal alcohol syndrome for first nations communities and the children there? I am sure my hon. friend would feel that those should not be priorities in this country.

The people of Canada should feel lucky with this budget and that somebody across the way is not in charge.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Madam Speaker, in the very brief time that is left I want to ask the member who has just spoken two questions.

My first question is with respect to the issue of the theft of workers' funds and the massive accumulation of a surplus in the EI fund, without which clearly there would not be a surplus. Will the member indicate when the government will finally fund employment insurance properly in this country?

**Mr. Julian Reed:** Madam Speaker, when this government took over there was a \$12 billion deficit in the EI account. It has been the policy of this government to build a rainy day fund.

Now it would appear that we are going through at least a temporary rainy day. We are able to draw on that fund and make it work for Canadians. That is what those EI premiums are all about.

**The Acting Speaker (Ms. Bakopanos):** Unfortunately the time for questions and comments has expired. On debate, the hon. member for Yukon.

**Mr. Larry Bagnell (Yukon, Lib.):** Madam Speaker, I found it interesting that the first intervention suggested that my colleague had trouble with relevancy in his point, since we had about an hour-long speech from the first speaker that was not even on the topic which was the report of the Standing Committee on Finance.

*Routine Proceedings*

I was not going to mention that but if the party that brought up the debate does not talk on the topic then it is hard-pressed to talk about relevancy. Nevertheless, I do not fault those members for what they said in that speech because the concern of all of us today is the budget and the ongoing discussion on it.

I would like to enter into a friendly debate with my Alliance colleagues who have spoken so far, give an opposing view of some of the points they made, and indicate where we are coming from.

I suggest that we have a fairly large philosophical gap. The party talks about overspending but it does not get into the nature of the spending. Where our party is coming from on CIDA, agriculture, the environment and first nations, is that we try to invest in people and remove the root causes of the problems rather than just give undefined amounts of money.

For instance, when we talked about first nations and nothing having occurred, a lot of the investments we have made over the years, with support from most of the parties, have been for education, housing and training. In the next session we will see work on improved governance. All these things are an investment and they do not have to go on forever. They are not permanent expenditures. We are solving problems.

It is the same with agriculture. A number of speakers have said that agriculture was not mentioned in the budget, but that is not true. Instead of only throwing money, although the same levels of funding are there, we are looking at the long term structural situation of agriculture with the Prime Minister's task force. The finance minister said that we will be there when the suggestions from this task force come out.

Another example of the government improving the future is on the environment. The budget looks at the brownfields strategy.

In general there are a number of places, although not permanent investments, where there are investments in people that will ultimately lead to reduced expenditures. We are trying to take that long term view.

One of the points that has been continually raised by Her Majesty's loyal opposition, and was also mentioned by a member of the coalition a few minutes ago, relates to waste.

In their responses and speeches today, I would like to hear a better definition of specifically what they think should be cut. Quite often they refer to large numbers that other people have suggested but they are not willing to take a stand on very many of the items. There are a couple of items but they certainly are not in the scope of the large figures they say should be cut.

I would like the parties that want the items cut to specify the amounts and items and then we can debate those specific items.

The next thing relates to TV and film. A comment was made about investing in TV and film. In my riding I am very excited that film is one of the areas where we have an opportunity. We have a very slow economy. It has the third highest rate of unemployment in the country. We have just had some new films in Yukon and I am very happy about this as it is an important investment for us.

I would like to discuss some comments that have been made a few times in the budget debate relating to pet projects of Liberal leadership candidates. It is humorous to hear those comments from a party that does not even have a permanent leader at the moment and whose leadership is far more of a disturbance to the House than anything they could be talking about.

As those members search for a leader, I am assuming they would like to get one of the best people, with experience and ideas. I am certain the official opposition would not ignore all the ideas of their chosen leader. In fact, the person they pick as their leader would probably have significant influence over their ideas. Why would it be unacceptable that some of our leaders would have some influence on the budget and some ideas? It only makes sense. There is a nonsensical approach.

• (1115)

There is example of one of those projects, which I have mentioned before because I am passionate and upset about it. There is no one party that is totally against this, which is fine, but certain members in a couple of parties have been saying things against the broadband Internet, basically about connecting rural and northern Canadians to the Internet. I do not see why Canadians in my riding and other rural places should be less important than other Canadians, should not be able to get on with the competitive economy which of course would help keep our dollar competitive, et cetera. I am only taking issue with certain members, not with any party.

The auditor general pointed out that different programs and different parties had different management. I worked at Industry Canada years ago. As has always been the case, when there are hundreds and thousands of programs there will be different management techniques. I remember that IRAP and PEMD were very popular programs with the Canadian public. Those programs had different management systems. This is not unexpected, especially if one is trying to modernize management. Obviously the government, every manager and thousands of people will not move at the same speed and at the same time.

I am glad members of the opposition spoke about the investment we are making for aboriginal children and said that it was a viable priority. I also am glad they mentioned Canadian heritage because that is very important for my riding. One of the biggest draws for my riding is tourism, for example, the great gold rush city of Dawson City. Heritage is important to me.

I do think the suggestion of giving money away is a bit of a hyperbole. It is not allowed. The auditor general does not allow it and we cannot just give money away. We have to be more specific.

I also liked the comment that we cannot let the country slip back into deficit. The biggest cheer in the House during the budget speech was as a result of the fact that we would not be going into a deficit this year nor in the next several years.

I also noticed that members of the opposition raised the issue of the CBC a few times. In their next intervention, I would be interested to know which items of the CBC funding should be cut.

*Routine Proceedings*

I had a number of other comments to make but I will skip over them and go to the item we are supposed to be debating, which is the report of the Standing Committee on Finance.

The finance committee report recommended five items. The first item was security. As everyone has outlined in the debate, it primarily was a security budget to a large degree: \$7.7 billion.

The second item was that we should maintain the largest tax cut in history, \$100 billion, and the budget did that.

The third item was that we should maintain the largest health care agreement in history made with the provinces last fall and agreed to by all the premiers for the coming years, in spite of our constriction on revenues due to the recession, the fact that government revenues are down and due to the security expenditures. The budget did that.

The fourth item was that we should continue to increase our competitiveness and investments in innovation and research development and the Canadian Institutes of Health Research. All those things were done.

The fifth item the report pointed to was that, in spite of the security concerns we should not lose sight of our longstanding objectives. We did not do that in the other objectives, as I outlined yesterday, with our expenditures on the poor, on first nations people, the disabled and the environment. We kept to our objective on those things. The budget is fairly in tune with the report.

• (1120)

I will close by asking a few questions of the Alliance finance critic. I think he may be up next. I have a great deal of respect for him. I enjoy his research. He does it thoroughly. Hopefully he will answer a few questions.

The Alliance is constantly talking about improving the state of the dollar. Exactly how are we going to do that? What suggestions does he have? I would also like him to answer a question that has been asked three times but as yet has not been answered. Does the Alliance Party agree that we should still fund the Canada pension plan the way we do now?

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR):** Madam Speaker, I listened with great care to the hon. member's comments on the budget. I know that people in his part of the world, like in all parts of the country, are extremely concerned about how his government is spending taxpayers' dollars.

The Minister of Finance produced a budget which in essence had \$130 billion worth of taxpayers' money that was to be allocated, yet in his comments he referred to the fact that there was no area in which there could have been cuts to government spending. There was no area whatsoever that the Minister of Finance could identify that would have saved taxpayers money. He as much as said so. He as much as said that there were no areas where he felt there was an ability to trim government spending, yet the member asked rhetorically where some of that spending could be cut.

I would suggest that one place to start would have been the \$700 million that has been poured into the ill-fated, unenforceable gun registry system. I know it is extremely unpopular, particularly in the north, in the area the member represents.

Another area that springs to mind is the \$1 billion that seems to have gone unaccounted for in last year's HRDC budget. Incidentally, the finance minister took it upon himself, not in this budget but in the last one, to actually increase that blank cheque that went to that minister's department after she exhibited reckless spending within her department.

The auditor general identified \$16 billion in 16 departments that could have been cut. That would have been a starting point. We have to look no further than the auditor general, who is an officer of this parliament, to identify some of those areas.

Another area that springs to mind is the \$1.4 billion that was sent out in home heating oil rebates which made its way to some notorious places, such as some prisoners. Students who were living in residence also received them, but that is not to say that students do not deserve some kind of funding from the government. People living outside the country and deceased people were recipients of the cheques. My understanding is that of the \$1.4 billion, over \$250,000 did not make it into the hands of those who actually should have been receiving it. John Diefenbaker may have received a cheque.

These are just a few suggestions I have in response to the hon. member's rhetorical question.

My question to the member is, does he not associate himself with the auditor general's report? Does he not agree that there has to be somewhere in that \$130 billion where even a dollar could have been trimmed to save taxpayers money this year?

• (1125)

**Mr. Larry Bagnell:** Madam Speaker, I thank the member for that intervention because it allows me to re-emphasize the point I was making. I am glad he started on a small list.

A great example is that the member would choose to sacrifice the thousands and thousands of poor who received the home heating oil grant for the administrative problems of a few people. That is fine. That is exactly why we want this list, to see what the opposition is willing to sacrifice.

The auditor general did suggest a number of areas related to spending. The two parties complaining about it have not elaborated on which areas to support. Some of the points the auditor general made related to the administration of those programs. If we are talking about programs relating to first nations, the poor, the environment, or heritage, it does not mean that those areas are bad areas to give money to; it means that their administration has to be improved. I do not have a problem with that. That is what the auditor general is there for. I have no problem with improving administration and saving funds.

I would be very interested in seeing a list from the members of the two parties who are talking about spending, such as the member has stated, with the exact items they would like to see cut. Then we can continue to debate.

*Routine Proceedings*

I would also like the members of the Alliance to comment on regional funding. Yesterday one of the Alliance members suggested that regional development funding was one of the areas that could be cut.

We in the north have a transfer payment which is like regional funding. There is ACOA. There is western diversification. The whole country is covered, except for southwestern Ontario. Is the official opposition suggesting that we cut the money from the entire country except for southwestern Ontario? And I am not sure it is doing that well either.

[*Translation*]

**Ms. Pauline Picard (Drummond, BQ):** Madam Speaker, I will start with a comment. This week has been the most disappointing week of any I have spent in this House since my election in 1993-94.

The first reason for this is that we have had a very disappointing budget, and the public is worried, particularly in view of recent events. We were expecting a budget that would have reassured them and provided some measures to get the economy back on its feet.

No such budget was forthcoming. There is nothing for seniors, nothing for businesses, absolutely nothing at all. Nothing for women, for old people, nothing to deal with poverty. That is the first disappointment.

The second reason is that last Tuesday the House passed a bill originating in the other place, creating the position of parliamentary poet laureate. No one ever died of ridicule, fortunately, or we would have lost a number of our colleagues here in the House. This is totally scandalous.

When this becomes known, the Liberal government will have something to answer for. This is totally abhorrent; not one cent to help people, to provide them with some security in a time of economic downturn, and yet we have a bill to create a poet laureate for parliament. They are thumbing their noses at Canadians. It is not supposed to cost that much, a salary of \$30,000 a year—

**An hon. member:** Plus secretarial staff.

**Ms. Pauline Picard:** Plus secretarial staff, office space and so on. There are a lot of things we are not being told about like the expense account that goes with this position.

While there are people who will not even get a Christmas basket as the holidays are approaching, who have nothing to eat, parliament, with its full coffers, has pretentiously provided itself with a poet laureate. This too is a disappointment, and makes this the blackest week I have lived through here since 1993.

The Minister of Finance often says that he consults the public to come up with a very transparent budget. He sees to it that prebudget consultations are held by the Standing Committee on Finance, on which I sit along with other members from all parties, including the Canadian Alliance and, of course, the government party.

Several witnesses appear before the committee, which sits for hours and weeks. The Minister of Finance says that it is based on these consultations, based on this infamous report that he prepares his budget. That is hogwash. We saw this week that it is hogwash.

The Bloc Quebecois wants to emphasize the fact that, as in previous years, these prebudget consultations are, unfortunately, a somewhat hypocritical exercise, since the Standing Committee on Finance and the Minister of Finance do not really take into consideration the recommendations and grievances of Quebecers and Canadians on how federal surpluses should be used. No one is fooled by the government's approach. We know that the die has already been cast, as we saw this week.

Therefore, I wish to present—because I already spoke on the budget—the dissenting opinion of the Bloc Quebecois regarding the report on the 2001 prebudget consultations that was tabled by the Liberal government.

● (1130)

Hon. members will see that we were right. We do not merely condemn. We have figures. We work on these figures and we make reasonable suggestions to help the public at a time when everyone is a bit stressed out because of recent events. There already was a downturn before September 11. We had anticipated that and we proposed solutions in our report. This is what I want to explain to hon. members today.

First, let us talk about the government's fiddling with the figures. Unfortunately, the federal budget process has become a cover-up operation instead of an information tool on the state of Canada's public finances. As we were all able to see over the past few years, the Minister of Finance has this nasty habit of underestimating budget surpluses. This year, he not only underestimated revenues, he also overestimated expenditures. This is even worse.

Since 1996, the federal government has accumulated budget surpluses of about \$35 billion. Instead of making everyone happy through good governance, this government has shown its inability to anticipate its deficits by artificially increasing them while underestimating budget surpluses, as I mentioned earlier. The government did the same thing again this week.

It excluded from all public debate nearly \$60 billion in manoeuvring room, which the Bloc Quebecois with considerably fewer means had managed to estimate more precisely. For five years now, with the figures and means we had, we have been out by about \$4 billion with the actual figures we were given. The Minister of Finance is out by about \$60 billion. Is this transparent?

**An hon. member:** He does not know how to count.

**Ms. Pauline Picard:** He does indeed not know how to count. He is playing with the figures. He is trying to get us to believe his story, but we are not fooled, and neither is the public.

According to the accounting process, if no surplus is forecast, any realized goes to paying down the debt, so surpluses cannot be used because an accounting process is involved. These are fiscal measures, but who is paying for the surpluses that are being used to pay down the debt?

**An hon. member:** The unemployed.

*Routine Proceedings*

**Ms. Pauline Picard:** The unemployed, because these surpluses come from the employment insurance fund. This has been proven. Even the auditor general criticized this. The employment insurance fund, workers and the unemployed are currently paying off the debt. This makes no sense, when the government is not contributing a cent. It is actually stealing from them. This week all the newspaper articles on the subject were saying this very thing, not just the Bloc. All the analysts are saying it. This is cooking the books, this is theft, no doubt about it.

By falsifying the true picture of public finances in Canada, the federal government has also misappropriated considerable funds from the public domains of health and education, for example. It has also hindered public participation, since the public is receiving very mixed messages.

We condemn the alarmist tone of the report, the report tabled by the Liberal majority at the Standing Committee on Finance. We did not support it, because it does not contain the information and the priorities witnesses came before us to express. The report simply indicates the government's fear about the deficit, while we say this concern and uncertainty are mistaken. The figures were once again falsified, and the Minister of Finance is doing this deliberately.

● (1135)

If they really had good intentions, a statement to this effect would have helped maintain consumer spending at higher levels and would have sent a positive signal of an economy that can slow down without collapsing.

As well, we do not at all agree that there is a danger of slipping back into a deficit position. The budget surplus for the first six months of the fiscal year reached \$13.6 billion. In six months, there was a \$13.6 billion surplus. The economy was already slowing down before the events of September 11, but even with this slowdown, there is a \$13.6 billion surplus. As far as I know, Canada is still in a downturn, but there has not been a collapse. Plus, there are all the current inflows. This is the holiday period and consumers are spending on consumer products.

So where is this crisis? We know that there have been layoffs in some plants, but the situation is not catastrophic. There was already a surplus of \$13.6 billion. At the close of the fiscal year, at the end of March, there will be yet another false estimate of the surplus. This false estimate will allow the government to say that it has no choice, that it must put the money toward paying off the debt and creating a new infrastructure foundation instead of increasing the Canada health and social transfers for priorities such as health and education as the provinces had asked. This is but another way to stick their noses in the business of provinces.

Infrastructure comes under provincial jurisdiction. Instead of injecting the \$2 billion promised into the existing program that the provinces are already used to, as there were already negotiations and there are already agreements, no, the government had to go and create yet another administrative monster. The directors have yet to be appointed, but we can safely guess that they will be friends of the governing party, those who contributed the most to election campaigns. We have no doubt about that. They want the public to believe that this process and this budget are transparent. Once again, this is hogwash.

How could the government make the entire \$13.6 billion surplus disappear? Even with a downturn, this week's increase in military spending, and beefed up security, it is hard to imagine a balanced approach, which is apparently so dear to the government, pushing the bill as high as \$13 billion.

In fact, for the country to slip back into a deficit situation, annual growth would have to drop below minus 5%, or spending would have to jump by 11%, showing just how ridiculous this alarmism is.

Finally, the Bloc Quebecois wishes to remind the Liberal majority on the Standing Committee on Finance, and the Minister of Finance himself, that a large portion of last year's federal surplus, approximately \$7.5 billion, came from the EI fund surplus. We have spoken about this. According to the fund's chief actuary, this year's surplus will be in the neighbourhood of the \$7.8 billion squirrelled away during the last fiscal period. This means that it will be \$7.8 billion at the end of March. No small amount.

We would also have preferred to see the economy given a little boost in this budget. In the context of the present economic downturn and the impact of the events of September 11, the Bloc Quebecois proposed to the Minister of Finance a \$5 billion plan for stabilizing the economy, without producing a deficit. That is what we proposed.

● (1140)

This plan is built around two key notions: supporting the economy and supporting jobs. It was realistic, effective and responsible. Sadly, the Minister of Finance did not draw from it.

Furthermore, despite the spending this plan would have entailed, the federal Minister of Finance would still have had ample leeway to meet the new security and international aid requirements.

With respect to international aid, we had a plan which could have boosted us to the 0.7% of GDP suggested by the UN. Instead, aid spending has gone up by a meagre one hundredth of 1%, to 0.26%. It is absurd, and then the government tells us about its wonderful foreign aid programs, when several millions of dollars went towards propaganda.

It spent a few million dollars on propaganda in other countries about our leadership in this, that and the other, and about how we are the greatest country in the world. Yesterday, someone even jokingly referred to Canada's greatest terrorists. This strikes me as a bit odd. Overuse of the word greatest will eventually prove one's downfall.

The plan we had proposed was based on more realistic estimates, since it draws on the most conservative scenario. Out of a concern for caution, because the Bloc is a responsible party and does not want to plunge Quebec and Canada into a budget deficit, we chose the hypothesis based on negative growth of 2% for the first two quarters of 2001-02.

*Routine Proceedings*

As the case may be, at the end of the present fiscal year, as we have said, the federal surpluses would amount to \$13.6 billion. We are not talking of the last months, but of the first six months. We think the surplus will be \$13.6 billion. We already know the facts. We think it could be slightly higher, but these are conservative figures.

Our estimates reflect the tax cuts and transfers to the provinces. If we deduct from that the \$5 billion required to implement the economic recovery plan proposed by the Bloc Québécois, which represents one time expenditures, the Minister of Finance would still have a comfortable margin of \$8.6 billion.

In this recovery plan, which I will discuss it briefly, because time is running out and I have only two minutes left, we proposed to provide \$1.85 billion to support small and medium size businesses, and \$1.15 billion for employment insurance. The Bloc Québécois felt that the federal government should implement a series of measures to restore confidence and put back to work the thousands of Quebecers and Canadians who have lost their jobs since the beginning of the crisis.

The government should immediately implement the recommendations contained in the report of the Standing Committee on Human Resources Development. That report, which contained 17 recommendations, was unanimously approved by all committee members.

Out of these 17 recommendations, the Minister of Finance has followed up on just one, which is totally meaningless. It provides for a shorter waiting period for apprentices, such as a labourer or cook apprentice, but there is no new money.

**An hon. member:** There is nothing.

**Ms. Pauline Picard:** There is nothing. The unemployed will have to wait for their cheques before Christmas—

**An hon. member:** Seasonal workers.

**Ms. Pauline Picard:** Seasonal workers will no longer get any cheques either and they will have to rely on food banks. What is the government doing for them? It is utterly shameful.

I will conclude by expressing my sadness following this week's failure. This is a disappointment for all Quebecers and Canadians.

•(1145)

**Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.):** Madam Speaker, the hon. member ought to know that the surplus forecasts do not come from the government but from economists, banks and other institutions. It is therefore difficult to understand why we should believe the Bloc's prediction of a \$13 billion surplus. These predictions are totally lacking in credibility.

**Ms. Monique Guay:** Because we know how to count.

**Mr. John McCallum:** These predictions are totally lacking in credibility.

All of the economists are saying one thing, but the Bloc Québécois is producing forecasts from another planet, predicting an enormous surplus. There is just one situation in which they could

be believed, and that is the one in which her colleague, the hon. member for Saint-Hyacinthe—Bagot—

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

**The Acting Speaker (Ms. Bakopanos):** Order, please. It is extremely difficult to hear the hon. member's question. I would ask that he be shown the same courtesy that the hon. member received for her speech.

**Mr. John McCallum:** Madam Speaker, what I was trying to say was that all the economists are saying X, and only the Bloc is saying Y. That being the case, the only reason to believe the Bloc Québécois would be if the member for Saint-Hyacinthe—Bagot were the most brilliant economist in the country. Is this what the hon. member is claiming?

I have another question as well. The notion that the public is getting nothing in this budget and the economy is not getting any boost is totally ridiculous. What they have received from past budgets, and from this one, is a tax cut of \$17 billion. Most of these reductions go to middle and low wage earners. A total of \$17 billion is not nothing, as she says. Neither is the \$3 billion increase in health expenditures in a single year.

How can these Bloc Québécois say there is nothing, when in fact there is a major stimulus, even greater than in the U.S.?

•(1150)

**Ms. Pauline Picard:** Madam Speaker, the parliamentary secretary cannot be serious. Such comments are despicable. This is the bleakest week that I have ever experienced in this parliament.

This member, the Parliamentary Secretary to the Minister of Finance, has not spent sufficient time on the Standing Committee on Finance to have heard the witnesses' priorities. They told us "The Canada social transfer needs to be increased".

According to the member, the government has given \$3 billion, but he was not here when the government made drastic cuts that virtually drove the provinces to bankruptcy in 1993-94. With respect to education, the funding is at its lowest level ever. For health care, we are dealing with an aging population and increased costs for technology and drugs. And the government thinks it has done us a favour? First of all, this is a commitment that was made last year; it is not in this year's budget. These figures were announced in last year's pre-election economic statement. They thought they would do the provinces a big favour, but they never brought the funding levels back up to what they were in 1993-94.

Also, it was never indexed. The provinces are asking for several billion dollars. The provincial ministers met recently to ask the Minister of Finance—it is not the Bloc Québécois that is asking—to increase the Canada health and social transfer. Meanwhile, the member opposite has just told us that the Bloc Québécois does not know what it is talking about. Unbelievable.

What is more, he insults my colleague. In the budget forecasts for the past five years, the member for Saint-Hyacinthe—Bagot has only been off by around \$4 billion, yet the Minister of Finance has been off by \$60 billion. I am not sure which of the two is more brilliant.

*Routine Proceedings*

**Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ):** Madam Speaker, I am only too glad to hear what the member for Drummond has to say, for she is someone who knows what she is talking about.

As everyone knows, the Bloc Québécois—and not just the Bloc but the Auditor General of Canada as well—has long been critical of this Minister of Finance who, without any scruples, helps himself to the money in the EI fund in order to supplement his revenues.

What does my charming colleague from Drummond have to say about that?

**Ms. Pauline Picard:** Madam Speaker, just so the members opposite do not accuse us of saying any old thing, there was an article—such articles appear daily—which contained comments by tax experts and economists. From everything I have read, no one had anything good to say about the current budget of the Minister of Finance, except his parliamentary secretary, but I doubt very much he read the articles in the papers.

As I was saying earlier, to be more transparent, there is an article in today's *La Presse*, which refers to the Minister of Finance and the employment insurance fund. I will quote from it, because on the other side they think the Bloc Québécois is making things up.

It says that the Minister of Finance has no compunction about using the record surpluses of the employment insurance fund to finance other government programs. It also says that the Minister of Finance is using the fund to finance the sectors of health and education. The Minister of Finance is saying this when everyone knows the money is going onto the debt.

The article goes on to say that despite criticism by the auditor general and sharp criticism from the opposition parties, the unions and business people, the Minister of Finance plans to keep using the employment insurance fund surplus, which should reach \$42.8 billion by the end of the fiscal year.

There is no need to point out that the government is not putting a cent—and I nearly used a word to describe that cent—in the fund. Workers and employers contribute to the employment insurance fund. The government is using the money for the debt. If at least it were used for certain priorities, such as increasing the Canada health and social transfer, we would agree to it for the sick and the young, but it is not the case. As I said earlier, the CHST has never returned to the level it was before the draconian cuts by this government in 1993-94.

They are also telling us that it is because they are concerned about health. They dip into the employment insurance fund and they claim to care about health, and they are trying to get the public to swallow that one. It is crazy.

• (1155)

**Ms. Carole-Marie Allard (Laval East, Lib.):** Madam Speaker, I cannot help but rise in connection with the statement made by my colleague for Drummond, who is probably unaware of the demands being made by the municipalities concerning additional help with infrastructure.

Today I cannot understand how she can fault our desire to help municipalities upgrade their infrastructure. I also do not understand how she can fault an additional \$600 million for the infrastructure

program, specifically to help the provinces, including Quebec where we both come from, to equip themselves with highway infrastructure that meets the public's expectations.

Nor can I understand her criticism of the \$2 billion for a new foundation that will make it possible to find out what all provinces require and to finally come up with the necessary infrastructure to help Canadian businesses and to help Canadians move around the country more readily.

I would like to ask my hon. colleague whether she is aware that the municipalities of Quebec have been demanding more assistance for infrastructure?

**Ms. Pauline Picard:** Madam Speaker, I cannot believe my ears. My Liberal colleague does not know that the provinces have jurisdiction over municipalities. She refers to the foundation. The famous \$2 billion does not even exist at the present time in the tables. That amount has not been budgeted. It is contingent on our having a surplus at year end. Creating foundations was criticized by the auditor general. This makes no sense.

As for these two billion dollars, if we have them, why is the government not using them in established programs, which we are quite happy with at this time? Why not inject them into existing program, rather than a foundation to be directed by goodness knows who? Departmental employees have even been asked—

**The Acting Speaker (Ms. Bakopanos):** Unfortunately, the hon. member's time is up. The hon. member for Winnipeg Centre.

[*English*]

**Mr. Pat Martin (Winnipeg Centre, NDP):** Madam Speaker, I am happy to join the debate on the report of the standing committee and their prebudget consultations.

It is useful for us to have a good look at this report, which was tabled on November 26, and compare it to what actually came out in the budget. I think we will find some glaring contrasts or at least some glaring omissions. I do not believe what came out in the budget accurately reflects what the standing committee heard. In other words, what Canadians told the committee did not find its way into the budget that was tabled on December 10.

It is true, as the report says in its executive summary, that this report jells down to five key priorities. However, those five key priorities are not the same five key priorities that the standing committee heard in its five weeks of prebudget consultations. It is disingenuous to try to say, for instance, that one of the key five points the standing committee claims it heard was an increased call for tax cuts and the need to maintain the \$100 billion tax cut regime that was introduced last year.

In actual fact, when we looked at the representations made to the committee, we saw that virtually no one went there asking for tax cuts and deficit reduction. This was not the top issue on the minds of most Canadians who made presentations to that committee. To list the \$100 billion tax cut program as one of the five key top of the mind issues of all Canadians on the very opening page of the report from the committee is simply not true or accurate as to what actually was heard.

*Routine Proceedings*

Points were raised over and over again, by groups of Canadians who came to the prebudget consultations. There was an almost unanimous theme across the country. Those issues are not addressed in the budget. A key and paramount issue that I would like to raise first among those is the EI program.

Today, speakers from the opposition benches at least have pointed out the shortcomings of the EI program as it exists today. I would like to bring it down to the context of the riding that I represent, which is a very low income riding. In fact, it is the third poorest riding in Canada by whatever measurement is used.

The impact of the changes to EI, when the government switched to the hourly basis rather than the weekly basis to qualify, has been nothing short of devastating. By dollar figure, \$20.8 million per year less in benefits now comes into my riding than under the old eligibility rules. This may not seem like an overwhelming amount of money to some people who are used to dealing with large figures, but it is a visible and tangible difference in the riding I represent.

Perhaps it would be easier to put it in the context of what a \$20.8 million payroll would do to a riding. For instance, if we were trying to lure some new company into the riding that had a \$20 million a year payroll, we would pave the streets with gold to bring that company in. It would employ a lot of people and it would be an injection of a lot of capital into the small area of the downtown core of Winnipeg.

Taking \$20 million from my riding, where people are already living on fairly modest means, some who are very marginalized and are unemployed, has a very tangible social and economic impact on the riding. We are very critical that nothing has been said in this budget about lightening up the eligibility rules so that more people will qualify and it will become an unemployment insurance program again as it was designed to be.

The member for Drummond pointed out a very real fact of which we should be very aware. The federal government does not put one cent into the EI fund. It stopped doing that in 1986. Formerly it was funded roughly one-third, one-third, one-third; employer, employee and the federal government. The federal government pulled out its share. Now that entire fund and the surplus therein is contributions from employers and employees and no one else.

We have used this analogy before, but to deduct money from a person's paycheque for a specific purpose and then to use the money for something completely different is at the very least a breach of trust. In the worst light it is out and out fraud.

● (1200)

A worker has a reasonable expectation. There is a trust relationship that develops. When the government is holding my money to give me a benefit it has promised me and then I am unlucky enough to find myself unemployed, I have a less than 40% chance of receiving any benefit whatsoever. The government has clearly misled workers in the EI program.

This one thing would have made a huge difference in the riding I represent. Let us keep in mind that the \$40 billion surplus in the EI fund represents a surplus of \$750 million a month. That is what this cash cow is generating for the Liberal government. The modest increases in spending in the budget are really the EI surplus. Without

it the government would not have the discretionary spending it has. It would not have been able to give tax cuts.

It is unbelievably perverse to take money from people who need it the most, unemployed Canadians, and give a tax cut to people lucky enough to have a job and an income. It is a reverse form of Robin Hood. It is robbing the poor to give to the rich.

That is my first observation when looking at the report of the standing committee in its prebudget consultations. It failed to listen to the almost unanimous view it must have heard in every community it visited that we must do something to fix the EI fund.

I have a second point that I will bring into the context of my own riding. It is helpful to break down a large abstract document such as the federal budget into the ramifications of how it affects ordinary Canadians.

My riding is in a low income neighbourhood. Persons with disabilities are often low income people. A disproportionate number of disabled people live in my riding in the core area of Winnipeg, given the population of Winnipeg overall. It has come to our attention recently that every disabled person who gets the disability tax credit received a letter in the mail demanding that they requalify for the tax credit.

No matter what their disability is or how permanently disabled they are these people are being forced to go to a doctor. They must pay for the exam because doctors do not do this type of exam under the Canada health plan. The exam costs as much as \$135 and they must pay upfront. They must get a written letter which says that the person is disabled to the degree that he or she should qualify for the disability tax credit.

How meanspirited can the government be? In an era of budget surpluses it chooses 90,000 or 100,000 disabled Canadians across the country and forces them to requalify to prove they are disabled. The status of many of them such as people who are legally blind will not change. It is something they must live with. They deserve the disability tax credit.

I find this offensive. On behalf of the many disabled people in my community who have brought the issue to my attention I condemn the practice. I want that on the record.

*Routine Proceedings*

There is another thing that could have been addressed in the budget and which upsets those of us who represent low income areas. The point was raised very capably by my colleague from the Bloc Quebecois that a great number of seniors who collect old age security pensions are at income levels low enough that they also qualify for the guaranteed income supplement. However, literally hundreds of thousands of Canadians who qualify for the guaranteed income supplement have never applied for it and are not getting it.

It is their money. They are arguably the poorest of the poor. To be eligible for the guaranteed income supplement one must be a very low income person on literally the lowest socioeconomic rung of the ladder. The federal government knows who these people are because they are identified when they file their income tax.

In other words, Revenue Canada knows who they are and HRDC is the department that could and should be issuing their guaranteed income supplement cheques. Why do the two agencies not talk to each other? Why does Revenue Canada not tell HRDC there are 100,000 to 200,000 Canadians who deserve the guaranteed income supplement but are not getting it? Why does it not tell HRDC to give it to them?

• (1205)

We should not put the onus on these people to apply. For many reasons they sometimes do not. Some elderly people may not fill out the forms correctly or even know the benefit is available to them. I understand there are as many as 270,000 Canadians in this situation.

Let us look at the number of reasons. It could be an issue of basic literacy. It could be a lack of command of either of the official languages if they are new Canadians. It could be mental competency. There could be any number of reasons elderly seniors either do not know about the program or do not know how to fill out the forms and fail to qualify. It could make a difference of \$5,000 per year.

That is 270,000 Canadians times \$5,000 per year. Being a low income riding, my riding has a disproportionate number of low income seniors because they seek the lower rents in the area. I estimate that as many as 8,000 or 9,000 of those 270,000 people from around the country are living in the riding of Winnipeg Centre in the downtown core of Winnipeg. If I do a bit of quick mathematics and multiply 9,000 times \$5,000 per year, that is \$45 million worth of federal money that would be injected into my low income riding of Winnipeg Centre overnight.

Let us imagine the difference this would make to the social and cultural fabric of the community I live in. Yet it is being withheld. This is the kind of thing that makes me absolutely furious. It is along the same lines as the miserliness that has been demonstrated by the disability letters and making people requalify. It is an issue we will not let relax.

My mathematics were wrong. It would be more than a \$45 million injection of capital into my riding. It would be an injection of \$54 million per year into my riding to help the poorest of the poor. People who make maybe \$12,000 or \$14,000 a year from their OAS or from all other sources of income would get another \$5,000 per year. It might make the difference between abject poverty and a reasonable quality of life for those people.

I have church groups in my riding. I compliment the Home Street Mennonite Church in my riding of Winnipeg Centre which is conducting a mass letter writing campaign to do two things: first, remind the minister how fundamentally wrong the path is that she is taking; and, second, seek out and find seniors in the community who may be eligible for the guaranteed income supplement and have not taken active steps.

It will be like the old voter registration campaign in Selma, Alabama, in the sixties. Bands of well meaning people will be going through low income apartment blocks to find seniors, let them know they may qualify for the program and help them fill out the forms. If the seniors do not have a family member to fill out the forms the fine people from the Home Street Mennonite Church will. It is to their credit.

Another thing that came up during prebudget consultations, more as a lobby or to register dissatisfaction, was that the public service unions were still furious that in the last parliament the government passed legislation which gave it the legal right to take the \$30 billion surplus in the public service pension plan.

Of the \$100 billion tax cut which shows up in prebudget consultations as one of the five priorities and shows up in the budget as a continuation of the five year \$100 billion tax break, \$30 billion was taken out of the public service employee pension plan. Incredibly the government got away with this. It was Marcel Massé's last move. It was the task he was given on his way out. I think I can use the name of the former president of the treasury board now that he is no longer a member of the House of Commons.

This was atrocious. It is an indication of where the government found the surplus it is bragging about and giving back in the form of tax cuts to the wealthy.

Employment insurance has a \$40 billion surplus. The government happened to find \$30 billion laying around in the public service pension plan. Rather than share it with employees the government took 100% of it. It did not even sit down to negotiate a fair split or offer to increase the monthly income of beneficiaries. There was none of that. The government took every penny of it.

• (1210)

The guaranteed income supplement that should be going to seniors is still sitting in the coffers of the federal government. It should be put into circulation. Then we would see some economic stimulus. Then we would see the riding of Winnipeg Centre with the two things I outlined: first, changes to EI to restore the \$20 million a year we used to get in EI benefits; and, second, the \$54 million we have forfeited or do not enjoy because of the government's deliberate and wilful blindness to the fact that senior citizens who qualify for the guaranteed income supplement are not getting it.

Being from the prairies it would be negligent of me not to raise another shortfall in the budget: the absolute dearth of anything concrete to deal with the agricultural crisis on the prairies. There was a lot of hope and optimism on the part of people in the prairie agriculture community that the budget would be the time to do something about the emergency prairie farmers are facing.

*Routine Proceedings*

Some 11,000 prairie farmers in Manitoba, Saskatchewan and Alberta left the family farm last year alone. They finally gave up. They kept farming until it was all gone and they could not farm any more. They have had to leave the family farm.

When the east coast fishery was in crisis years ago I was one of those who wondered if we really had to pour billions of dollars into it. We had our own problems on the prairies. However people came to me from the Atlantic provinces and asked how I would feel if the bottom fell out of our key industry, the whole family farm agricultural industry on the prairies. Would I not want the federal government to do something to help the basic economic fabric?

In that context they were right. I would expect the government to intervene on a sectoral basis and do something about it. I can therefore see why it was so devastating to lose the east coast fishery. It justified all the programs, TAGS, et cetera, that went into it.

The same is now happening on the prairies. It has happened. It is an emergency, just as it was an emergency with the east coast fishery. We are coming to the federal government looking for real support to save the agricultural economy on the prairies.

I am trying to keep my remarks pointed to my own riding because, as I say, it is helpful to render down such an abstract concept to practical implications. I will do so.

In my riding of Winnipeg Centre the largest growing demographic group is the aboriginal community. People are flocking into downtown Winnipeg looking for a better life. They are coming in from reserves with a great sense of hope and optimism that there will be a better quality of life for them.

To this point it has been a tragic story. Even as the Indian Act is 130 years of social tragedy there is a new social tragedy emerging among the urban aboriginal population in cities like Vancouver, Winnipeg, Regina, Saskatoon, Edmonton and elsewhere across the west. I do not know a lot about eastern Canada but it may apply there too.

The Speech from the Throne gave hope and optimism to the aboriginal community that this would be the era in which we finally redress some of the historic injustices that have resulted in the tragic statistics we see today. By statistics I mean the ridiculous overrepresentation of aboriginal people in our jails, a social indicator that something is horribly and fundamentally wrong with our relationship and dealings with aboriginal communities.

Another startling figure is that although Canada ranks number three on the human development index of the United Nations, aboriginal people are number 63 on the same index. To have that kind of range within one country shows we are not trying hard enough.

We were disappointed again. The aboriginal community was looking forward with great optimism to the budget. The aboriginal leadership and on reserve and off reserve peoples thought this would be the year they would finally be welcomed into the mainstream of the Canadian economy. What we saw was a small gesture toward specific problems. Fetal alcohol syndrome is important, but \$185 million over two years is not enough. It falls way short of the work that needs to be done.

I need only point out the water conditions in northern aboriginal communities in Manitoba. Fully one-third of them has no source of potable freshwater. When people died in Walkerton it was a national emergency and a national tragedy. This goes on every day in communities all over northern Manitoba. Yet we do not have the money to address the issue.

The last thing I will mention is the \$2 billion fund for the strategic infrastructure foundation. The premier of Manitoba was quoted in the newspaper today as saying he had never seen an infrastructure program, supposed to stimulate the economy, which kicks in only when the economy is in surplus.

● (1215)

What a contradiction. Exactly when we do not need an economic stimulus package is when we are in economic surplus. The only time we are going to be able to access the \$2 billion for the rapid transit we need or for the Red River floodway work we need is when the government shows a surplus. It is not projecting a surplus next year adequate enough for the infrastructure program to be accessible to my home province of Manitoba.

It is a real illusion, a shell game, to say that there is a \$2 billion foundation which will be reinvested in infrastructure across the country but only when times are so good that we do not need it. We do not need economic stimulation when we are in a surplus situation. We need it now when we are looking at a slow economic period.

● (1220)

**Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.):** Mr. Speaker, I want to congratulate the member on his excellent speech, even though it is coming from the opposition benches. He touched on many points that are of great interest to all Canadians of compassion.

He touched on one point that was especially interesting to me. That is the suggestion that there should be some exchange of information between departments like Revenue Canada, or whatever it is called, the revenue agency, and human resources development in order to identify those Canadians who are most in need of the types of programs that the government would like to give to them.

The problem is it is a privacy issue. The reason this information is not exchanged is because interpretations of our present Privacy Act make it impossible for government departments to trade that information.

The member will recall that the Minister of Human Resources Development found herself in a terrible quandary when it was revealed a year or so ago that human resources development was keeping this type of cross-file information and the privacy commissioner had complained. Furthermore I would like the member and I, and others in the House on the backbenches, to address this issue because this interpretation of the Privacy Act is doing great damage.

*Routine Proceedings*

The member, who has many aboriginals in his community will be familiar with the non-insured health benefits program. This is a case where free drugs are available to aboriginals. It is well known that some aboriginals, a very small percentage, are abusing the program to the point of receiving so many drugs that deaths are occurring. This could be prevented, as it was almost prevented, by Health Canada ensuring that the information from doctors and pharmacists is exchanged through a central clearing agency which exists. However an interpretation by Health Canada of statements made by the privacy commissioner stopped this interchange of information. Consequently we have had people dying.

We have had other instances where former civil servants have accessed government programs that they should not access. All we have to do is access the files that contain their pension information.

I wonder if the member opposite would address this issue of privacy. Should we not be revisiting the Privacy Act to ensure that Canadians are better served by the programs?

**Mr. Pat Martin:** Mr. Speaker, the hon. member is bang on. When we did make inquiries to the Minister of HRDC about the guaranteed income supplement information, we were told that to share that information, for Revenue Canada to give it to HRDC, would be a breach of the individual's right to privacy. That was the only excuse that would come up. It is the law and that was the interpretation of the law, but why then is the inverse not true?

Just recently HRDC was informed by the Canada customs agency of EI recipients leaving the country while they were collecting EI. They were caught on their return to the country. When they checked in through customs a red light went off that the person was collecting EI. The person was supposed to be at home looking for work every day and how was it that he or she was in Europe? They were rooted out. Is that not a breach of a person's privacy under the act, having Canada Customs and Revenue Agency telling HRDC about EI recipients who travel?

We would argue that a better interpretation of the Privacy Act would be that if it is to the person's advantage and benefit, these things can be done. If it is to the person's disadvantage, then the person has the right to say that they do not have a right to that information. I do not know if that is possible.

However, the hon. member is right in that all of this stems from the conditions under the Privacy Act. We believe that in the interest of fairness, we should be either addressing and amending the act or at the very least taking a different interpretation of it.

• (1225)

**Mr. Gerald Keddy (South Shore, PC/DR):** Mr. Speaker, I listened to most of the hon. member's speech and there seemed to be something lacking.

For my own information I have been trying to peg down the NDP's position vis-à-vis support or non-support for the military. Certainly in the prebudget report there is not enough support for the military.

The military asked for \$1.2 billion just to stay in the black. It will be given \$150 million this year and \$150 million next year.

Yesterday the NDP voted not to support the military, to actually take the meagre amount it got out of the budget and give it to health care. This would exclude any more funding for the military, and I understand that funding for health care is needed too.

Exactly what is his party's position? What I hear the member's leader saying is that her party does not want to give extra money to the military, yet in a scrum she said that her party does support the military. There is a nuance that I am missing and perhaps it could be explained.

**Mr. Pat Martin:** Mr. Speaker, I do not think there has been any real mystery. If the hon. member is interested in our position on defence, the critic who sits on the standing committee has been quite open and clear on the position.

I represent an area that has the 17th wing air force base. I have met with the leadership of that base, Colonel Haig.

We are very concerned that there are people in the Canadian military who have to go to food banks every month. There are people in our armed forces who are actually living below the poverty line.

An entry level private with a family of four may earn \$28,000 or \$29,000 per year. The low income cutoff is \$32,000 for a family with two children. We find this absolutely unacceptable. We have advocated since day one, and it is on the record quite clearly, that we want fair wages and working conditions for our men and women in the armed forces.

The same applies to the equipment we ask them to use. We do not want 40 year old tanks or helicopters. We want to give people state of the art, up to date—

**An hon. member:** But we cannot do that without expanding the budget.

**Mr. Pat Martin:** We called for spending to bring our military in line with our NATO colleagues so we could meet our obligations. I understand that our military spending is second only to that of Luxembourg. It is the lowest of all NATO nations. As one of the richest, most powerful and successful countries in the world, we can do better than that.

If we do fall short of buying into the whole military industrial complex, I do not apologize for that. However, we have been consistent in making sure that the men and women in our military have fair wages, decent living conditions and the right tools to do the job.

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, first I would like to congratulate my colleague from Winnipeg Centre for an excellent exposé of what the federal budget is about. He has based it on his analysis of looking at the prebudget consultations and the very real experience he has gained from his own community. His community is very similar to my own community in east Vancouver where people are really hurting and are looking for help and support from the federal government.

*Routine Proceedings*

A few days ago the member asked a very good question in the House about the real intentions of the government with regard to aboriginal people. We heard all the promises in the throne speech yet it looks like there has been a massive shift in the direction of the government to somehow throw all the treaty negotiations off the table. The bits and pieces that we have seen are really not going to help aboriginal people fundamentally address the injustices.

I ask the hon. member to comment on what kind of impact he sees from these budget consultations and whether or not they will actually help aboriginal people in terms of the resources that have now been taken away.

**Mr. Pat Martin:** Mr. Speaker, the hon. member for Vancouver East is absolutely right. Aboriginal people have been dealt a real double whammy in recent weeks.

First there was great hope and optimism that the present budget would be the budget which would finally address some of the historical injustices they have been living with over the years. They were disappointed. Then they opened the *National Post* last weekend and learned that the Prime Minister had stated publicly that he is going to implement a fundamental policy shift in the whole relationship with aboriginal people.

In other words the Prime Minister said that we are not going to waste any more time on nuisances like rights and redress issues. In other words, all these 1,071 outstanding Indian land claims are too expensive, there are too many court cases, too much litigation and from now on we are spending money only on moving forward from this point on.

This is a slap in the face to the aboriginal community's leadership. It was done out of the blue, without any consultation. They opened their newspapers and saw that on the basis of one dinner with the aboriginal leadership and the newly struck committee of cabinet ministers reviewing aboriginal issues an announcement they are going to fundamentally change the whole relationship and the way of dealing with the basic claims issue.

It throws out the window the Royal Commission on Aboriginal Peoples, the most comprehensive royal commission in the history of Canada, and \$58 million worth of research and recommendations. Arbitrarily the Prime Minister said "No, I think we will change things".

The Prime Minister is looking for a legacy. He was the architect of that disastrous white paper in 1969. He is still trying to implement those same things that were rejected so resoundingly in the white paper, which are assimilation, no more nuisance land claims, no more rights and redress issues, just basic economic development from this point on.

Aboriginal people have been dealt a double whammy and they are justifiably upset.

• (1230)

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR):** Mr. Speaker, I am glad to be here today to speak on this particular matter that results from a motion stemming from the "Securing Our Future" report that came from the Standing Committee on Finance.

I want to take a moment to congratulate the member for Kings—Hants and all members of the standing committee for the effort that went into these prebudget consultations. The report, to a large degree, provided Canadians and all the political parties here in the House with the opportunity to have some input into the budget. Unfortunately much of that input and that information was ignored and put to one side because of competing political interests and agendas that relate directly to the Liberal leadership race.

The Minister of Finance brought forward a budget to great acclaim. There was much ballyhoo about this particular budget which was presented almost two years after the last budget. I note with interest that this is the seventh budget, I believe, since 1994 and it is the seventh budget that refuses to follow through on that initial promise of getting rid of the GST. This of course was directly linked to much of the acclaim and the credit that the Minister of Finance would like to garner for himself and his government. However, it is those revenues that have allowed the government to balance the books and to claim to have slain the deficit. Those budgetary surpluses are a direct credit to the previous administration, not this administration.

I would be loath not to point out that the Liberal government campaigned vigorously against that particular policy. It spared no opportunity to eviscerate the previous government for suggesting that it would bring in a services tax that was directly intended, I note, to bring down the deficit at that time.

Many people in the Chamber will recall the olympian back-flip of the current minister of heritage when she suggested that if her government did not get rid of the GST she would resign immediately. Well, she did resign but she ran again. It is the same example for the Leader of the Opposition who has repeated that copout by resigning only to run again, but I digress.

The budget comes up short on a number of levels, particularly with regard to the Canadian military and in addressing the issues of productivity and failing productivity. Sadly, there was ample opportunity in this budget to address many of these issues that predate September 11, for as sad and horrific as those events were, there were many issues that pointed directly to a lagging economy and to the need for the Minister of Finance and for the government to look ahead and reflect a little bit on what the government's fiscal plan was going to be.

Mr. Speaker, I should indicate that I will be splitting my time with my colleague in the coalition, the hon. member for Prince George—Peace River.

Another telling comment was made in the Chamber this week by the Minister of Finance. He stated, "what is important in a budget is the way in fact it is received by the public". It is a very sad commentary and a telling one as to the priorities or the lack of priorities. It points directly to that age old Liberal adage of being like a windsock, driven in terms of finding out what the priorities of the people are and then giving them what they want, not necessarily what they need.

*Routine Proceedings*

According to the minister, the budget should be judged simply by the polls and by public opinion. Yet I think most Canadians, if we polled them in their homes and in their places of work, would be quick to point out that there were a lot of things that they would have liked to have seen in this budget completely ignored. My colleagues in the NDP have raised the issue of agriculture, as have members of the coalition and other members in the House.

● (1235)

Agriculture seems to have been given zero contemplation in terms of a budgetary allocation. In fisheries, numerous individuals in the riding of Pictou—Antigonish—Guysborough continue to struggle in that lifelong occupation of working on the sea.

The town of Canso is facing a crisis, to quote the minister of multiculturalism. As we speak, the town of Canso is facing near extinction if the Seafreeze plant in that community leaves.

Those are the sorts of practical difficulties with which Canadians are dealing. Will they have a job? If they do not have a job, will they be able avail themselves of the employment insurance that they paid into? Much like the CPP, which is allocated for a specific purpose, to sustain individuals in their retirement or if they are so unfortunate as to be unable to work because of health reasons, the employment insurance program was intended specifically to sustain people when they were out of work. This is an issue we are all too familiar with in Atlantic Canada, and in many regions of the country, such as Quebec, Saskatchewan and right across the country. This is still a huge problem for our people. This again relates directly to productivity, to businesses being able to be productive, to provide employment and and to provide opportunities.

The EI surplus as it stands is ballooning. It is somewhere in the range of \$36 billion to \$38 billion and it is continuing to accumulate. Individuals, employers and employees are paying into the fund at the rate of \$2.05 per \$100. There was an opportunity to bring that down further, to allow people to keep more of their hard earned money in their pockets, but those phrases are becoming trite now because it is not happening.

As a result, an opportunity has been missed to tax people less, to let them keep more of their money rather than follow this ballooning idea that we can take money from people in volumes and then give it back to them in a very patronizing way and tell them how their money would be best spent.

I think most Canadians are crystal clear in their minds as to how they would like to spend their money. They would like to pay down their mortgages, provide for their children, put money away perhaps for their children's education, simply live and pay for their oil.

Speaking of oil, we know the auditor general was quick to identify a number of wasteful areas. All governments have suffered from that. There is no pride in pointing out that any one administration was trouble free when it came to government waste, but the auditor general clearly identified that in 16 departments over \$16 billion could have been cut in terms of waste.

One of the areas identified was the heating oil rebate. That is not to say that individuals were not entitled to money back, but on the list were individuals who were deceased or who were living outside the country, and some of them were university students living in

residence and not paying heating bills. It is indicative of the poor management of taxpayers' money.

Another area of savings I would be quick to point out would be the gun registry. I know there are polls but it all depends on how the question is asked: "Are you in favour of gun control?" Everyone is in favour of gun control but are we in favour of registering long guns at a cost of \$700 million? That is another question altogether.

The \$130 billion figure in the budget is staggering and hard to contemplate. For the Minister of Finance to stand in his place in the House of Commons and suggest that there was no area in which there could have been cuts, no savings found in the presentation of the budget, insults every Canadian's intelligence.

The productivity crisis that I referred to in my opening remarks is at a very serious level. There was no reduction offered in the budget on investment killing capital taxes, no reduction in the payroll taxes and no reduction in the basic yearly exemption, which is particularly germane to students in the country who in the summer months seek employment, some who make barely \$3,000 that would be applied to their education and yet they are taxed on that amount.

● (1240)

I would suggest as well that there is certainly room to raise the basic personal exemption to \$12,000 at a minimum. If one is making \$12,000, one cannot afford to live in this country. The working poor deserved a break but they did not get it in the budget.

**Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.):** Mr. Speaker, what sort of surplus or deficit would the hon. member from Nova Scotia have given us in his budget? How does he think we have been doing in terms of managing the fiscal problems we inherited from his party in 1993?

**Mr. Peter MacKay:** Mr. Speaker, I assume the member is talking about the party which he was once a member. As for being in a deficit, it depends on whose books we look at. Many economists are saying that we are in a deficit now. I take much of the member's comment with a grain of salt. What we would certainly have done was put money in priority areas that were different from those chosen by the government. We certainly would have put more money into the military.

The government's own appointed auditor general suggested that our armed forces need over \$1 billion a year for the next five years, as opposed to what has been offered up, which is \$1 billion spread out over five years. The armed forces will continue to decline and continue to face situations where they will go off to defend Canada's interests and to defend freedom with ill-equipped ships, poor radar equipment and guns, and lacking the basic things such as clothing and battle fatigues. Those things are clearly not a priority for the government.

*Routine Proceedings*

It is interesting that this particular member would attach himself to this budget with such great aplomb given that he, like the Minister of Canadian Heritage, promised to get rid of the GST.

Yes, I very much attach myself to his former government, the Progressive Conservative government. It had the intellectual and internal fortitude to bring in a tax that was meant to bring down the deficit, that his Minister of Finance now likes to wrap his hands around as being responsible for. It happened in spite of what he has done, not because of what he has done.

**Mr. Grant McNally (Dewdney—Alouette, PC/DR):** Mr. Speaker, while responding to letters from some students in my riding from Whonnock Elementary School, I noticed a comment made by a grade 5 student that fits right into my colleague's speech. The student wrote:

The issue I am concerned about is the taxes because I think that people (our parents) are paying too much money.

Even young people in our country can understand the concept of high taxation and the impact it has on families. I would not mind hearing my colleague's comment on that particular point.

• (1245)

**Mr. Peter MacKay:** Mr. Speaker, the comments of a grade 5 student serve us well at times in this place. I think we need to step back sometimes from the economic debate and talk about, in very real and straightforward terms, how this impacts on Canadians in their everyday lives. They want to have a quality of life. They do want to have more take home money at the end of the work week. Clearly this young student is hearing around the dinner table and the breakfast table that his parents are suffering and are not getting a return on their hard work.

The government had an opportunity in this budget, as it has had in every budget, to bring taxes down and allow Canadians to keep more of their dollars, but that did not happen. We have seen the government time and again leave the taxes as they are, or in fact increase taxes as it did in this budget. It has put a surtax on travel. That is, in many ways, another job punishing tax. Because of the geographic size and the challenges of this country in terms of its massive land mass, people need to travel. Now, on top of income tax, on top of GST and on top of taxes in every walk of life, they must pay another surtax. We are already paying taxes at airports in the form of airport improvement taxes. As a result of this budget, there is another \$2.4 billion tax grab by the government. Who will it affect? It will affect working Canadians, Canadians who have to travel as a result of their work or to be with their families during the holidays. It could not come at a worse time.

The young student in British Columbia shares the concerns at a very early age that many in this place will continue to work to resolve. However this young man will inherit a huge debt if we do not find a way to not only bring down taxes but to bring down the massive deficit that will continue to be there unless we are more prudent about how money is spent.

**Mr. Jay Hill (Prince George—Peace River, PC/DR):** Mr. Speaker, it is indeed a pleasure for me to rise and get this opportunity to address the motion before the House concerning the 10th report of the Standing Committee on Finance ironically called "Securing Our Future".

In referring to the report itself, at the start of my remarks I would like to pay a special tribute to my colleague in the coalition from Kings—Hants and all the work he does as our finance critic in trying to hold this government accountable. Trying to do that is a huge job, as I am sure people out in the real world fully understand.

I would like to point out and perhaps read just a couple of excerpts from the report itself into the record. They show a clear difference of opinion between the approach taken by the Liberal government with its free spending ways, which the latest example of which is contained in the budget of this week, and the approach advocated by the PC/DR coalition. One of the recommendations states:

The PC-DRC strongly supports recommendations to significantly increase resources for the Department of National Defence, the RCMP and CSIS.

I want to say that at the outset because the government did move in that area. All of us are aware that it has spent a considerable amount of time over the last few days bragging about what it calls its security budget. In a few moments I will get why we have concerns about that.

While we support the general approach that we obviously need and have been calling for money to be funnelled to especially our armed forces for a number of years now, we have some concerns about the way in which this government will be held accountable for that spending. Another recommendation states:

The PC-DRC recommends implementation of an annual "Red Tape Budget" in addition to the annual spending budget. This would afford Parliament the opportunity to debate the regulatory burden on both Canadian business and individuals. The regulatory budget would detail the estimated total cost of each individual regulation, including the enforcement costs to the government and the compliance costs to individual citizens and businesses. A regulatory budget would help hold governments accountable for the full costs of their regulations and could prevent the current patchwork of redundant regulation that can stifle Canadian enterprise.

That is in direct response to pleas that we hear constantly from the private sector about the increased costs of regulation, yet we see all too often that the government does not move in that area to eliminate red tape to reduce the costs of doing business in Canada.

We have a number of other recommendations that came forward, as I said, from our finance critic, the hon. member for Kings—Hants. I strongly recommend that people read not just the report of the committee but the supplementary report contained at the back, which puts forward some ideas from our critic.

Specifically on the issue of the budget, as I said in my remarks, we support the specific targeting of some of the hard-earned tax dollars that are sent to Ottawa to areas of law enforcement, border, port and airport security, and increased funding to replace the cuts from CSIS and RCMP, as well as to try to replace at least some of the funding that has been slashed from our armed forces budgets over the years.

*Routine Proceedings*

I would like to perhaps just remark briefly, again with a touch of irony, that this budget, for which we waited almost two years, follows the latest report from the auditor general by about a week.

• (1250)

Some of the issues the auditor general raised are very interesting. In connection with the Canada Customs and Revenue Agency, she said that it needed to improve the way it looked for smuggled or dangerous goods entering the country, obviously highlighting some of the problems that she has identified with that particular agency. It is interesting that contained in this budget is an additional \$1.2 billion of new money for that area.

That is a concern because, while I think there is general acceptance across the nation of the need to spend increased dollars in these areas to secure our country and our citizens, there is great concern about the accountability or lack of same from the government.

On the employment insurance surplus, she noted that the surplus grew by about \$8 billion last year to roughly \$36 billion, even though the government's own actuary said the fund needed no more than a maximum of \$15 billion to cover any potential downturn, which we all know we are already into. Obviously the government is using the dramatically inflated employment insurance fund as its slush fund to funnel money into programs that it deems important. I stress it deems important. It is quite likely not shared by a lot of citizens out in the real world.

I also noted one other area, which is the Atlantic Canada Opportunities Agency. The auditor general noted that ACOA failed to inform the public about \$400 million in loans. Why that jumped out at me is because another piece of legislation which is currently before the House of Commons is what is referred to as a housekeeping bill, technical amendments to a variety of acts, Bill C-43. One change the bill would make to the act which deals with the governance of ACOA is that the board of directors of ACOA, once Bill C-43 is passed into law, will only meet once a year rather than four times. This will occur despite some obvious concerns being expressed by the auditor general about the accountability of that organization.

What else has the auditor general said? I am sure some of the numerous quotes will be of great interest to the viewing public. On the big issue of the undermanagement of grant and contribution programs, the auditor general said:

A lack of diligence in designing programs, assessing project applications, and monitoring recipients' performance meant that public funds were placed at risk. But the attention paid to grants and contributions has not yet been translated into overall improvement in the way they are managed across the federal government. As this report shows, all programs we audited had one or more significant shortcomings.

The auditor general went on to say:

The government still has a lot to do to fix the chronic problems in the way it manages grants and contributions.

I assume this is despite the so-called human resources development minister's much vaunted six point plan. She went on to say:

Our most recent audits found a government-wide control system for grants and contributions that is not yet rigorous enough to ensure the proper management of public funds. We are concerned that serious and correctable problems remain unexamined and uncorrected.

She went on to say:

Grant and contribution programs tend to be undermanaged—departments pay too little attention to their design, delivery, capacity, and performance and to the training of staff who manage them. Until the Secretariat and departments meet all of their responsibilities and manage grants and contributions rigorously, these programs will have chronic problems and run an ongoing risk of using public funds ineffectively and inefficiently.

I would suggest that this is a pretty damning report by the auditor general about the spending habits of some of the departments of this Liberal government. Yet we see dramatic increases in spending in the budget.

It is interesting to note that one would have to question why the finance minister did not address some of the issues brought forward by the auditor general and try to clean them up. Perhaps part of the reason is the very real worry, which I am sure he has, that with an upcoming leadership race in the Liberal Party of Canada he cannot afford to alienate or anger any of his caucus colleagues, especially his cabinet colleagues who wield certain influence within the Liberal Party of Canada.

• (1255)

I wonder how much of the government's inattention to the auditor general's report and correcting the problems she has identified is attributable to that rather than oversight and sloppy bookkeeping.

During question period this week, the hon. finance minister made some sort of remark about the importance of a budget being how it is received by the public. What is important in a budget is the proper care and maintenance of the sanctity of tax dollars of hard-working Canadians, not what the public might or might not think about how the government puts its budget together.

**Mr. Grant McNally (Dewdney—Alouette, PC/DR):** Mr. Speaker, I appreciate my colleague's speech because he pointed out many of the deficiencies in the government's budget. During his speech he touched upon the auditor general's report. During debate over the last several days government members have asked what opposition members would identify as wasteful spending. We have identified those areas in this place.

I would like to ask my colleague about the \$16 billion identified by the auditor general as areas of spending that are not of high priority. Before the parliamentary secretary jumps to his feet and says that opposition parties are against *x*, *y* and *z*, which is the government's first line of defence, what areas would my colleague suggest be reprioritized, with money put into high priority rather than low priority areas? I know he touched on it, but I would like him to elaborate on it.

**Mr. Jay Hill:** Mr. Speaker, I have been here eight years now and over the years we have continually pointed out where the government and its predecessors since 1993 have made poor choices for Canadians. I am often reminded of a saying that I have heard since I came to Ottawa: "Ottawa is about 20 square miles of city surrounded by reality". That is how Ottawa is viewed by those living outside Ottawa.

*Routine Proceedings*

Time and time again we see in Liberal budgets that the government reinforces that perception. By naming Ottawa I do not mean to slam the city. Ottawa is a beautiful city and I have come to appreciate it during my short time here. However I am speaking specifically about the sometimes unreal atmosphere in the Chamber and what parliament does under a majority Liberal government.

My colleague from Pictou—Antigonish—Guysborough identified some of those areas. Hundreds of millions of dollars were spent on the gun registration scheme. We argued time and time again that the money could have been better spent in law enforcement.

Billions of dollars were funnelled through grants and contributions. The auditor general, following up on the good work of her predecessor, Auditor General Desautels, identified time and time again to the government and its predecessors that there were fatal flaws in how it administered those dollars. It seemed to shovel the money off the back of a truck as fast as it could.

If anyone dared to question the government, somehow the person was seen as attacking some specific individual who might be getting some benefit from the money some place in Canada.

When poor choices are made and big, bureaucratic, red tape programs are created, the benefits to a small number of people are small. The economy as a whole could be allowed to flourish and grow if the government got the heck out of trying to manage people's lives, create jobs and all this type of nonsense that seems to be the socialist mentality in the government.

I do not know whether it has too many New Democrats in its cabinet or what the status is but we have a real problem. A pro-business agenda has not been put forward over the last number of years by the government. Rather it has been tax and spend and not spend wisely.

Canadians do not mind being taxed. They are among the most heavily taxed people in the world. They accept that to a certain degree if they see money spent wisely. However time and time again the government has made poor choices.

I hear it all the time. I was on an open line radio show in Prince George yesterday. Judging by the phone calls that were coming in from out in the real world, people are not buying the nonsense that the government is trying to shovel about the budget. They know that there was nothing in there that would help put turkey on the table at Christmastime.

• (1300)

**Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, let me say that I am new to this profession. In my previous life I was used to debating budgets and economic matters in the banking and university worlds. Generally we had debates of substance and we did not go back and forth telling each other that our statistics were wrong.

This is quite a different world when dealing with the opposition. In just about every debate opposition members have thrown out statistics that were absolutely false. Yesterday there was a particularly egregious example coming from the hon. member for Medicine Hat, the best finance critic the Alliance has ever produced. However he twice claimed that Canadians, presumably because of

the Liberals, suffered declining living standards in the year 2000 compared with 1999.

I looked into this and discovered that after inflation real disposable income went up in the year 2000 by 3.5%, the biggest increase in at least a decade. I will be factually based in my remarks unlike the hon. member for Medicine Hat and his successor. In terms of public debate it is better to get one's facts correct and then one can go on to substantive issues of debate.

I begin with the issue of deficits and surpluses. We have two extremes that are both wrong. The Alliance is saying that we would go back into a deficit or that we would have a planning deficit. It is wrong.

• (1305)

[*Translation*]

Then we have the Bloc Quebecois saying that we have an enormous surplus of around \$13 billion, which is astronomical compared to what all of the other economists in the country are saying.

[*English*]

I want to deal with both because both extremes are wrong. We are being attacked by the opposition for reducing the size of our contingency reserve or for eating into part of the contingency reserve.

What are contingency reserves for? They are for unexpected negative contingencies. What was September 11 and its aftermath? If ever there was an unexpected negative contingency it had to be September 11 and its aftermath. One could call it the mother of all contingencies. Therefore it is entirely appropriate that we use a part of the contingency reserve in the face of this tremendously tragic event which is also bad for the economy.

We have no planning deficit; we have a surplus. The idea that economists are saying we are in a deficit is crazy. Economists, not the government, do the fiscal projections on which the surplus projections are based. As the minister pointed out in the budget, even if we take the four most pessimistic economists and the four most pessimistic projections we would be in a surplus this year, the next year and the year after. We are the only G-7 country which would avoid going back into a deficit so the Alliance is wrong. Let us now go to the other extreme.

[*Translation*]

This \$13 billion surplus the Bloc Quebecois is referring to, which is astronomical when compared to what all of the other economists in Canada are saying, can be explained in one of two ways: either the Bloc Quebecois is wrong—one economist—or else all of the other economists in the country are wrong. Take your pick. As far as I am concerned, the Bloc Quebecois' forecast has no credibility.

*Routine Proceedings**[English]*

My second point concerns the question of fiscal stimulus. There are those on the other side of the House who have claimed that we are doing nothing to help Canadians at this time of economic slowdown, that we are doing nothing to promote health care and so on. Both those claims are wrong. What matters for individual Canadians and the Canadian economy is the support they received this year. It does not matter whether that support was announced in this budget or the last budget.

Last year we had a \$100 billion tax cut. We cannot have a \$100 billion tax cut every year, strange as that may seem to the opposition. The measures taken a year ago are now coming onstream and providing significant support to the Canadian economy and to individual Canadians at this time of global slowdown.

We had an additional \$17 billion in tax cuts which came onstream January 1 of this year just at the time of the economic slowdown. I am not saying the government predicted that but as things turned out these were impeccably timed tax cuts putting an extra \$17 billion into the pockets of Canadians and for Canadian companies.

There is an extra \$3 billion this year for health care and \$23 billion over five years. The idea the federal government is pulling back from health care is false. It is true that there were cuts in the first half of the nineties because when the federal government came to power in 1993 it inherited a \$42 billion Tory deficit. It would have been unsustainable had we gone along with that. We would have hit the wall. We had to get rid of that deficit, so early on there were some cuts.

A couple of days ago on the 22nd anniversary of the defeat of the government of the right hon. member for Calgary Centre on its budget the then prime minister boasted that having inherited a deficit of \$38 billion from the Liberals in 1984 he bequeathed us a deficit of \$42 billion in 1993. That is a strange idea of Tory progress, from a deficit of \$38 billion to a deficit of \$42 billion, whereas the Liberals not only wiped out the \$42 billion deficit but we turned it into surpluses.

There were cuts at the beginning but we have been restoring funding to health care in the last five years. Five years ago the federal government accounted for 21% of total Ontario program spending. Now it is 30%. We have been accounting for an increasing share of the expenditures of the government of Ontario including health care. It is even more for Quebec.

• (1310)

*[Translation]*

Perhaps the Bloc Quebecois members are not familiar with the figures, but federal transfers account for 30% of the spending programs in the province of Quebec.

*[English]*

If we go further east to the maritimes, it is up to 40%. A very major component of that fiscal stimulus, in addition to the \$17 billion in tax cuts going into the pockets of Canadians, was an additional \$3 billion for the health care system. We, like other Canadians, acknowledge that this is our top priority. In addition to that there were a number of other initiatives: infrastructure, research

and so on, putting the amount of the stimulus to well over \$20 billion to \$26 billion and probably larger than that. Certainly it is larger than what the Americans are talking about doing, not that they have implemented it yet.

Let us treat facts as facts. If we look at the forecasts of the OECD, of the IMF, of any economist we care to imagine, all of them say that this year and next year the Canadian economy will outperform that of the U.S., both in growth and in jobs. This is in sharp contrast to the early eighties and the early nineties when we did worse. These economists and experts are unanimous in the view that we will do better. Part of the reason for that is this very large stimulus that the government has provided this year and that will get even bigger next year. In addition to that we have the lowest interest rates in 40 years.

It is for this reason, having put our fiscal house in order, having started from a starting point of a \$17 billion surplus, that we have been able both to provide this very substantial support for the Canadian economy and the lowest interest rates in 40 years and to do all of that without going back into deficit. It is largely for those reasons that these experts are unanimously of the view that our country will do better than our neighbour in jobs and growth this year and next year.

Now I would like to deal with the question of tax cuts and the capital tax. We have been taken to task by the Canadian Alliance for not cutting taxes further in the budget, and wrongly so, because who is the keenest in the land on further tax cuts, apart from the Alliance? I would say the BCNI, the Business Council on National Issues, and the Canadian Chamber of Commerce. Both of those entities have acted in what I would describe as enlightened self-interest by stating explicitly that they were not calling for further tax cuts in the budget, partly because they recognize the exceptional circumstances in which we find ourselves today and partly because they recognize that \$100 billion worth of tax cuts is already on stream and in the process of being implemented.

From the corporate point of view, what have we done? We get criticisms from the Tories on productivity. We get criticisms from the Alliance on tax cuts. We have implemented halving of the capital gains tax. That is good for productivity. That is a major tax cut. We have got rid of the income tax surtax. We have improved the treatment of stock options, which is important for the new economy. Perhaps most important for business, we have set in motion reductions in the corporate tax rate so that by the year 2004-05 our corporate tax rate will be about five percentage points lower than that of the United States.

All of that adds up to a massively pro-productivity agenda, contrary to what the Tories are saying. It means that we do not need to have further tax cuts in the budget, as approved by the BCNI and the chamber of commerce, contrary to what the Canadian Alliance has been saying. I would now like to say a few words about tax points and the Bloc.

*Routine Proceedings*

•(1315)

[Translation]

Its position is completely ridiculous. The government has already made numerous transfers to Quebec in the past, in the form of tax points. We have given the provinces, including Quebec, more leeway to collect taxes.

In Quebec accounting practices, in separatist accounting practices, when funds are transferred to the provinces in the form of tax points, the federal contribution counts for nothing. That is the first point.

Given that, for them, current tax point transfers count for nothing, now they want us to transfer more in tax points, so that they can count these new tax points for nothing as well.

The Bloc Québécois is asking us to convert the cash transfers, which do count, into tax point transfers, which do not count. Clearly, from a separatist point of view, for the PQ and the BQ, this is an excellent idea, since they receive more money and can turn around and say that the federal contribution is nothing. But from our perspective, we will not be taken for fools. We will not be taken in by this separatist ploy to give more resources to the separatists, only to have them say that we are not giving anything. We are not idiots on this side of the House.

[English]

In conclusion, I hope that we can in future be somewhat more fact based in our comments in the House, notably the Canadian Alliance. Out of every six facts it has, approximately four turn out to be totally erroneous. To summarize my position, I think this is an excellent budget because it has achieved four things.

It has put safety and security first. It has put what is necessary but not more than necessary into those safety and security measures.

Second, at a time of substantial global economic weakness it has provided massive support to the Canadian economy in the form of tax cuts, health care spending and other investments. This will stand us well in withstanding the global turbulence better than we have done in the past and emerging from it strong, and stronger than our neighbours.

Third, it has remained faithful to the government's longer term agenda, the social agenda, aboriginals, foreign aid, innovation, research, and the environment and so on. We have taken measures in all those areas.

Finally, incredible though it may seem, we have achieved all this in a time of extreme global slowdown without going back into deficit.

•(1320)

**The Deputy Speaker:** Given the interest that members have in asking questions of the parliamentary secretary, I would hope that they would co-operate and keep their questions somewhat succinct, and the parliamentary secretary likewise, and we will get an interesting exchange and more people participating.

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Mr. Speaker, I will indeed keep my question very brief. I do not know what happens to people when they become part of a majority government. I will not use any pejorative terms but when the member used to

come to finance committee as a witness, he dealt pretty forthrightly with all the facts of the economy. We appreciated him as a witness.

Now he is parliamentary secretary to the finance minister and unfortunately he has joined the mantra of the Liberals in saying things that are disingenuous, if I may quote a word he used. I refer, among other things, to his using the term \$100 billion. This is an annual budget. He speaks continuously of this \$100 billion tax cut. The motion we are debating today and one of the things that our party took exception to was the report talking about the \$100 billion tax cut. It just is not so.

From an annual point of view, because the \$100 billion refers to a five year period, it is \$20 billion per year on average, not \$100 billion. It is \$20 billion for an annual budget and it is just wrong for him to pass this off as a \$100 billion tax cut. It is not.

Second, even within that \$100 billion it is less than that amount because he has failed to take into account that a large portion of the presumed tax cut is simply a failure to collect taxes that were previously announced. If I say I will charge someone \$100 for something and then later on say it will be \$120, and he objects so I say I will bring it down to \$110, have I given him \$10? No, I have not. I am still taking \$10 more. That is what the government is doing with this spin.

I said I would be brief but I find it difficult. Let us hear how brief the parliamentary secretary can be in his answer.

**Mr. John McCallum:** Mr. Speaker, I will be very brief because the hon. member has said nothing of substance. Yes, it is \$100 billion over five years. I have said myself that it is \$17 billion this year. We are not hiding that. It is a fact. By the way, \$17 billion is a lot of money. It is the biggest tax cut of any G-7 country this year.

[Translation]

**Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ):** Mr. Speaker, I have a few comments for the learned, or formerly learned, member opposite.

I am very surprised when I hear the members opposite say that those nasty separatists from Quebec are asking for additional tax points.

Does the learned member opposite think that Jean Charest, the leader of the Liberal Party of Quebec, is a nasty separatist? Is that what he thinks Mario Dumont, leader of the ADQ, is? For they too are asking that tax points be transferred.

The member opposite should get out of his ivory tower in Toronto and come to Quebec to see what this morning's papers, the *Gazette*, *La Presse*, and so on, have to say. All of them must be separatist papers, because they are critical of the federal government's budget. The federal government has generated its surplus on the backs of the poor, the unemployed, and women, and by cutting social transfer payments. That, dear learned colleague, is the sad reality.

*Routine Proceedings*

**The Deputy Speaker:** Order, please. I simply wish to remind the House that any member who speaks, from whichever side, must address his remarks to the Chair. I would ask the hon. member to put his question so that we may now resume debate.

**Mr. Gilles-A. Perron:** Mr. Speaker, I am sorry for having got carried away and allowing my frustration to show.

I would like the member to comment on the notorious sleight of hand in the Minister of Finance's budget with respect to corporate taxes, when he says that the government will be deferring the installment payments of small businesses for the months of January, February and March 2002 for six months in order to help them with their immediate cash flow needs. The government says that this will mean a shortfall of \$2 billion. But on April 1, it will say that—

•(1325)

**The Deputy Speaker:** I am sorry to interrupt the hon. member, but I am trying to give members of every party a chance to speak. I call on the parliamentary secretary to comment now.

**Mr. John McCallum:** Mr. Speaker, the Bloc Québécois members seem to be getting a bit worked up.

I never said that separatists were the only ones asking for tax points. It is a fact that the present government of Quebec is a separatist government.

As for the measures allowing SMBs to pay six months later, SMBs said they were very happy with them. It was never a question of handing over \$2 billion. The idea was to improve their cashflow in a downturn. That is what we have done, and SMBs are happy.

[*English*]

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I would like to ask a brief question of the Parliamentary Secretary to the Minister of Finance concerning the provision in the budget for a \$12 fee for each leg of a round trip flight. As the parliamentary secretary would know, this will impose a very serious hardship on many Canadian travellers and have a very adverse impact on the travel industry, in particular on smaller airlines.

I want to point out that on flights which may be very short flights, Vancouver to Victoria, for example, flights of a very limited duration that have very low fares and may cost under \$100, this would result in something like a 25% increase overall in the cost of that fare.

I want to ask the parliamentary secretary a very serious question in terms of the possibility that the government might be willing to re-examine this issue or, at the very least, if it is not prepared to eliminate or significantly reduce this \$24 additional burden on travellers, would it be prepared to look at the possibility of some sort of exemption below which that fee would not be charged? For example, on a round trip fare of less than \$500 or less than \$300, something of that nature, travellers would not have to pay a very substantial percentage in a new fee for a round trip fare. Would the parliamentary secretary be prepared to consider that option to assist travellers?

**Mr. John McCallum:** Mr. Speaker, as a general proposition what the government has done is appropriate. The main beneficiaries of increased air safety are indeed the users of the flights and they will benefit from the additional security. The additional charge in general is not out of line with the American charge if we calculate it on the

same basis. As a general principle of user charges, I think it is appropriate.

There may be some anomalies. I have heard, for example, that in parts of the far north where the only method of travel is by air this could pose some problems. On very short flights, as the hon. member says, there could be some problems. I think the general principle is extremely appropriate, but I am not saying the government is not open to looking at particular cases where there may be anomalies.

**Mr. Gerald Keddy (South Shore, PC/DR):** Mr. Speaker, I realize we are running short of time so I will ask the hon. member two direct questions. He gave a very interesting and colourful, if not very accurate speech. I would like him to address two points specifically.

My first point deals with the fact that the budget was very much touted as a security budget. There is no real funding in it for the military. The military asked for \$1.2 billion to stay in the black this year, but it received \$150 million so it cannot stay in the black. It either has to cut services or cut capital expenditures.

My second point also is with regard to security. In the budget, the government indicated that it will spend \$2.2 billion on airport security. However that money is not extra spending by the government; it is a tax on Canadians which the hon. member for Burnaby—Douglas just discussed. How does the member consider that to be new spending?

•(1330)

**Mr. John McCallum:** Mr. Speaker, with regard to the member's first question, \$1.2 billion over five years is not peanuts. The Minister of National Defence expressed his satisfaction with the budget.

On the second point, it is nothing new for expenditures to be financed by taxation. All of our expenditures are financed by taxation so I do not really understand the point of the question, except to add that the airport charge is not a tax, it is a user fee.

[*Translation*]

**Ms. Carole-Marie Allard (Laval East, Lib.):** Mr. Speaker, opposition members are condemning the government's response to the needs of Canada's major urban centres and the allocation of \$600 million to build necessary infrastructures.

As a member of the special committee on urban affairs, I can say that it is large cities that asked the government to put more money into infrastructures.

Could the hon. member explain the advantages of creating a \$2 billion infrastructure foundation, as announced by the Minister of Finance?

*Routine Proceedings*

**Mr. John McCallum:** Mr. Speaker, I thank the hon. member for her question. Since I lived in Montreal for the better part of my life, I can say that there are serious traffic problems in that city. While the situation may not be as bad as that of Toronto, it is clear that Montreal and other major cities need money for infrastructure. This foundation will provide the required funds.

If the Quebec government says that the municipalities cannot accept these funds, I think major cities will give it an earful.

**Mrs. Marlene Jennings (Parliamentary Secretary to the Minister for International Cooperation, Lib.):** Mr. Speaker, I will be brief. The Bloc Quebecois insists on the tax points issue.

Therefore, I wonder if the Parliamentary Secretary to the Minister of Finance could give us the value of the cash transfers to Quebec, expressed as a percentage of all transfers, taking into consideration Quebec's population, and the value of the tax points.

**Mr. John McCallum:** Mr. Speaker, the Bloc Quebecois and the separatists are making two mistakes. First, they are asking for tax points in a totally illogical fashion. Second, it is not in the interests of Quebecers to have cash transfers converted into tax points.

Unfortunately, it is true that the average income in Quebec is lower than the national average. Therefore, the value of a tax point in Quebec is significantly lower than in Alberta or Ontario.

Accordingly, Quebec would lose if cash transfers were converted into tax points.

[*English*]

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, I was disappointed but not the least bit surprised that the parliamentary secretary in his 30 minutes of remarks failed to mention once the subject of the motion before the House, that the House concur in the 10th report of the Standing Committee on Finance.

As an opposition member I find myself in the very peculiar situation of concurring in and supporting a committee report drafted principally with the direction and support of the government majority members on that committee while the Parliamentary Secretary to the Minister of Finance, I gather, opposes the report which the House now seeks to concur in. How do I so gather? Whence do I make that inference? Quite simply from the fact that the parliamentary secretary did not bother to address the report.

How sad it is that he has become a lackey for his minister's department rather than actually being intellectually honest about the budget. How sad it is that he could not even make reference to this report presented to the House by the finance committee. There is one good reason for it. It is because about 90% of the recommendations of the Standing Committee on Finance were either ignored or contradicted by the budget presented in this place this week.

I and other members in this place have had a chance to begin the general debate about the shortcomings of the budget and the wasted opportunity it represents. There is the government's lack of prioritization; the fact that there is no debt reduction, tax relief, support for health care or agriculture; the fact that the government could not find one cent in ways to reduce. We have talked about that

and developed those themes but I want to go straight to the point of the motion, concurrence in the standing committee report.

Sitting here at my desk I have identified 25 substantive recommendations of the Standing Committee on Finance, 23 of which were either ignored or contradicted by the budget presented in this place. The finance minister said at the outset of his speech that he wanted to thank the Standing Committee on Finance for the marvellous work it did in consulting with Canadians and how this represented the new open and transparent budgeting process of the government.

What hogwash when we see that the literally thousands of hours of witness testimony, preparation, hearings across the country and work by the members of the finance committee to produce this report were completely ignored by the finance minister. I suspect that he never read it. In fact I suspect that his parliamentary secretary, who sits on the committee, never read it.

I will begin to go through the 25 substantive recommendations in terms of fiscal policy. On page 25 the report states:

Tomorrow's productivity gains also depend on maintaining a commitment to balanced budgets—

The finance minister presented us with a stealth deficit, not a balanced budget, last Monday. It is not only the opposition that says this. It is a growing list of independent economists, such as the TD Bank, which stated that the finance minister "was able to show a zero on his budget's bottom line for this year and next only because of some fancy accounting footwork". David Rosenberg, the chief economist at Merrill Lynch said "A small deficit in the next two years is a good possibility". Ted Carmichael at J.P. Morgan said "At least a modest deficit now looks likely".

The fancy accounting footwork to which TD referred was the fact that the finance minister took \$2 billion of revenues that are owed to the public treasury in this year and, through a bogus deferral of that tax to the next fiscal year, moved money from this fiscal year to the next fiscal year. He broke every accounting rule in the process in order to show an ostensible deficit. He also had to cut \$3 billion out of his combined prudence and contingency reserves to avoid showing a planning deficit. The government contradicted the first recommendation of the committee to balance the budget.

At page 26 of the report in terms of reallocation it states:

To the extent that new spending on security and defence could lead to a deficit, the government must balance this new spending with spending cutbacks elsewhere. The Committee recommends that the government make a firm commitment to balanced budgets.

● (1335)

In support of that it quotes the BCNI as stating:

Finding the money needed to ensure the security of Canadians will require determined efforts to chop less essential spending to defer to other proposals for new initiatives.

It also quotes the Insurance Brokers Association of Canada as stating:

If increased spending in the area of national security is to occur in a context of fiscal prudence, funding for other initiatives will inevitably have to be curtailed.

*Routine Proceedings*

On that point of reallocation, to cut low priority spending and move it to high priority spending is something which the finance minister ostensibly agrees with. On October 6 he told the *Toronto Star*:

Ottawa is reviewing its spending on an item by item basis to see where cuts can be made. We are looking at what are the lower priority areas and how do we make sure that we can fund the higher priority areas.

The finance minister agreed with the finance committee but in the budget there is not one dime in reallocation, not one cent. In fact, he was quoted in the *National Post* today as saying that he could not find any fat in the \$130 billion budget, which led columnist Andrew Coyne to write that it would appear that there is no such thing as a priority in Ottawa these days; everything is given equal billing.

At page 27, the finance committee recommended that all government spending undergo a program review which should include: a public interest test; a role of government test; a federalism test; a partnership test; an efficiency test; and an affordability test. It also states:

The Committee recommends that the government follow the program review process while maintaining a balanced budget in the face of new priority spending.

There is no mention, not one word in the budget, of a program review. The committee quoted David Paterson of the Canadian Advanced Technology Alliance in support of its recommendation as stating:

Increased spending on security is essential, but we believe it can be offset by reduced spending on less important programs. New initiatives can be postponed until a budget surplus has been restored to a more adequate level—

Again there was no reallocation and no program review. At page 27 the committee also recommended:

The Committee has in the past recommended that the federal government strive to limit program spending growth to the rate of inflation plus population growth.

Inflation plus population, which the committee recommends, is a 3% rate right now yet the program spending budget increases ostensibly by 9.4% in the budget. Actually, if we look at the dedication already of the contingency reserve, it grows by over 10%. That is three times higher than what the finance committee recommended, the committee of which the parliamentary secretary was a member.

Here is another contradicted recommendation of the report. At page 30 of the committee report it speaks to five year projections. It states:

While the Committee is broadly in agreement with this approach, it is concerned that the May economic update employed only two year fiscal projections. The Committee feels that the five year estimate of surpluses for planning purposes presents a framework within which budgetary debate can take place.

Under questioning from the Leader of the Opposition at the finance committee last May, the finance minister indeed stated "Yes, I will provide five year figures this fall". He failed to do so. He broke his own word. He broke the recommendation of the finance committee to provide five year projections so we could see the direction the federal government was headed in. The reason he did it in this budget of course is that he did not want to show what he knows, which is a deficit appearing in his plan in the out years. At page 31 the committee recommended:

—any time the full amount of the contingency reserve is not available for debt reduction, the difference should be added to the contingency reserve of the following year.

It went on to state:

The Committee applauds the government's commitment to use unutilized contingency reserves for debt reduction. The Committee also supports the government's commitment to announce each fall how much of the anticipated surplus over and above the contingency reserve will be used to pay down the debt.

It quoted, in support of this recommendation, the Vancouver Board of Trade as stating:

—utilizing a contingency reserve in its annual budget, with an extra degree of economic prudence to provide further assistance against falling back into a deficit. This approach no doubt is proving to be very beneficial this year as the economic decline erodes revenue.

● (1340)

The Canadian Manufacturers' Association said, in support of this recommendation:

—it is essential that the government revise its spending plans in order to ensure that existing reserves set aside for contingency and economic prudence purposes are sufficient to offset any deficit that may arise in its underlying budget balance.

What did the finance minister decide to do in response to this recommendation? He trashed it. He took \$4 billion for contingency and prudence, reduced it to \$1.5 billion and said that it would not go to debt reduction but rather it would go to new program spending in the form of foundations which have been condemned by the auditor general and another recommendation that the finance committee contradicted by the budget. At page 32 the committee recommended:

That any new spending initiative be subject to the rigorous and detailed tests of the principles of Program Review...that the federal government initiate a regulatory audit of all regulations to ensure relevancy and benefit of regulations in our current context. This audit should include a clear process and schedule for the elimination of undesirable regulations.

I already have addressed the absence of a program review commitment here. With respect to deregulation, the committee made a further recommendation at page 126 that:

—reiterates its call for the government to institute better oversight of the cost of regulations and user-charge programs by reporting on them annually with the budget. The application of these must not be undertaken in isolation but must be consistent with the government's overall policy objectives, namely international competitiveness...and an improvement in living standards via enhanced productivity.

There is no mention, not one word, about deregulation or a review of regulations, another recommendation of the finance committee ignored by the government. At page 35 there is an interesting comment by the Business Council on National Issues.

There can be no doubt that the war against terrorism will require additional spending. Such new costs, however, should not be simply loaded on top of the business-as-usual approach to all government activities.

That is precisely what happened. At page 48 the finance committee renews its call for the government to engage in a productivity covenant. This is a very respectable and positive hobby horse of the finance committee chair.

The Committee reiterates its long-standing recommendations that the government should commit to a productivity covenant. Just as Program Review is an ongoing examination of federal spending, this covenant should subject all existing government initiatives...to an assessment which evaluates their expected effects on productivity and hence the standard of living of Canadians. Every new budgetary initiative should be judged according to this productivity benchmark.

*Routine Proceedings*

What happened? Nothing, no productivity covenant or benchmark, is in this budget. At page 45 the committee said:

—we must ensure...that tax relief is sustainable, so that we do not embark on a roller-coaster ride of tax cuts followed by tax increases whenever the budgetary position is threatened by financial turmoil and economic slowdown.

We are in that condition now, yet the government not only did not reduce taxes in this budget, it increased taxes. It increased CPP premiums by over \$2 billion. It increased tobacco taxes by \$400 million with no offsetting decrease elsewhere. It increased taxes on air travel by \$400 million. It contradicted the committee's recommendation for no tax increase.

At page 53 the committee recommended a white paper for defence to assist government in revising its defence policy. It quoted the Conference of Defence Associations as saying:

—Canada spends only \$265 per capita on defence. The NATO average is \$589. The study (of the CDA) concluded that, notwithstanding recent increases, an additional \$1 billion per annum needs to be added to the DND budget merely to check the decline of the Canadian forces. Furthermore, the Canadian forces "currently inhabit the worst of two worlds: conventional military capabilities are in decline; and, new capabilities are unaffordable.

At page 55 the committee recommended:

A fast-tracking review of the 1994 Defence White Paper to determine its continued relevance, an acceleration of the replacement of out of date equipment, and additional funds to DND.

All of that was broken except that there was \$100 million in additional funding to DND per year in this budget, which is 5% of what the CDA recommended; another recommendation broken.

• (1345)

At page 60 the committee recommended that the government invest in border infrastructure to assist in the rapid flow of goods across the border. The government did that with a \$600 million infrastructure commitment, which we support and applaud. At page 76 the committee recommended:

Given the Committee's views on the dangers of falling back into deficit, we recommend postponing any major new non-security spending initiatives until the longer-term fiscal outlook is secured

The committee said no new spending in non-security areas, yet the finance minister raised spending by \$10 billion, about three-quarters of which was in non-security related areas.

There is one other positive point. At page 82 the committee recommended that the government exempt from capital gains the gift of securities to registered charities. The government accepted that recommendation. We applaud it for doing so. That is 2 out of 25 recommendations. On employment insurance premiums at page 83 the report states:

The Committee recommends that the government continue to reduce EI premiums so as to gradually get closer to the break-even rate.

It quotes the CFIB supporting this by saying:

The \$100 billion federal tax plan includes a 10¢ EI premium cut for 2002. A lower rate cut will signal to employers and employees that the government is prepared to move off its tax reduction plan.

What did we get? A five cent reduction, not a ten cent reduction. We did not substantially move any closer to the break even rate; another recommendation ignored.

At page 84 the committee recommended "That the government consider implementing a yearly basic exemption for employment insurance". That would have substantially reduced by several billion dollars the EI payroll burden. It was ignored. At page 86 the finance committee recommended:

That the government undertake the research necessary for a comprehensive reform of the capital cost allowance rates to better reflect the pace of technological change and the ever-shortening economic life of modern machinery and equipment.

That was a very important recommendation that came to us from a number of industry groups. There was not a single word in the budget about capital cost allowance or any other form of corporate tax reform. At page 88 the committee recommended:

That RRP and RRSP limits be indexed to inflation, consistent with the government's decision to restore full indexation to the tax system. Similarly, the Committee recommends that the government consider a one-time increase in contribution limits for the full range of savings plans beyond what is already planned.

Most witnesses recommended that increase be to \$18,500 on RRSPs. Of course, there was not a word about pension tax reform or increasing RRSP limits in the budget, which is another recommendation ignored.

At page 91 the committee made a recommendation that we change section 31 of the Income Tax Act to make it clear that horse race operators who had a reasonable expectation of loss and incurred a loss could write those expenses off like other businesses do, and the government ignored that recommendation. At page 92 the committee recommended:

That the government consider measures to promote the use of ESOPs.

This was a very popular recommendation of witnesses, and it is nowhere to be found in the budget. This is another recommendation ignored. Finally, at page 113 the committee recommended:

—given current economic conditions, the government sell its remaining stake in PetroCanada consistent with the government's longstanding commitment.

That plus the continued share ownership in Hibernia represents about \$2 billion in government equity which could be applied to the debt, realizing about \$150 million in annual interest savings, money which could then go to stimulative tax relief or to health care and agriculture.

The point is that over 85% of the recommendations of the finance committee were ignored or contradicted by the government. The Parliamentary Secretary to the Minister of Finance is a member of this committee. He stood up on a concurrence motion. I presume that he does not concur in the committee report.

The official opposition took the unprecedented move of actually concurring in this committee's report and issued a supplementary, rather than a dissenting opinion even though we did not agree with all of it, because fundamentally it was sound.

*S. O. 31*

•(1350)

The theme of reallocation, the theme of setting priorities, the theme of further tax reduction, the theme of balanced budgets and the theme of further tax reform and reduction, capital tax relief, payroll tax relief were all eminently sensible. In closing, the opposition concurs in the finance committee's report. It is a shame that the government does not.

**Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, this is an excellent report. The member opposite is getting all excited. It is a well crafted report. He totally misses the point.

There are two critical chapters. Chapter II, "Seeing Through the Storm: Holding Course on the Productivity Agenda", deals with the short term issues and sets out five priorities for the budget, on page 33. First, the government should invest in national security. Second, the government should not return to deficit. Third, we should follow through on the health care spending. Fourth, we should follow through on the \$100 billion tax cuts. Fifth, we should spend more on research.

Those are the short term priorities stated by the committee. Every one of them is in the budget. All his citations come from chapter IV, which is entitled, "Planning for the Future". The sensible members of the finance committee understood that these would not generally be in the budget, given the exigencies of the day, but each and every one of the short term objectives set by the finance committee were indeed carried through in the budget.

**Mr. Jason Kenney:** Mr. Speaker, the member does not know what he is talking about. I drew recommendations from every section of the report. In terms of immediate priorities, it talks about reallocation. It states there must be cuts in any program areas to offset new security spending and that:

—new spending on security and defence could lead to a deficit, the government must balance this new spending with spending cutbacks elsewhere.

There was not a cent in spending cutbacks elsewhere. The committee referred to its previous recommendations to limit spending to the rate of growth of population and inflation 3%. Spending in this budget was increased by over 10%.

He says that the recommendations in the latter part of the report are for some indefinite point in the future. Not so. The recommendation on the capital tax was for "immediate" elimination of the capital tax and to move immediately toward the break-even rate unemployment insurance.

I know the parliamentary secretary is embarrassed for himself and his minister because they went through this public relations exercise, spent probably millions of dollars of House resources to produce this report and to placate interest groups to make them feel like they were being listened to, and then they just threw the report in the trash, along with fiscal responsibility in this budget.

•(1355)

**Mr. Jay Hill (Prince George—Peace River, PC/DR):** Mr. Speaker, I have listened with great interest to the finance critic for the Canadian Alliance. I find myself agreeing with the general thrust of his comments; that shame on the government for ignoring so many of the recommendations contained in the very report of a

committee that is dominated by government members. It is incomprehensible that it has done such a disastrous job for the nation in drawing up this latest budget.

Specifically, could I elicit a comment from my colleague about the new \$24 per ticket fee, what the parliamentary secretary calls a user fee, on all domestic and international air travel?

The member may not know that in a vast northern riding such as mine in northeastern British Columbia, there are many smaller airports with smaller airlines that do not even have screening facilities or security measures, yet, supposedly under this plan of the government, people will have to pay the \$24 fee.

If at some point in the future the government reduces its security measures, will we see this tax on air travellers reduced or eliminated or is the travelling public is just stuck with it forever?

**Mr. Jason Kenney:** Mr. Speaker, Thomas Jefferson said that there are two things certain in life: death and taxes. Another thing that is certain is that a tax never dies. This new \$24 per round trip tax is a punitive penalty on those who travel.

There are many smaller airlines that fly smaller routes and their fares may be only \$50. All of a sudden, the cost of a ticket on those airlines will increase by 50%. It is completely insensitive to price. The cost of this new tax is the same whether one flies business class from Halifax to Victoria for \$4,000 or takes a \$50, 10-minute flight from Victoria to Vancouver. It is a terribly designed way to pay for this.

I have every anticipation that the revenues from this will end up in a slush fund, much like those from the EI fund which have now furnished the government with a \$40 notional surplus to pad its budget.

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## STATEMENTS BY MEMBERS

[*Translation*]

### INTERNATIONAL YEAR OF MOUNTAINS

**Mr. Claude Duplain (Portneuf, Lib.):** Mr. Speaker, the United Nations declared 2002 the International Year of the Mountains. Throughout the year, the UN will seek to promote conservation and sustainable development in mountain areas, by raising public awareness, and promoting and defending the cultural heritage of mountain communities and societies.

The International Year of Mountains will provide an opportunity to raise awareness concerning the importance of mountains, the fragility of their resources and the need for sustainable approaches to mountain development.

Mountains are fragile ecosystems and are important at the global, regional and national levels. The United Nations described them as indirect life-support base for about one-tenth of humankind. They also supply between 30% and 60% of freshwater in tropical zones, a figure which rises as high as 95% for semi-arid and arid areas.

The United Nations Food and Agricultural Organization, in conjunction with other UN organizations and with NGOs, is planning numerous events and initiatives to raise awareness, and to communicate key information on mountain-related subjects.

We in Canada are very fortunate that, in many of our parks located in mountain areas—

• (1400)

**The Deputy Speaker:** The hon. member for Okanagan—Shuswap.

\* \* \*

[English]

#### VETERANS AFFAIRS

**Mr. Darrel Stinson (Okanagan—Shuswap, Canadian AllianceCPC):** Mr. Speaker, part of the holiday season is sharing it with family and friends, including remembering those who have gone before us.

The Government of Canada bears special responsibility to remember Canada's veterans, including providing wreaths on behalf of Canada to be laid at cenotaphs across the country during ceremonies each November 11, but we have a problem. The Government of Canada only provides wreaths for communities which have an operating Canadian legion building.

My riding includes two small communities which conduct November 11 ceremonies at their local cenotaph but have no legion branch so the Government of Canada provides no wreath.

Partly due to the age of Canadian veterans, this year in B.C. alone it is expected that six to eight legion branches will close and the Government of Canada will provide fewer wreaths on November 11.

I urge the government instead to provide one wreath on behalf of Canada to every community which remembers veterans at its local cenotaph each November 11. Lest we forget.

\* \* \*

#### SCIENCE AND TECHNOLOGY

**Mr. Bill Matthews (Burin—St. George's, Lib.):** Mr. Speaker, 100 years ago yesterday, on December 12, 1901, a new age of communication was born. Amidst skepticism and facing extreme odds, Italian born scientist Guglielmo Marconi sent the first wireless signal across the Atlantic Ocean. The message, simply the letter S in morse code, was sent from Poldhu, England, to Signal Hill in St. John's, Newfoundland, a distance of 1,700 miles.

This simple accomplishment changed the course of history. Marconi received many honours including the Nobel Prize in 1909, and Signal Hill gained distinction as the place where the impossible became possible.

This is a proud part of our Canadian history. The legacy of that single transmission is still heard literally all around the world.

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I ask all hon. members to join me in saluting the achievement of one determined scientist so many years ago as well as the accomplishments of all present day Canadians whose innovative ideas are changing the shape of modern technology.

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[Translation]

#### POSITION OF PARLIAMENTARY POET LAUREATE

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, I am very pleased to rise in the House today to underscore a great moment in the history of our parliament. On December 11, 2001, this House passed Bill S-10 in third reading. This bill, sponsored by Senator Grafstein, will create the position of parliamentary poet laureate, once royal assent is received.

I myself had the honour of being able to work on it, but my colleague, the hon. member for Saint-Lambert, is the one who ensured the bill's safe passage through the House.

[English]

I thank the MP for Saint-Lambert profusely for her hard work and dedication to the creation of a parliamentary poet laureate. Her skillful stewardship ensured the successful passage of Bill S-10 through the House.

December 11 will be remembered as a good day for Canadian culture. The creation of a parliamentary poet laureate will ensure that Canadians' knowledge and appreciation of their poetry is further enhanced.

\* \* \*

[Translation]

#### NEW YORK CITY

**Mr. Gérard Binet (Frontenac—Mégantic, Lib.):** Mr. Speaker, on December 1, 2001, several thousands of Canadians took part in the "Canada Loves New York" rally to demonstrate their support of the people of New York. Canadian dignitaries and citizens made their way to ground zero during the celebrations, and a Christmas tree was put up over the ruins of what used to be the World Trade Center.

I am very proud to point out that this fir tree came from Plantation Lavertu in Weedon, in the riding of Frontenac—Mégantic. It is a great honour for the region to have been able to contribute in such a special way to this great demonstration of friendship by Canadians to their American neighbours.

Merry Christmas to my fellow residents of Frontenac—Mégantic.

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•(1405)

[English]

#### PARLIAMENT OF CANADA

**Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance):** Mr. Speaker, the definition of respect includes the words to “regard with deference, esteem or honour.” It also includes the phrase to “refrain from offending, corrupting or tempting.” Over the last year I have seen initiatives that have caused my respect for this institution to increase. I have also experienced things that have shaken my respect for this place.

I hope the reports that we had this morning were false. These reports suggested that there is a move from within the Liberal government by its members to provide each of its MPs with a constituency slush fund whereby money would be doled out not under the auspices of independent programs but as the member sees fit. More disturbing is the fact that this has actually been given serious discussion.

At times the arrogance of the government has shaken me but I have never seen such a disconnect from regular folks. I have never heard such a damning proposal and I have never before been embarrassed to be a member of parliament.

Respect must be earned. Let us not throw away the little public respect still left for us and for this institution.

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[Translation]

#### NOBEL PRIZE

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, I would like to draw the House's attention to the fact that this year is the 100th anniversary of the Nobel Prize. This prize rewards excellence in medicine, physics, chemistry, literature and acts promoting peace.

Throughout the 20th century, people and institutions around the world have been honoured. For 100 years, the prize has been conferred on men and women who have made the world a better place through their commitment, their talent, their discoveries and their actions.

Think of Marie Curie, Melvin Calvin, the Prime Minister of Canada in 1957, Lester B. Pearson, Mother Teresa, Nelson Mandela and Kofi Annan.

The Nobel Prize reflects great discoveries, struggles and the political and artistic evolution of the world.

I wish the Nobel Foundation many more centuries of rewarding those who work to change the world.

\* \* \*

#### MIDDLE EAST

**Ms. Francine Lalonde (Mercier, BQ):** Mr. Speaker, the cycle of horror in the Middle East is continuing. The Palestinian authority says that Israel has declared war on it. The Israeli government has decided to cut all ties with the Palestinian authority, which it holds responsible for the most recent attacks.

We cannot let the peace process derail. We cannot let the Middle East turn into a war zone.

The Palestinian state has a right to security. The Palestinian people have a right to a viable state. Only negotiation can bring peace. It is now up to the international community to make it possible.

Yesterday, in an interview on the CBC, the elected president of the Palestinian authority, Yasser Arafat, who is still recognized by Kofi Annan and the United States, made a plea to Canadians. He said “We need your help and support...to protect the peace process in this Holy Land”.

We answer his plea with a yes.

\* \* \*

[English]

#### POLAND

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, I rise today on the occasion of the 20th anniversary of the declaration of martial law in Poland on December 13, 1981.

December 13 holds a particular significance to the Polish community. On this date the communist government in Poland declared martial law in an effort to quell the democratic Solidarity movement. This rule brought extreme hardship to many people who opposed the government. Many were interned or escaped from Poland.

The Canadian Polish Congress, the voice of over 650,000 Canadians of Polish descent, worked with the Government of Canada to create a special immigration category for Polish citizens affected by the sudden imposition of martial law. Canada's gesture was immensely important, showing that people persecuted for their belief in freedom could find refuge in this great country. Many arrived in Canada and have made a positive contribution to their new homeland.

As a result of the Solidarity movement in Poland, communism was later overthrown in all of Europe and the cold war came to an end.

\* \* \*

#### GOVERNMENT SPENDING

**Mr. Scott Reid (Lanark—Carleton, Canadian Alliance):** Mr. Speaker, today there are reports that the Liberal caucus is demanding a brand new slush fund and that some leadership hopefuls, notably the Minister of Industry and the Minister of Canadian Heritage, are backing the plan as a way of winning supporters from among the backbenches.

Under the proposed plan each MP would be given, according to reports in *the Globe and Mail*, “\$100,000 to hand out at their whim to various groups in their riding”.

Some Liberal MPs are defending the plan by saying they can bring responsiveness to government spending, but this sounds suspiciously like an attempt to broaden to the constituency level the Liberal practice of taxing everybody and then using the money to swing key voters.

Our economy is going into recession and Canadians need respite from the endless cycle of tax and spend. The Liberal response of pouring hard earned money into what *the Globe and Mail* characterizes as slush funds is exactly the wrong answer.

\* \* \*

•(1410)

#### ANDY SHOTT

**Mr. Joe Jordan (Leeds—Grenville, Lib.):** Mr. Speaker, we have learned that Andy Shott will retire at the beginning of next year. Mr. Shott became the official photographer of the House of Commons in 1993.

With his camera he captured the great moments of parliamentarians and Canadians. Thanks to his talent we now have a rich heritage of photography. This portfolio is a superb reflection of the atmosphere that exists in parliament.

I am proud to congratulate and thank Andy Shott for the excellent work that he has done for the House, and I am sure that the House will join me to wish him well in his retirement.

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#### MISSING WOMEN

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, the number of women missing from the downtown east side is a tragedy. Earlier this month the joint police task force released the names of 18 more women who are missing, bringing the number to 45 women. Many of them were involved in the sex trade and were at risk of the most awful violence and death.

I believe all levels of government must co-operate with all possible resources to find out what has happened to these women and to prevent more deaths and harm from taking place. SFU criminologist John Lowman has said repeatedly that women will continue to disappear and be killed unless Canada's prostitution laws are changed.

I implore the Minister of Justice to pay attention. Her bent on security in Bill C-36 did not help these women. Yet their dangerous environment is caused by federal laws pertaining to the sex trade.

These women are not pieces of garbage that can be disposed of. They are human beings with every right to dignity, safety and hope for the future. They demand our attention.

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[Translation]

#### 2001 "GRANDE GUIGNOLÉE"

**Ms. Monique Guay (Laurentides, BQ):** Mr. Speaker, on this December 13, the big event in Quebec is the "Grande guignolée". Collection points have been set up everywhere to collect money and food to help the poor in our society.

The money and the food collected will be given to organizations for distribution to those in great need.

We cannot remain indifferent to poverty and to the suffering that it generates. Contributions, however small, will bring happiness to

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thousands of children and brighten up the living rooms of many families that, sadly, are excluded from our collective prosperity.

On behalf of the Bloc Québécois, I add my voice to that of the patron of the "Grande guignolée", actress Rita Lafontaine, who reminds us that "at Christmas, everyone wants to look very elegant and very sharp, but let us not forget the poor, because they are very important".

It is so much better to give than to receive. Let us prove it by giving generously to the "Grande guignolée". Congratulations to the generous volunteers and donors.

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[English]

#### HOUSE OF COMMONS

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, as we look around the Chamber and as we go about our duties on Parliament Hill we sometimes forget to recognize the people that make all this possible. Behind the scenes are the many House of Commons staff without whom we could not operate efficiently.

[Translation]

They deliver our messages, greet our visitors and ensure that the Hill remains a safe place. Hill employees are devoted to their job and prove it every day through their good humour and kindness.

[English]

Before we all go home for the holidays to celebrate with our families and friends, I want to take a moment to thank all the House of Commons staff and to wish them a happy holiday and a happy new year, 2002.

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#### EMPLOYMENT INSURANCE

**Mr. Greg Thompson (New Brunswick Southwest, PC/DR):** Mr. Speaker, the HRDC minister has on three separate occasions provided the House with inaccurate information.

Most members of the House want the practice that ensures EI cheques will not be held up due to the holiday season to be continued. This act of generosity on behalf of the government dates back to 1971. The minister on December 7 assured the House the practice would continue.

She assured the House that as in the past employment insurance claimants will be able to make a request, make their claims in advance and receive cheques for the Christmas season.

As confirmed today by her department, the minister has backed away from this commitment. Claimants will now receive only half a cheque for the holiday season.

*Oral Questions*

The minister should be forced to honour her original commitment on the floor of the House and not be the grinch.

\* \* \*

• (1415)

**PETERBOROUGH COLLEGIATE AND VOCATIONAL SCHOOL**

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, in 1826 the first classes of what is now the Peterborough Collegiate and Vocational School were held in a log building near the river in what became Peterborough. The school moved in 1854 and again in 1859 to the old central school building. In 1909 the present magnificent building was opened.

PCVS is a downtown school that has served a varied community well. It has excelled in academics, sports, the arts and community service. Its graduates have served Canada in every possible way, including military service in all major wars and peacekeeping situations. For many years PCVS was the collegiate in Peterborough. Its staff provided the nucleus for other high schools as they were founded.

PCVS celebrates its 175th anniversary with a homecoming in May 2002. I ask all members to join me in congratulating the school on its birthday and wishing it well for the next 175 years.

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**ORAL QUESTION PERIOD**

[English]

**LITERARY WORKS**

**Mr. John Reynolds (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, like many Canadians I was appalled to read in my morning paper that his excellency, the husband of the Governor General of Canada, has offered some strong, and in my view wrong-headed, opinions on political matters. In particular, it appears that in a forthcoming book his excellency blames in part the countries of the west, and this would of course include Canada, for the horrific acts of terrorism that took place on September 11.

Will the Prime Minister tell Canadians what steps his government has taken to disassociate the government from these comments?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, it should be obvious that these comments were made by Mr. Saul as a private citizen. He is not an extension of his spouse. I am surprised that the Leader of the Opposition is back in the 19th century in assuming that one spouse is the extension of another spouse for their ideas. He ought to get into the 21st century and realize that Mr. Saul is speaking as a private citizen on his own behalf.

**Mr. John Reynolds (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, Mr. Saul is no longer a private citizen. He lives with the Governor General and represents Canada as his excellency. One particularly offensive aspect of his excellency's comments included some derogatory references to the U.S. President George Bush and President Bush's handling of the crisis in the immediate aftermath of September 11.

Has the Prime Minister written to President Bush to apologize for these insulting comments from the viceregal household?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I invite the Leader of the Opposition to come into the 21st century. If he lives in Stornoway with his wife, does he mean his wife shares every one of his opinions?

**Mr. John Reynolds (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, I can tell the House that my wife would not insult the president of the United States on behalf of the Government of Canada.

This is not the first time that his excellency has overstepped his role. A leading constitutional expert and former governor general have been quoted in the media confirming that this sort of foray into the political debate is excessive and bad judgment coming from the spouse of our Governor General.

Will the Prime Minister tell Canadians what steps are being taken to ensure that his excellency keeps his opinions to himself until his viceregal role is finished?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, there is no such thing as a formal viceregal role for the spouse of the Governor General. Mr. Saul is entitled to express his opinions as a private citizen. I wonder why the Leader of the Opposition is so ready to confirm that things are going so well that this is the only topic he can raise, not the budget, not health care, not the war in Afghanistan. I would like to thank the Leader of the Opposition for his strong endorsement of the government.

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**THE BUDGET**

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, in October the finance minister said that Ottawa was reviewing its spending on an item by item basis to see where cuts could be made and "looking at...the lower priority areas and how... [to] fund the higher priority areas", but on Monday the finance minister could not come up with one red cent to cut in low priority areas, not to corporate welfare, not to TV producers, not to the ways identified by the auditor general.

Why the flip-flop? How is it that he could not find one dime in savings in low priority areas? Why did he give up in his responsibility to set priorities?

• (1420)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the fact is of course that the government did reallocate within each department. That is one of the reasons that we are able not only to pay for the national security package but we are able to bring in what is the largest transfer in terms of health to the provinces in the history of the country.

*Oral Questions*

The fact of the matter is that the hon. member has raised, for example, the television fund. Is the hon. member saying that he is against the private sector in this country being able to tell Canadian stories to Canadians? Is that part of that party's agenda?

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, what we are against is a finance minister who cannot find one dollar in low priority spending out of a \$130 billion budget.

The finance committee said that the government must balance any new spending with spending cutbacks elsewhere, a recommendation that apparently the finance minister agreed with in October. What happened since October when he said he was looking at cuts in low priority areas? What were those low priorities in October? Why did they get lost on the way to his tax and spend budget this past Monday?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I have already said that we did reallocate within departments, but let us take a look at the areas that the Alliance would cut.

The Alliance would cut the CBC. We would not cut the CBC. We believe in public broadcasting. The Alliance would cut the private sector help to films. We would not. We believe Canadians have the right to tell each other their stories and understand what this great country is all about. The Alliance would cut regional development. We would not. We believe that Canadians who live in rural Canada have the right to an economic future.

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[*Translation*]

**EMPLOYMENT INSURANCE**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, yesterday, the Minister of Finance said that the EI fund surplus was a myth.

But the premiums paid by workers and companies are all too real they are not myths—as are the expectations of the unemployed, who would like some real insurance when they unfortunately lose their job. Still, the Minister of Finance feels not the slightest remorse about using workers' money to pay down the debt and fund programs.

Will the minister admit that it is profoundly unfair to make workers alone foot the bill for programs which benefit everyone, even those who do not pay EI premiums?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, it is primarily because of EI premiums that the Minister of Human Resources Development has been able to increase EI benefits, parental leave and all the other improvements she has made over the past year.

At the same time, we have lowered premiums by \$6.8 billion since taking office.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, let us get down to brass tacks.

While the government was paying down the debt by \$35 billion, it just happened to be helping itself to \$44 billion from the EI fund. In other words, it was unemployed workers and companies who paid down the debt.

Will the Minister of Finance admit that the reason he is refusing to create a separate EI fund is that he wants to continue to help himself to the surplus, which belongs to those who pay the premiums, companies and workers, not to the government, which does not put a cent into the fund?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the leader of the Bloc Québécois seems to see something wrong with Canada's having reduced its debt by \$35 billion.

Let me say that this is a good thing for Canada. It means that we have saved \$2.5 billion on the cost of servicing the debt. This is \$2.5 billion that we are using for health; \$2.5 billion that we are using for education; \$2.5 billion that we are using to lower the taxes of Canadian workers.

It is a good thing that we have done.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the Minister of Finance is interpreting the remarks of the auditor general however he likes.

He continues to hear only what he wants. The auditor general never asked the government to have contributors to employment insurance pay for health, education and debt service. Never.

Will the Minister of Finance admit honestly that it is entirely possible to have a separate EI fund accounted for in the government's consolidated financial statements, in compliance with all aspects of the recommendation by the auditor general?

• (1425)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, first, I do not think it is possible, according to the accounting rules advocated by the auditor general, to have a separate account within the consolidated fund.

The member for Roberval has once again changed the position of the Bloc. This is about the 15th time.

But I do not think it is possible. It is possible, however, to follow the rule set by the auditor general in 1986, as we are doing.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the Bloc Québécois is looking at every possible way to stop the Minister of Finance stealing from the unemployed. That is what we are trying to do.

Will he acknowledge that, while he stubbornly refuses to create a separate EI fund managed by companies and contributors, he can no longer stick both hands in the fund, thereby considerably improving benefits and considerably reducing contributions?

If he were to stop dipping into the fund, this would be the result.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, we have lowered contributions. We have increased benefits. We have also increased transfers to the provinces for education and health care.

*Oral Questions*

We have made more money available for infrastructure. We have made more money available for research and development. All of this is good for workers in Canada.

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[English]

**FORESTRY INDUSTRY**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the federal Liberals are in collusion with the B.C. government farm team to sell Canadian forestry workers and their jobs down the river.

These governments are preparing to surrender to the corporate dictate that our forests be privatized; either that or we adopt American timber policies as the price we must pay to gain U.S. market access.

Will the minister give the assurance today that American lumber mills will not be allowed to bid on Canadian timber and export our jobs to the United States?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, in this parliament our government is very cautious to do our job and we do it in international trade negotiations, but it is the provinces that manage forestry.

We believe that the government of British Columbia has the responsibility to manage its forests. It has engaged, with a mandate from the population of British Columbia, in serious discussions with the United States to solve a long term problem. We want to find a solution for this and I commend the government of British Columbia for having been creative in working with its industry to find a solution.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, Canadian governments are giving away our raw logs and in the process Canadian forestry workers are getting a raw deal.

The American deal will break the link between timber rights and the creation of Canadian jobs. Mill towns across the country will become ghost towns. What is worse is that the government is prepared to shaft forestry workers without any guarantee whatsoever that the American lumber barons will stop harassing them.

I again ask, will the minister assure the forestry workers that no deal will be signed without timber rights being tied to the creation of Canadian jobs?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, Canada has maintained a clear policy on log exports for many years. Federal export permits are required for log exports from all provinces and territories. In the case of British Columbia, logs from both private and provincial crown lands must be deemed surplus to domestic needs before a federal export permit is issued.

Companies and workers in the log and softwood lumber industries have legitimate business and trade interests that would be seriously impacted by any measures that would effectively ban exports of logs.

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**NATIONAL SECURITY**

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR):** Mr. Speaker, yesterday's meeting between U.S. homeland security czar Tom Ridge and the foreign affairs minister made it very

clear that the United States wants to place armed guards, customs and immigration agents, in Canada.

The revenue minister said this will not happen. The foreign affairs minister said we will think about it.

Is it really smart that Canadian customs officers continue to be unarmed when the Liberal government seems prepared to allow armed American customs agents on Canadian soil?

• (1430)

**Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.):** Mr. Speaker, first of all I would like to congratulate my colleague from external affairs who signed a wonderful agreement in order to make sure that we will put in place a smart border.

We are making a lot of progress and of course what the member is referring to is the notion of what we call the customs pre-clearance.

I would like to repeat one more time in the House that we have this in place at international airports. We have been able to come to an agreement with the United States in order to make sure that their duty will be fulfilled on Canadian land without having any sidearms. We intend to keep going that way.

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR):** Mr. Speaker, it does not sound very smart or clear. The firearms provisions in Bill C-36 will permit the government to make secret orders to allow individual foreign nationals or any class of non-residents to carry guns for their employment. In effect, a minister will have the power to permit individuals to pack weapons with no guidelines and no regulations.

Why the ambivalent Liberal gun fixation? No guns for Canadian border guards, park wardens or even duck hunters, but if one is a bodyguard for a foreign dictator or a rock star, load up and come on in.

**Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.):** Mr. Speaker, first what the hon. member is talking about is the notion of reverse pre-clearance. He is referring to the question of the commercial relationship between the two countries. I am pleased to report in the House that we have made a lot of progress in reopening exit and access.

He should talk about the first step we have to undertake which is to get involved in a joint project in regard to customs self-assessment with businesses.

We on this side of the House signed the first pilot project last week. We intend to get involved in the pilot project in order to make sure that we keep a good relationship with the United States on the commercial side as well.

*Oral Questions***THE BUDGET**

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, it sounds like the finance minister is a little sensitive about all the fat he is carrying around—

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

**The Speaker:** Order, please. No one is denying the popularity of the hon. member but we have to be able to hear his question.

**Mr. Monte Solberg:** Yes, Mr. Speaker, a legend in my own mind. It sounds like the finance minister is a little sensitive about all the fat he is carrying around in his budget. It took \$680,000 last year to redesign federal cheques and \$44,000 to plan a conference in Iqaluit that the multiculturalism department had to cancel because it did not have enough time to organize it.

How can the minister say that there is not fat in his budget when every three months the auditor general finds junk food like this hiding in his cupboards?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I used to think that I missed the member for Medicine Hat.

**An hon. member:** That would be the full monty.

**Hon. Paul Martin:** That's right, the full monty. Mr. Speaker, simply to put things straight, what the auditor general actually said was that over the past year and a half the Treasury Board and its secretariat took many important steps to improve the management of grants and contributions government wide, and particularly in setting out a new and better policy framework.

What she is saying is that there were problems. The President of the Treasury Board has acted on them and I would like to congratulate the President of the Treasury Board.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, the auditor general just got through roasting the minister for handing money out to corpses and crooks, and I am not talking about the cabinet either. Eighty per cent of the \$1.4 billion home heating rebate went to people who did not need it.

Will the minister retract his ridiculous claim that there is no fat in his \$130 billion heavily marbled budget?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I went through the list that the Alliance says in fact is fat. What it is, is transfers to people with disabilities, transfers to elderly citizens, transfers from grants and contributions for skills training, transfers for education and transfers for research and development. That is what those grants are all about.

If the hon. member disagrees with those grants, he should stand up and identify quite particularly what part of our old age pension system, our cultural system and our education system he disagrees with.

\* \* \*

●(1435)

[Translation]

**EMPLOYMENT INSURANCE**

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, yesterday the Minister of Finance admitted that the employment insurance fund

was fictitious, since its contents had been spent on services to the population and paying down the debt.

When he was out making his campaign promises to the jobless last year, why did the Minister of Finance not tell the workers and the jobless that the EI fund was fictitious, and that he had already made the policy choice to make EI contributors foot part of the bill for services to be delivered to everyone? Why did he conceal this?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, what I said yesterday was that, three or four years ago, I do not recall exactly when, my answer in response to the member for Roberval's question was that it is not a separate fund. This is an accounting practice. The money comes in like other revenue, and goes out in the form of expenditures that help workers.

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, the Minister of Finance's choice to have EI contributors foot the bill for services to the entire population is profoundly unfair. Like millions of Canadian taxpayers, the Minister of Finance does not contribute to EI.

Is it not unfair to make salaried workers pay for universal services, on top of the government's debt, while he and millions of other high income individuals do not contribute at all, or contribute on only a small portion of their incomes, to what is mandatory for low wage earners?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the hon. member appears to be saying that the working people of Canada do not benefit from our health system, our system of transfer payments to the provinces, our contributions for R and D, or our infrastructure programs.

I have a great deal of trouble following her reasoning.

\* \* \*

**THE BUDGET**

**Mr. Grant Hill (Macleod, Canadian Alliance):** Mr. Speaker, only the Minister of Finance thinks there is no waste in the budget.

The auditor general said clearly that the amount of waste had to be cut. The Standing Committee on Finance said the same thing.

If the Minister of Finance did not know where to cut, why did he not listen to the auditor general or to his own members on the Standing Committee on Finance?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, clearly we have to guard against waste and eliminate it, and this is what we have done. The President of the Treasury Board has a program in place under which she meets individual departments to look at their spending and to eliminate waste, and we have done so.

This is one reason our spending since we took office has not increased by one cent.

[English]

**Hon. Grant Hill (Macleod, Canadian Alliance):** Mr. Speaker, we have asked the finance minister over and over again to identify one single cent of waste that he cut out of the budget. He has not done that.

*Oral Questions*

I am going to give him the opportunity again right now. I want him to identify, and not to talk about what we might do, one single penny that he cut out of the budget that was wasteful.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, based on the kinds of questions we are getting today, probably the biggest amount of waste that we could eliminate is the Alliance's research budget.

\* \* \*

[Translation]

**INFRASTRUCTURE PROGRAM**

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, we are still waiting to hear why the Minister of Finance put billions of dollars into a foundation when there are infrastructure projects waiting to go ahead that would cost twice the amount of money available.

Does the Minister of Finance believe it was wise to set up a foundation that will be fully operational by 2003 at the earliest when there are hundreds of infrastructure projects in Quebec that are ready to go ahead and that are only waiting on funding?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I do not know where the member came up with 2003. If she were to help us pass the bill before the end of March, it would be in force by the second quarter of 2002.

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, the fact remains that several municipalities in Quebec will have infrastructure projects rejected because of a lack of money.

If, as the Minister of Finance claims, his intention was to breathe new life into the infrastructure program, how does he explain that there are valid projects that will have to wait because the minister refuses to fund them adequately, while we will be wasting a lot of time setting up a new foundation that is not even needed?

• (1440)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, as I said yesterday when I quoted the Union des municipalités du Québec, not only does it support the new infrastructure program, but it also supports the infrastructure foundation.

If the member wants projects in Quebec to go ahead, she should tell her friends in the PQ to stop delaying them.

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

[English]

**The Speaker:** Order, please. The Chair would appreciate a little co-operation. There is one question period going on in this House not four. There appear to be four at the moment.

[Translation]

I would appreciate having the co-operation of all members. It is almost impossible to hear the questions.

\* \* \*

[English]

**RESEARCH AND DEVELOPMENT**

**Mr. Preston Manning (Calgary Southwest, Canadian Alliance):** Mr. Speaker, I have a straightforward question. It has been

almost a decade since a royal commission said that Canada needed a legislative framework to deal with assisted human reproduction and related research.

Yesterday the health committee tabled a report which stated that it was urgent that we proceed with that legislation and that we get on with the job.

When can we expect a revised bill for the regulation of assisted human reproduction and related research to be presented to the House?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I know I speak on behalf of all members, certainly on this side of the House, in observing that this will perhaps be the last week for the hon. member here in this Chamber, in telling him that we appreciate his contribution to public life in the House of Commons.

In response to the member's question, I want to thank the member and all members of the health committee who, in a very non-partisan way, rigorously examined some of the most complex issues we face in public policy in this country and delivered an excellent report. It is a matter of priority for this government to act on it. I expect to be tabling legislation early in the new year.

**Mr. Preston Manning (Calgary Southwest, Canadian Alliance):** Mr. Speaker, I will be around until the end of January so perhaps I will see the bill from the minister.

The subject of stem cell research raises hope for the treatment of degenerative diseases but it also raises major ethical concern. Embryonic stem cells have flexibility but their production involves the planned destruction of the human embryo. Adult stem cell research shows great progress and does not raise the same ethical concerns.

Will the minister tell the House what the government's priorities are when it comes to supporting and regulating embryonic stem cell research versus adult stem cell research?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as the member well knows, the committee heard large amounts of testimony from very capable witnesses talking about the potential for breakthroughs in scientific treatments and medical cures resulting from this kind of research.

The committee, in its majority report, was obviously reluctant to see Canada alone behind the United States, England and other developed countries without access to this important research capability.

We will be looking carefully at the report. However, as the member knows, our original proposal was that embryonic stem cell research be permitted under very strict conditions in this country.

\* \* \*

**CANADA-U.S. BORDER**

**Mr. John Maloney (Erie—Lincoln, Lib.):** Mr. Speaker, following meetings with U.S. representatives, could the Minister of National Revenue tell us what action is being taken at our common borders?

*Oral Questions*

**Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.):** Mr. Speaker, yesterday we signed an agreement with the United States with regard to the shared border. We call it the smart agreement for a smart border. The first concrete action has been the re-opening of Nexus as a pilot project in Ontario. It is a very good concrete step toward helping the free flow of goods and people across the land border. The next step will be waiting for the report on the joint evaluation of the program. Of course we would like to expand the program as soon as we can.

\* \* \*

● (1445)

**MIDDLE EAST**

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, Canadians are appalled at the escalating violence in Israel and the occupied territories. As the Minister of National Defence recently noted, we mourn the deaths of both Israelis and Palestinians.

We welcomed the Prime Minister's statement today urging Israel to resume its dealings with Yasser Arafat and the Palestinian authority as the only credible partners for peace.

[*Translation*]

My question for the Minister of Foreign Affairs is this: Will the government support Jordan's request for an emergency meeting of the security council to implement international protection for the Palestinians?

**Hon. John Manley (Minister of Foreign Affairs, Lib.):** Mr. Speaker, the government is prepared to go along with a proposal for the security council to discuss the Middle East situation, which is very serious right now.

There is loss of life on both sides, and the present peace process holds very little hope for the people in the region.

I think that it is now necessary for all stakeholders worldwide who are interested in a peace process not only to be aware of the situation but to persuade the parties to participate.

\* \* \*

**NATIONAL DEFENCE**

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, 45-gallon containers of PCBs and agent orange have been discovered on the old Tracadie-Sheila firing range in New Brunswick.

Is this firing range a dumping ground for national defence or is it really a Canadian forces firing range?

Will the Minister of National Defence spend more money on decontaminating this site before these containers develop leaks and pollute the groundwater and thus avoid placing the families in this area in danger? As the saying goes, an ounce of prevention is worth a pound of cure.

[*English*]

**Hon. Art Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the Department of National Defence takes its environmental responsibilities very seriously. In fact the reports from the environmental auditor have generally indicated that defence has been

one of the leaders with respect to dealing with such matters. We will continue to do that on this site and on any other site. I would be happy to provide further details with respect to the Tracadie site to the hon. member.

\* \* \*

**CIDA**

**Right Hon. Joe Clark (Calgary Centre, PC/DR):** Mr. Speaker, I have a question for the CIDA minister respecting the funding of the environmental impact study on the proposed Chalillo dam in Belize.

The CIDA funded study was the basis of a decision to go ahead with the dam. The Museum of Natural History in London said that the dam would do "significant and irreversible harm to at least 12 endangered or rare species of wildlife".

Could the minister advise why CIDA became involved in the study and whether CIDA is considering any further financial support to the project?

**Hon. Maria Minna (Minister for International Cooperation, Lib.):** Mr. Speaker, CIDA did not fund the construction of the Chalillo dam. It funded an environmental and social impact study to assist the government of Belize in its decision on how to proceed. In fact there was public and social consultation. The study enabled the government of Belize to decide in a more objective manner which way to direct its work.

**Right Hon. Joe Clark (Calgary Centre, PC/DR):** Mr. Speaker, I thank the minister for finally rising to answer a question in the House.

Given the difficult issues of morality and judgment that are involved in so many CIDA decisions, has the minister considered asking for a leave of absence from those sensitive responsibilities, at least for the period when her personal conduct in Canada is under scrutiny by the ethics counsellor?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member, through his first question, showed why his second question is totally unwarranted, wrong and irrelevant. He asked her a question about her official duties. She gave a fulsome and effective answer. Out of his own mouth, the hon. member has shown why his question is unwarranted.

\* \* \*

**NATIONAL DEFENCE**

**Mr. Leon Benoit (Lakeland, Canadian Alliance):** Mr. Speaker, in Monday's budget, the Minister of National Defence ignored the advice of the auditor general and her team of defence experts. The auditor general provides the highest independent oversight of government departments.

Does the Minister of National Defence agree with the auditor general and her statements on military spending? If not, what does he disagree with specifically?

● (1450)

**Hon. Art Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the auditor general made a number of recommendations about performance measurement systems so that we could determine readiness levels and how to measure them. I have no quarrel with any of those recommendations.

*Oral Questions*

I am glad the hon. member has raised that matter. It seems, through all of the rhetoric opposition members engage in, they have ignored the very useful recommendations that came from the auditor general's report, which we substantially agree with and are substantially trying to implement.

**Mr. Leon Benoit (Lakeland, Canadian Alliance):** Mr. Speaker, the government committed only 5% of the amount of funding to our military that the auditor general said is a bare minimum needed for next year, to be started right now.

Is the minister saying that the auditor general's statement on the funding of the military is not to be trusted? If that is the case, what part of the \$2.2 billion per year that the auditor general said is a bare minimum right now is the minister saying is wrong?

**Hon. Art Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, let us look at what came out of the budget. It was \$1.2 billion. That helps to support our efforts in the Afghanistan campaign. It helps to support our efforts in terms of buying or upgrading capital equipment. It helps to strengthen our intelligence gathering systems. It helps to protect our critical infrastructure and emergency preparedness plan. Add this to what has already been allocated in previous budgets and we are looking at \$5.1 billion over the next five years.

\* \* \*

[Translation]

**ABORIGINAL AFFAIRS**

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, last week, the Kanesatake Mohawk Grand Chief, James Gabriel, was removed in a dubious fashion, to say the least, he had been democratically elected in July 2001.

Does the Minister of Indian Affairs intend to follow up on the request of Grand Chief James Gabriel and order a general election for the Kanesatake band council?

[English]

**Hon. Robert Nault (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, if the member were aware of the Indian Act, he would know that this is a custom band. The band, because it is custom, is allowed to run its elections in the way it feels appropriate under its own customs. It is not the intention of the minister to interfere with custom band elections.

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, by refusing to get involved, the minister is endorsing the actions of those who are destabilizing the community. While he is watching the situation, violence is setting in. Shots were fired at police officers and the chief was removed.

Will it take another long investigation to convince the minister to get involved and use his fiduciary power to put the band council under trusteeship?

[English]

**Hon. Robert Nault (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, let me clarify for the member how the process works.

If the chief or any other member of the band feels that there have been some irregularities in the election structure, they can seek legal remedy like any other Canadian would if an election did not go the way it was supposed to go or if it was done inappropriately.

\* \* \*

**MINISTER FOR INTERNATIONAL COOPERATION**

**Mr. Deepak Obhrai (Calgary East, Canadian Alliance):** Mr. Speaker, my question is for the Deputy Prime Minister. How long will he hide the Minister for International Cooperation? She needs to clean up her improper working record. She admitted she voted last week. Now she says she cannot remember if she voted twice in last week's municipal election.

No one believes a professional politician cannot remember if she voted or not. Did the minister vote twice?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, once again the hon. member is misusing the question period with inaccurate facts in his question.

The hon. minister was talking about her voting during the last federal election. She said with respect to the recent byelection, which I thought was the basis for the question from the hon. member, that she voted once and based on the information her staff received from the Toronto municipal government, she did so properly.

**Mr. Deepak Obhrai (Calgary East, Canadian Alliance):** Mr. Speaker, editorials across Canada are calling for the minister to step down. They do not believe an ethics counsellor's review is adequate and neither do we. Even the Liberal daily newspaper the Toronto *Star* is calling for her to step aside.

As the evidence against her mounts, will the minister do the right thing and resign?

• (1455)

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, there is no basis in what the hon. member said for any resignation by the hon. minister. Perhaps he should resign for wasting the time of the House with these senseless questions.

\* \* \*

[Translation]

**THE BUDGET**

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, our government's objective has always been to create a framework of excellence to improve the Canadian context for research.

My question is for the Secretary of State for Science, Research and Development.

In order to preserve what has already been achieved and secure the future, what did the Canadian government provide in the 2001 budget for university research?

*Oral Questions*

**Hon. Gilbert Normand (Secretary of State (Science, Research and Development), Lib.):** Mr. Speaker, I thank the hon. member for his question.

In the last budget, not only did we allocate new money to research councils to promote research and development in Canada, but we also earmarked \$200 million to cover indirect costs in universities and hospitals.

These measures show first and foremost that the government realizes the importance of research for our economic development. These initiatives were welcomed by universities and the scientific world.

\* \* \*

[English]

**MINISTER FOR INTERNATIONAL COOPERATION**

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Mr. Speaker, it is clear that the Minister for International Cooperation voted improperly. Even the person who oversees the elections in Toronto told the Toronto *Star* today “There is a difference between commercial tenants and residential tenants and that’s key”.

Now that the city of Toronto's own election officials are saying that she was not entitled to vote, will she admit her error, step aside and resign?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I do not think the hon. member's question states a conclusion. That is a press report. It is not a court ruling. The hon. minister voted in good faith in a municipal ward byelection in a ward where she was a tenant. I submit that on the basis of that, she voted in good faith on the grounds of information obtained for her by her staff.

\* \* \*

**LITERARY WORKS**

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Mr. Speaker, the Deputy Prime Minister says that Mr. Saul's views are simply those of a private citizen, but Mr. Saul bears the title of his excellency, performs many of the official functions on behalf of the crown, and is prominently featured on the Governor General's website.

Will the government communicate to his excellency that he should either give up these roles and perks or keep his opinions to himself?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, what happened to the belief of the Alliance Party in the right of a citizen to have free speech? I guess that is out the window now. What happened to the fact that we are now in the 21st century and it is widely understood that a spouse is not simply an extension of another spouse?

Mr. Saul is a private citizen. He is entitled to express his opinions. He does not have an official position from the government or from the crown. The hon. member ought to recognize that and apologize to the House for wasting its time with a question like this instead of asking about something important like jobs, or health, or the budget, or the—

**The Speaker:** The hon. member for Berthier—Montcalm.

[Translation]

**TERRORISM**

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, the government has prepared a list of associations identified as terrorist groups. We have learned that members of the Jewish Defence League, a Jewish organization banned in Israel, plotted to blow up a mosque in Los Angeles and to attack a member of the U. S. congress; one of Arab origin. We have also learned that this same group was to meet in Montreal on the weekend.

Does the solicitor general intend to add the name of the Jewish Defence League to the list of terrorist groups banned in Canada?

[English]

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, my hon. colleague is well aware, and I have said many times in the House, that for anyone involved in terrorism or who supports terrorism there is a mechanism in place in this country in order to make sure they are listed. That process will be followed.

\* \* \*

[Translation]

**ROUGH DIAMOND TRADE**

**Ms. Diane St-Jacques (Shefford, Lib.):** Mr. Speaker, the rough diamond trade fuels war in many parts of the world, including Sierra Leone, Angola and the Democratic Republic of Congo.

By providing funding for rebel movements and terrorist organizations, rough diamonds put the security of many regions at risk and threaten the legitimate diamond trade.

Could the Minister of Foreign Affairs explain to the House what Canada is doing to put a stop to this illegal trade?

• (1500)

**Hon. John Manley (Minister of Foreign Affairs, Lib.):** Mr. Speaker, the government was ably represented by the member for Nepean—Carleton at the Kimberley process meeting in Botswana a few days ago.

Canada is an active participant in this process, because we believe that an international system is required for a diamond certification scheme. Diamonds are obviously a source of conflict, especially in Africa. We are trying, with other countries, to find a good way to certify them.

We will host the next meeting of the Kimberley process here in Canada.

\* \* \*

[English]

**MINISTER FOR INTERNATIONAL COOPERATION**

**Miss Deborah Grey (Edmonton North, PC/DR):** Mr. Speaker, there are three things in life that are certain. They would be death, taxes and knowing that the ethics counsellor will always vote in favour of the Liberals.

*Points of Order*

The CIDA minister is alleged to have voted illegally for her pal. I know it was "in good faith", of course, but it is just ridiculous. She blames her staff for everything. She gets muzzled by her boss, although we did just see a brief cameo appearance, I will say. She will not produce the documents. She cannot remember when, where or how many times she voted in the last election.

Maybe I could just remind her of that thing called ministerial responsibility and ask her, because of it, why she will not resign right now.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, first the hon. member was slurring the minister in an unwarranted way. Then today she goes on to slur a respected senior public servant, the ethics counsellor. Is nothing beyond her in terms of the depths she is willing to fall to in order to hide and make people forget about the way she accepted her pension after all her conversations and commitments?

How about her apologizing? How about her resigning on the basis of the way she conducted herself over this pension issue?

\* \* \*

**NUCLEAR DISARMAMENT**

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, my question is for the Minister of Foreign Affairs.

Today's decision by George Bush to scrap the 1972 ABM treaty is a body blow to nuclear disarmament which will lead to a new star wars missile defence program and to the militarization of space. The Canadian government has refused up to now to take a stand on NMD saying it is hypothetical.

Will the government now finally get off the fence and tell George Bush that Canadians oppose this dangerous reopening of the nuclear arms race? Will Canada condemn this decision to scrap the ABM treaty?

**Hon. John Manley (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I think it is important to recognize that the ABM treaty is a bilateral agreement between the United States and the Russian federation, formerly the Soviet Union, and that the United States has acted within the terms of that treaty in giving six months' notice.

It is the hope of our government that during the process of the six months' notice period the parties will be able to agree on a new strategic framework which not only will include the basis for arms control and disarmament between them, but will also provide a verifiable and transparent system to supervise the reduction in offensive weapons that both parties have promised to initiate.

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**POINTS OF ORDER**

## ORAL QUESTION PERIOD

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, during the question period I referred to the matter of the Minister for International Cooperation voting twice. I may have appeared to have been talking about her allegedly voting twice in the federal election. What I was talking about was the issue of her allegedly voting twice during the last municipal election in Toronto, which took place

during the federal election. I thought the House would appreciate this clarification.

**Right Hon. Joe Clark (Calgary Centre, PC/DR):** Mr. Speaker, that intervention by the Deputy Prime Minister was not clear to all ordinary Canadians. I wonder if he might get up and repeat it.

**The Speaker:** Certainly we will all have the chance to read it tomorrow in *Hansard*. Perhaps we will wait for that.

**Miss Deborah Grey (Edmonton North, PC/DR):** Mr. Speaker, on the same point of order, I was wondering if she was making a list and voting it twice. Maybe you could check on that one.

• (1505)

**Hon. Herb Gray:** Mr. Speaker, I do not know if the hon. member's question referred to her action three times in a row about taking her pension. She might want to have a clarification as well.

**The Speaker:** We might but I do not think we will.

**Mr. Greg Thompson (New Brunswick Southwest, PC/DR):** Mr. Speaker, I need your help on this one. It is about resolving a difficulty which you know has been on the floor of the House for a number of weeks. I am not sure what can be done. It goes back to a statement made by the minister of HRDC in the House which has proven to be inaccurate.

I want to point out the difficulty this has created, not only for members on this side of the House but, in all generosity, for members on the other side of the House as well. It concerns a well established practice of HRDC to basically allow the early reporting of EI benefits so that EI cheques would not be held up during the holiday season. I am abbreviating this.

As you well know, Mr. Speaker, we all want to enjoy some kind of a Christmas. Usually that means putting groceries on the table, especially for those Canadians who are not working. Now—

**The Speaker:** If this is a point of order, the hon. member will have to abbreviate it further. I hope that he will get directly to the point of order. I have not heard anything yet that indicates a point of order here. He seems to be making a complaint, understandable but not permissible.

**Mr. Greg Thompson:** Mr. Speaker, thank you for using the word understandable. Where the difficulty arises, which I think is completely understandable, is that if the minister stood in her place and made a statement in the House that would correct the problem.

What she said in the House was that basically we would go back to how we used to do it to allow advance clearance of those cheques. I want to quote the minister and I will also quote other members who put out press releases based on a statement made by a minister in the House. The minister stated in the House on December 7, and I quote from *Hansard*:

I can confirm for the hon. member that we will ensure, as has been the case in the past, that EI claimants will be able to request in advance a cheque before Christmas.

The key word is cheque. As we have found out and as confirmed by her department today, claimants will get only half a cheque. In the meantime members of parliament have—

*Government Orders*

**The Speaker:** I am having trouble hearing what the point of order is that the hon. member is seeking to deal with. It sounds like he is arguing about what the minister said. He made that point during his statement under Standing Order 31 a little earlier, but having made it, what is the point of order? What is the breach of the rules of the House to which the hon. member is referring? I wish he would state that and then maybe we will hear the rest of the arguments, because without that I am afraid he is embarking on a statement that is out of order.

**Mr. Greg Thompson:** Mr. Speaker, I was seeking your advice at the very beginning and I am still seeking your advice. The point I am making is that other members of the House, myself included, have put out press releases based on a statement made in the House by the minister which she in the meantime has reversed.

It is a reflection on the minister, but in another way it is a reflection on all of us because information that is not accurate is now out there in the public. What I am asking is that the minister stand in her place and apologize for putting out inaccurate information.

**The Speaker:** There we have the nub of it and there, I am afraid, as the hon. member indicated, is the problem. The minister could stand and make a statement if she wants. The hon. member has made his point. If the minister wishes to make a statement on the subject later, no doubt we will hear from the minister.

However, I do not think a point of order has been raised, with regret, despite the hon. member's vigorous assertions. I am sure he is grateful to have had this opportunity to bring the matter before the House.

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**BUSINESS OF THE HOUSE**

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Mr. Speaker, it being Thursday, I would like to ask the government House leader, what is the business for the rest of today, tomorrow and next week?

• (1510)

[*Translation*]

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, this afternoon we will continue with the third reading debate on Bill C-27, the nuclear safety bill.

Then we will proceed to the consideration of Bill C-15B, the criminal code amendments, at report stage, followed by the third reading debate on Bill C-43, the technical amendments bill. Consideration of these bills will continue tomorrow.

[*English*]

For next week, which of course commences on January 28, we will resume the budget debate and we will proceed, as quickly as possible after the budget debate concludes, to the legislation emanating from the budget, in other words, the budget implementation bill or bills.

I want to take this opportunity to thank all hon. members and, in particular, the House leaders of various political parties, including those who have gone on to bigger and better things, for their continued co-operation during the entire year 200. They have made

this year a productive legislative year. As a matter of fact it has been the most productive year in the five years that I have been House leader. It has been a banner year. I thank all hon. members for making it possible for the House, this parliament and this government to legislate in such an effective way on behalf of Canadians.

**GOVERNMENT ORDERS**

[*English*]

**NUCLEAR FUEL WASTE ACT**

The House resumed from December 10 consideration of the motion that Bill C-27, an act respecting the long-term management of nuclear fuel waste, be read the third time and passed.

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I am pleased to participate in the debate. I move:

That the question be now put.

[*Translation*]

**Mr. Serge Cardin:** Mr. Speaker, I rise on a point of order. I would like to continue with the debate at this time, but I do not understand exactly what the motion that has just been moved is about.

It is my understanding that the question is on the motion for third reading of Bill C-27. I wonder how this can be because, as far as I know, the third reading debate has not yet been completed. Therefore, we should be able to continue with our speeches. We had reached the point where we are allowed to make 20 minute speeches, followed by a 10 minute question period.

**The Speaker:** Indeed, the hon. member may continue with the debate. However, the debate is now on the motion that the question be now put, which means that no amendment to the motion for third reading of this bill will be permitted, but the debate may indeed continue.

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, in one way, I am extremely pleased to speak at third reading of Bill C-27, an act respecting the long-term management of nuclear fuel waste.

I am not taking this personally, but I realize that there are fewer people here since I started speaking. Is this because of the speaker, the topic, or the fact that people are anxious to get back to their ridings for the holidays? This is a multiple choice question, and the answer could be none of the above, or even all of the above. I hope there is no connection with the speaker.

Nuclear waste affects everyone. Everyone has questions. Everyone has certain fears triggered by the words nuclear and nuclear waste. Gasoline has been in use for 100 years or so, and coal for several centuries, and we have known for some years that certain fuels we use emit greenhouse gases.

In the 1970s, the nuclear era began. Nuclear technology came to Canada. Today, there are 22 Candu reactors producing electricity, 20 of them in Ontario, 1 in Quebec and 1 in New Brunswick.

*Government Orders*

We are told that nuclear energy ranks second lowest in terms of carbon dioxide emissions, behind hydro-electricity, of course. Since that time, nuclear energy has been expanding, in the United States, Europe and Japan of course, but also throughout the world.

However, when people describe nuclear energy as better as far as greenhouse gas emissions are concerned, they neglect to mention nuclear waste, a result of this technology. Now there is talk of burying nuclear waste.

In the U.S., the Department of Energy has published a scientific report approving of a nuclear waste burial site; the cost of this was a mere \$7 billion over 20 years. Hon. members can see what studies of nuclear waste can involve. Yet electricity is still being produced with nuclear power, and we continue to want to sell our Candu reactors all over the world.

What is special about this bill is that the new waste management organization is to be made up of the key stakeholders of the nuclear world, that is Ontario, Quebec, which has one reactor, and New Brunswick, along with Atomic Energy Canada. There are, therefore a number of specialists and involved parties. Some of the people who submitted briefs to the committee pointed out that this was a bit like letting the fox run the henhouse.

Nuclear waste is a problem that arises out of nuclear technology. We are letting those in the nuclear industry develop a waste management plan. We know that nuclear waste is the albatross around their necks. What are they really going to do?

Bill C-27 was the government's response to the Seaborn panel. On April 25, 2001, the government announced legislation dealing with nuclear fuel waste.

The government, through the Minister of Natural Resources, said, and I quote, "This legislation is the culmination of many years of research, environmental assessments and discussions with stakeholders and the public".

• (1515)

He also said, "Together with the existing Nuclear Safety and Control Act, the legislation would ensure that the long-term management of nuclear fuel waste would be carried out in the best interests of Canadians—in a safe, environmentally sound, comprehensive, cost-effective and integrated manner".

Having taken part in the different committee discussions and having heard different witnesses, the minister's words to the effect that the legislation was based on what Canadians wanted seemed quite surprising. When he referred to Canadians, the minister was likely alluding to consultation.

As regards consultation, there was a major consultation when the Seaborn panel was created, in 1989, if my memory serves me well. The report was published in 1998. The panel worked on the issue for close to ten years. It held a multitude of consultations and formulated a number of very good, even excellent, recommendations.

The minister refers to consultation in his report, but I do not know where in the history of this bill there was any real consultation.

We are told that the provinces that use nuclear energy were consulted. We are told that the people who live in and around the

main areas where nuclear reactors are located were consulted. However, based on the evidence heard by the committee, if the provinces, including Quebec, were consulted, it was probably by telephone or very informally.

When this legislation was announced, we were told that all the provinces agreed with it. Let us take the example of New Brunswick. The New Brunswick Power Corporation appeared before us and proposed no less than 34 amendments to the bill. There may have been consultations at the time, but the fact that the corporation proposed 34 amendments to a bill that has only about 31 clauses is rather telling. We really wonder about the nature of the consultations that the minister promised at the time.

Environmental protection is another issue. As we know, the Minister of Natural Resources is responsible for the energy sector. However, as far as I am concerned, the nuclear energy issue is an environmental one. To be sure, nuclear waste has an impact on the environment. This was an important issue for most groups, not nuclear energy corporations but groups that submitted briefs or took part in the consultation process. One amendment proposed that at least the bill be under the responsibility of the Minister of the Environment. It was also proposed that in certain clauses of the bill the word environment be included, but that term was avoided in the whole government bill.

When this legislation was introduced, an important point was mentioned. It was said that:

—the bill is based on a totally impartial environmental assessment made by the Seaborn panel over a period of 10 years.

This is what got to me. The government told us that this legislation was based on the work of the Seaborn panel, which was impartial, yet it came up with something like this. Most of the witnesses who took part in the committee's consultation process invariably referred to the Seaborn panel and said that the government did not really understand the panel's recommendations.

• (1520)

The government said that the legislation was based on the Seaborn panel, which was impartial, and it came up with a bill like this, which had most of the witnesses who took part in the committee's consultation process referring to the Seaborn panel. They said that the government had not really understood the panel's recommendation, because they naturally addressed various levels, but there were some very important elements in these recommendations which the government basically dropped.

The panel, I think, highlighted one very important element, which is the creation of a waste management organization. The representatives of the Seaborn panel always recommended the creation of an independent nuclear fuel waste management agency, or NFWMA. The report said that for various reasons many communities had a perception of nuclear energy that was detrimental to the activities and projects of the nuclear industry.

*Government Orders*

If the government hopes to restore any sort of confidence in a long term nuclear fuel waste management system, it must start off on the right foot this time and create a new agency, with no links to the current producers and owners of waste but with a safety-oriented mandate.

It could not be clearer. Obviously, when it came to its bill, the government was anxious that the waste management organization be made up of the principal stakeholders in the nuclear world. In the bill's definitions, we see that the nuclear energy corporations which are to make up the waste management organization are Ontario Power Generation Inc., Hydro-Québec, New Brunswick Power Corporation, and any other body that owns nuclear fuel waste resulting from the production of electricity by means of a commercial nuclear reactor.

The sole reference to Atomic Energy of Canada Limited is in connection with any assignee of the company. Obviously, one of our proposed amendments had to do with Atomic Energy of Canada Limited being clearly identified along with Ontario Power Generation Inc., Hydro-Québec, and the New Brunswick Power Corporation as one of the actual nuclear energy corporations. We wanted this to be clearly spelled out, but our proposal was rejected.

Furthermore, the Bloc Québécois was responsible for some 30 or so of the approximately 80 amendments put forward in committee. We were obviously in agreement with the other opposition parties, the Canadian Alliance, the NDP, and the Progressive Conservatives, on a number of points. On more than one occasion, the other opposition parties were agreeably surprised by the amendments we put forward and wondered why they had not thought of them first.

One of the amendments we had proposed concerned clause 6. It came from the recommendations of the Seaborn panel and concerned the creation of a board of directors that would bring together many more stakeholders than are provided for in the current bill, which includes only nuclear energy corporations.

The board would comprise seven people. During committee deliberations, the government was prepared to add more. I recognize my colleague from Jonquière, who has just joined us and who also took part in its deliberations.

• (1525)

She sat on the committee and asked the government some very good questions. Unfortunately, and I empathize with her, she never got very good responses.

The only answer we got, and I have already mentioned this in the House, was no, no, no. With each amendment we proposed, the answer was a flat-out no.

If only it had been a flat out no after what I hope had been careful consideration. But the way it worked was that the Liberal members were always having to consult about what they should answer.

While we were working on the amendment, and my colleague will testify to this, some members were indicating that things made sense, but, when we asked the question they looked around to see who was the cheerleader, and then it was no, no, no.

Anyhow, they missed an opportunity when they voted down the amendment to paragraph (c) that we put forward. We were up to eight directors. Initially, there were seven; we added one and had agreed that eight persons could be part of the waste management organization as board members. We were in agreement; we had improved the bill.

Of course, some people who took part in the committee's hearings said they did not want any nuclear energy corporation. We, however, suggested that with regard to the membership of the board of directors we should have two representatives of the nuclear energy corporations. We wanted to hear their views when the time came to make decisions regarding this very important bill because, after all, it is the tool that will be in place to manage our nuclear waste, and that is something people care about. We wanted to hear a different point of view from that of the nuclear energy corporations.

Of course, there was a representative from the government. In many areas of the bill mention is made of the governor in council, which is the government, and actually the Prime Minister, who for all intents and purposes decides what will happen with regard to nuclear waste management.

We wanted to change the provisions of the bill to make the waste management organization accountable to parliament to members of parliament, who are democratically elected. We could have been the voice of those who consistently say they are afraid of nuclear energy. We could have assessed the situation and voted on their behalf, but the government steadfastly refused to make the process transparent by involving members of parliament.

There were representatives from a well known non-governmental organization dealing with the environment. There was a representative from a scientific and technical discipline having to do with nuclear waste management.

Madam Speaker, you are signalling that my time is nearly up. I must say that in your company time flies.

If we had a Christmas present for Canada and Quebec, it would be to withdraw this bill, send it back to the committee and undertake real consultation. If there were another nice Christmas present to give Quebec, it would be for parliament to unanimously say right now that Quebec is a country, a sovereign state.

I take this opportunity to wish every Quebecer and every Canadian very happy holidays. I wish them whatever their minds and hearts desire.

• (1530)

[English]

**The Acting Speaker (Ms. Bakopanos):** There is a very good saying that another famous lady once said: "Flattery will get you everywhere".

[Translation]

I do not know the French equivalent for this expression, but I hope the interpreters understood.

*Government Orders*

[English]

"Flattery will get you everywhere". It was Mae West.

[Translation]

**Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ):** Madam Speaker, first of all, I would like to congratulate my colleagues, the members for Sherbrooke and Jonquière, for the magnificent work they did in committee during the review of this bill.

I also want to thank my colleague, the member for Mercier; we should not forget that she submitted amendments to the House. If I am not mistaken, they were all rejected. This shows clearly how this parliament works, and especially the Liberal majority, which is at liberty to adopt or not adopt the proposed amendments. What did these amendments suggest? Public consultation.

When one looks at the whole issue of importing plutonium into my colleague's riding of Jonquière, one clearly sees that even before the discussion on Bill C-27 the federal government had no intention whatsoever of undertaking public consultation on such issues, even if they were at the forefront of the news or were of the utmost importance for public security.

When I say such issues are important for public security, I am quoting a specialist. These days in the House, it is normal to relate all bills or matters discussed in the House to the issues of the day, particularly with the current war on terrorism.

I will remind members of the remarks made by Don Wiles, a professor of chemistry at Carleton University. As recently as September 23 of this year, he said:

These attacks are an example that shows that the stability of civilization remains fragile to a certain extent and that it is preferable to deal with the issue of nuclear waste in the safest manner possible.

More than ever, we sometimes have the feeling that we are studying bills that are of little or no importance. On the contrary, this issue is fundamental in the context of a war against terrorism. Canada's and Quebec's nuclear facilities must be protected, but most of all the waste coming from these facilities must be stored in safe places that will present no danger to the public.

The amount of nuclear fuel waste in Canada is estimated at 18,000 tonnes. There is only one nuclear plant in Quebec, the Gentilly plant, which stores 3% of Canada's nuclear waste. This is a reality.

I would like to ask a question of my colleague from Sherbrooke. How can he explain that a government like the one opposite rejected the amendments moved by the Bloc with regard to public consultation, regardless of the techniques which could be used and which I will have the opportunity to discuss in a few minutes?

How can he explain that this government rejected the opposition's amendments dealing with public consultation?

• (1535)

**Mr. Serge Cardin:** Madam Speaker, obviously if I knew the answer to that question and had I known why the government was going to reject all of the amendments proposed by the Bloc Québécois, the Canadian Alliance, the NDP or the Progressive Conservative Democratic Representative Coalition, I could quite easily have intervened and had our amendments accepted.

As my colleague for Rosemont—Petite-Patrie was saying, Quebec has about 3% of the nuclear waste, Ontario, 90%, and New Brunswick, 2%. Atomic Energy of Canada, with all its activities, produces about 5%. So one may really wonder why the government does not want the public consulted. Consultation was a key word that appeared in all the recommendations of the Seaborn panel.

For it to be acceptable, a nuclear waste management strategy must first enjoy broad public support. It is all very well to introduce any old system or technology to convince people that you have the problems of nuclear waste management under control. If you do not have the confidence of the public, this is all for naught, because at some point you will have to store the waste somewhere. The Canadian Shield was mentioned. Care must be taken here, because Quebec has 95% of the Canadian Shield within its borders.

Does another province, one that produces 90% of the waste, intend to store it elsewhere? This is a legitimate question. At this point, if we were to consult the public, environmental organizations, the public and experts in the waste management and nuclear field, the government might well have to make public its intentions, which at the moment it does not wish to reveal.

I think there was not enough consultation with respect to the bill, because the government figured there had been consultation in the course of the hearings of the Seaborn panel. So it washed its hands of it. However, it is not implementing the recommendations of the panel. The mechanism provided in the bill is the establishment of a committee by management organizations and producers of nuclear waste. It does not necessarily have a clear mandate and clear responsibilities. The management organization does not even have any responsibility for approving the recommendations of the committee as such, and so it becomes a hollow committee. The management organization can appoint whom it wishes to this committee.

There were proposals via various amendments to make consultation mandatory and to also consult the aboriginal people, which was one of the Seaborn recommendations. Given the government's intention of getting this bill passed, consultations would be risky. It would then be forced to start all over from scratch.

There are serious questions about waste management methods, but whose was the initial responsibility for deciding to produce energy this way, knowing it would produce waste that cannot be properly controlled or managed? Who made the choice originally? It would be far better to focus efforts on reducing energy consumption. We know we have become a nation of high energy consumption. This is where the focus must be, on decreasing energy consumption, because it has become too easy to consume. Often what is out of sight is out of mind, but we must take care. Nuclear waste does exist. Ideally, we should get rid of all of it. This should be the focus of research and development, in the same proportion as the profits being made by all of our energy industries, in Canada, the Americas, and the entire world.

*Government Orders*

•(1540)

All these profits should be reinvested in order to manage energy properly, find renewable energy sources and no longer have the problems we do in connection with pollution, with something that is going to be around for hundreds, indeed thousands of years, and will always represent a risk to the population.

Madam Speaker, in closing I again wish you a happy holiday season.

**Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ):** Madam Speaker, I am pleased to address this bill, as I did about a week and a half ago.

Bill C-27 was introduced at first reading on April 25, 2001. It is 15 pages long. In my opinion, this bill ought to trigger discussion at the international level, not only on the management of our waste but also on the use of waste as a productive source of energy in the world.

I stress this point, because a month and a half ago I had the opportunity to attend a major international conference in Marrakesh, namely, the seventh conference of the parties to the framework agreement on climate change, to follow up on the Bonn agreement on climate change.

A major development occurred at the conference, in that a consensus led to the drafting of a legal text to the effect that member countries of the conference of the parties—this is an international consensus—should abstain from using nuclear energy as a future source of energy in the world.

As my colleague from Sherbrooke has already pointed out, even though nuclear energy does not produce greenhouse gases, it is a fact that using nuclear fuel waste poses a major threat to public safety. In this regard, I reiterate the Bloc Québécois position, which would have preferred the term “abstain” in the Marrakesh agreement to have a more direct and legal meaning, closer to the term “prohibit”. This is why the discussion on the use of nuclear fuel waste should go well beyond the management of that waste.

As for the bill before us today, let us not forget that its purpose is, first, to require owners of nuclear fuel waste to assume adequate financial responsibility and, second, to require these owners to carry out their management activities in an integrated, effective and, I might add, safe global fashion, because the threats to public safety are, as I said earlier, obvious and real.

Let us recall that there are three kinds of nuclear waste: waste from nuclear fuel, low level radioactive waste and uranium mine and mill tailings. It is important to mention them, because the different types of waste must not be confused. We can also refer to residual waste, because my colleague from Sherbrooke is also experiencing a situation in which the Eastern Townships may be called upon to become the dumping ground for residual waste produced in the United States. The bill does not deal with this. It deals instead with the first type of waste, that is, nuclear fuel waste.

Let us recall also that in Canada most of this waste comes from nuclear fuel bundles that are currently located, or submerged, as they say, in 22 reactors, especially Candu reactors that use a technology from the end of the 1970s. This waste was for the most part produced

towards the end of the 1970s. However, there is a problem today. That is the problem of storing and stocking waste.

•(1545)

Earlier I mentioned that there was an estimated 1.3 million spent nuclear fuel bundles currently submerged in what is known as cooling pools, which corresponds to 18,000 tonnes of waste being stored. However, there is a clear problem. These pools are currently overloaded.

As my colleague, the member for Jonquière, and I have said, not only are these pools overloaded but the infrastructure itself is aging and we most certainly need to make improvements in them.

Everyone agrees on one thing: the current method of storing waste does not constitute a long term solution for Canadians to ensure our public safety. For this reason, it is important to find a better and more efficient way to manage this waste in the years to come.

More specifically, of the 18,000 tonnes of waste currently being stored in Canada, only 3% is located in Quebec, most of which is stored by Hydro-Québec at the Gentilly plant. We have only 3% of the waste, while Ontario, through Ontario Power Generation Inc., with its 20 operational plants, has 90% of the waste. Once again, the 22 Candu reactors produced this waste in the late 1970s.

We must also remember that the New Brunswick Power Corporation, which has only one reactor, is responsible for 5% of all waste. Finally, Atomic Energy of Canada Limited, which currently has experimental reactors, is responsible for 2% of the waste. It all adds up to 1.3 million nuclear fuel bundles, 18,000 tonnes, 22 reactors, 20 of them in Ontario, one in Quebec and one in New Brunswick. The remainder of the waste comes from Atomic Energy of Canada Limited's experimental reactors.

Storing the waste is not a long term solution. This is why the federal government has implemented a nuclear fuel waste management plan for storage over a 20 year period in the geological layers of the Canadian Shield.

*Government Orders*

This possibility, which is now on the table, has the support of certain experts. I am thinking of Don Wiles, a chemist at Carleton University, who felt as recently as September 23, and I quote:

—the best solution to the problem remains the burial of nuclear waste in the Canadian Shield—

According to him:

—such waste could be stored for 30,000 years without posing any risk to people or to the environment.

There are in fact some people who favour this form of storage. Let there be no mistake: this is long term storage.

● (1550)

Following the introduction of the federal nuclear fuel waste management plan, the federal government decided in 1989 to create the famous independent Seaborn panel, whose mandate the member for Sherbrooke has spoken to us about.

Basically this panel had two main objectives. The first was clear: to examine the technological merits of the solution proposed. What proposal? The proposal to store waste in the Canadian Shield.

The panel's second objective was to examine the criteria for evaluating safety and accessibility. This is quite a task. One can imagine an independent panel sitting and doing its work over a period of ten years. This represents extensive consultations. I will come back to the recommendations later.

One fundamental issue began to take on importance over the ten years of the panel's existence, and that was the issue of public consultation. I will come back to this in the recommendations. It began to overshadow the evaluation of the technical merits of the solution being proposed. Public consultation became an important issue.

All storage and security aspects of the solution proposed by certain scientists, including the scientist from the Ottawa University whom I quoted, were considered by the panel and through broad public consultation. This was one of the major and main conclusions, and I insist on that point, of the panel.

I will quote one of the conclusions:

Canadian public support is vital to the acceptability of the concept of nuclear waste management. Moreover, safety is only one of the vital elements of acceptability. It must be considered from two complementary angles, namely the technical and social points of view.

Therefore the panel did not limit itself to a simple technical conclusion. It considered all the societal implications of the project. Public consultation was the important aspect. And this is why we are disappointed.

I saw the work done by my two colleagues from Jonquière and Sherbrooke on this issue in committee and I know that my colleague from Mercier has moved amendments in the House which would have made consultation unavoidable under this bill. However, the government rejected those amendments out of hand.

This shows that this government cares about the management of waste only from the technical point of view but not in terms of societal implications or respect for individuals.

When hazardous materials are imported, and my colleague saw plutonium and MOX residue and waste imported into her own area, local communities come together to protest and take a common stand but this government refuses to listen to the people.

The minister and the government have been consistent from the beginning. Nuclear waste was imported into the riding of my colleague from Jonquière. Then this bill was introduced in last April and the government rejected all the amendments moved by the Bloc Québécois. If there is one thing we can hold against the government, it is that it refused to hold public consultations.

● (1555)

This the people of Quebec will long remember when they see projects like these cropping up in the ridings of our Quebec colleagues. Hon. members will recall how the public rallied around when there was talk of burying nuclear waste in the Canadian Shield and said no to this. The public has a right to be included in the solution. The proposed solutions must not be solely in the hands of scientists and government. There must also be respect for the consultation process and for the transparency Quebecers have a right to demand of their government.

The consultation aspect was therefore a fundamental element of the Seaborn panel, and this has been, basically, translated into the Bloc Québécois proposals. It must be kept in mind that the Bloc was the direct conduit for the Seaborn conclusions. This government must realize that commissioners cannot be mandated to hold consultations and examine such questions for ten years and then the outcome of their consultations and their work just have brushed aside. This is a totally stupid way to proceed, and one that shows disrespect for the panel and also for the public, which has the right to be consulted and respected as well as included in the process.

We are therefore disappointed to see the government acting this way, disappointed as well to see that this bill includes one other aspect, the creation of nuclear management bodies via trust fund. Our regret, consistent as we are, is that it makes no sense for the energy companies to also be the nuclear management bodies. There must be transparency. Why could the public not be integrated with these management bodies? Why could local communities not be entitled to a seat on these management bodies instead of leaving the big energy companies to themselves to manage the waste they themselves have produced and are now responsible for? This is a disappointment.

It's a disappointment because the proposal these management bodies need to make integrates three important parameters and requires them, keeping in mind that with this bill the federal government will transfer to the provinces full responsibility for waste management while it is in large part responsible, and the energy companies in particular, to present a proposal that integrates, first of all, the method for burial in the Canadian Shield; second, the method for storage at nuclear reactor sites; and third, the method for centralized storage.

*Government Orders*

It is obvious to us that this bill opens the door to the importation of nuclear waste. We should not forget that under the leadership of my colleague from Jonquière the municipalities mobilized around special events and demonstrations against importing plutonium.

On June 21, 2001, Greenpeace, which is not in the habit of associating with political organizations, did so in order to fight against the importation of plutonium waste.

Since my time is almost up, let me remind the House that the Bloc Québécois also has condemned the importation of plutonium waste. We fear, and that will be my conclusion on this bill, that this will open the door to the importation of nuclear waste.

•(1600)

I will quote from the conclusion of a press release by Greenpeace on June 21, 2000, "We cannot allow Canada to become a nuclear waste dump". We too wish to avoid that.

We would have liked the government to support Bloc amendments for greater openness and better management to secure the future of civilization.

•(1605)

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Madam Speaker, many countries in the world that are great users of nuclear energy are questioning this type of energy. Canada is the only country that has introduced legislation to regulate the nuclear industry.

My colleague from Rosemont—Petite-Patrie is an expert on environmental issues. Can he explain to us what new technologies Canada could use instead of introducing a bill entitled an act respecting the long-term management of nuclear fuel waste? It means that we are not about to eliminate this type of waste.

I would like my colleague, who is an expert on the environment, to tell us how a government like the Canadian government could look at new energy alternatives for Quebec and Canada.

**Mr. Bernard Bigras:** Madam Speaker, indeed, with regard to the Bonn agreement and the Marrakesh agreement, it is worth noting that Quebec probably was the province that was most in favour of excluding the use of nuclear energy under the Kyoto agreement and the Bonn agreement.

We know full well—and we must be aware of the situation—that 90% of Canada's nuclear waste comes from Ontario. It is clear that nuclear plants are used to a much greater extent in Ontario than in Quebec. We also know that Alberta and western Canada make greater use of oil and tar sands. We know as well that nuclear power is more prevalent in Ontario, whereas hydro power is more prevalent in Quebec since it is the main lever, a major economic lever.

But Quebec made important economic and environmental choices in the 1960s that should be followed. In this regard, I think that the energy choices made by Quebec must be geared toward exporting our technological know-how in this area. We must set an example.

To answer my colleague I would say that there are three methods that could be used. They will have to be considered by the waste management organization. Of course, there is burial in the Canadian Shield, and as my colleague from Sherbrooke said earlier, we must

be watchful to ensure that Quebec does not become a dump for Ontario's waste.

Since Quebec produces only 3% of Canadian nuclear waste and Ontario 90%, a long term solution could be, for example, to bury this waste in the deep geological formation of the Canadian Shield. This could result in Quebec becoming a nuclear waste dump. Everything is possible. History tells us that when it comes to waste, Quebec is often the victim.

Currently, section 187 of the Canadian Environmental Protection Act could allow U.S. waste to cross the border and be buried in the Eastern Townships. Why? Because we are next to a state that produces waste and cannot find a permanent solution. Quebec must not become a dump.

I believe waste management must be fair for the provinces and those that generate the waste. I said that this bill might facilitate the importation of nuclear waste from Russia to Canada, for example, but the biggest danger is that Canada will get into the nuclear waste business. This is dangerous. Why? Because some communities could be affected by it.

We need a solution that deals with two aspects, two basic parameters: technical solutions—as the Seaborn commission did of course and as the government could consider with this bill—but also solutions aimed at protecting public safety by taking public consultation into account.

In this respect, regardless of the bill, I believe that any possible solution must be along both those lines.

•(1610)

**Mr. Marcel Gagnon (Champlain, BQ):** I too would like explanations from my colleague.

In listening to the members for Sherbrooke and Rosemont—Petite-Patrie, it appears to me that the area we are in is not child's play. We are talking about nuclear energy and nuclear waste, which remains radioactive for I do not how many hundreds of years. We are talking about consultations in which we were told that maximum safety required an independent organization to manage products.

As my colleague from Sherbrooke said, it is not the fox you ask to run the henhouse. This is a very serious matter.

I would like my colleague from Rosemont—Petite-Patrie, who has more experience in the House than I, to explain how the government can get around a recommendation that is certainly not political? The recommendation was not made to please the Bloc. How can the government, which claims to be responsible, reject such a recommendation when we are trying to find a long term solution?

*Government Orders*

**Mr. Bernard Bigras:** Madam Speaker, my colleague's statement that the Bloc Québécois made proposals and amendments is absolutely true.

As I said earlier, the management organizations and particularly the energy corporations cannot form the boards of management organizations, because they then would become judge and jury. This is why transparency must be the aim.

Let us recall the conclusions of the Seaborn panel, which led the Bloc to propose amendments with respect to subclause 6(3), to the effect that we wanted the concept of management to be overseen by regulatory bodies that had our confidence. We think the public has to have confidence in these management organizations. This is what we would like.

Another element of the Seaborn panel's recommendations concerned transparency. The panel felt that transparency in the process of selecting a style of management was a condition essential to its acceptability. It provided that and I quote "To be considered acceptable, a concept for managing nuclear waste must have been developed within a sound ethical and social assessment framework".

Energy corporations cannot therefore be judge and jury. There must be greater transparency on the boards.

[*English*]

**Mr. Greg Thompson (New Brunswick Southwest, PC/DR):** Madam Speaker, it is a pleasure to stand on debate today. I give credit to the member for South Shore who has represented us in committee on this. This is part of his critic's portfolio. He has been very helpful in preparing some of the points that I will be making on behalf of my party today.

The nuclear fuel waste act would allow industry and government to deal with the long term management of nuclear fuel waste. On that basis, the timing of this legislation is long overdue. The nuclear industry in Canada is 50 years old and nuclear waste disposal and management have been studied for the last 25 to 30 years.

As many of the witnesses stated at committee, regardless of our support or disapproval of nuclear energy, we cannot deny the need to manage the waste responsibility effectively.

What is disappointing about the legislation is the lack of public involvement so reminiscent of other pieces of legislation which have come before the House, particularly when the Seaborn panel, which studied this issue for a decade, clearly stated in its recommendations that public distrust was one of the challenges facing the nuclear sector as it dealt with this issue. Many of the presenters before committee questioned the lack of public involvement in the process.

Grand Chief Matthew Coon Come stated that our aboriginal elders should have had a role to play. Senator Lois Wilson, a member of the Seaborn panel, noted the lack of input from a social sciences viewpoint. Mayors from the municipalities in Ontario where nuclear power stations are located denounced the lack of municipal involvement.

Not only is the general public excluded from the process, even the advisory council, which the legislation creates to allow for broader viewpoints and inputs, will have a role to play only when a decision is made regarding disposal methods and will not operate

independently of the waste management organization, otherwise known as WMO. Furthermore, WMO only has to make reasonable efforts to ensure a wide representation on the council.

These are areas where the PC/DR coalition tried to fix failings in the legislation by proposing amendments at committee. At committee, the PC/DR coalition introduced 19 amendments. All but one of them were unsuccessful.

I met with representatives of N.B. Power in Saint John, New Brunswick earlier this year to discuss concerns regarding the bill. We brought those amendments forward to the House through the member for South Shore. He presented those amendments in committee. I believe, and I may stand to be corrected, that every one of the amendments that we were supporting on behalf of N.B. Power was shot down in committee by the government. We did our best to get them through but the majority members on the government side shot down those amendments.

The amendments, however, addressed serious omissions in the legislation. One of these oversights concerned the exclusion of Atomic Energy of Canada Ltd., otherwise known as AECL, as a full member of the waste management organization. As a producer of nuclear fuel waste, but not from commercial sources for energy production, the AECL avoids contributing as a full member to the WMO. This ignores the role that AECL should and could play in the process and ignores the knowledge and experience that AECL could bring to the process. The nuclear power generators were critical of AECL's small role envisioned by the legislation.

I agree that AECL should have been made a full member of the WMO. This again was something the PC/DR coalition tried to put through at the amendment process. Once again, that was shot down by the government.

● (1615)

The legislation does not entail a role for parliament in issues that affect the long term health and safety of our environment, business sector and public domain. Rather, reports will be presented to the minister. This excludes parliament. It is a theme on which I have been speaking on a regular basis in this place, but basically parliament, by executive decree in the legislation, does not deviate from the practice of the government.

I applaud the member for Sherbrooke who at committee proposed an amendment that would have involved parliament in the process. Hats off to that member. As well, the member for South Shore proposed amendments that would have made the process more open.

I want to point out that there is a nuclear power generating station in Point Lepreau in the constituency of New Brunswick Southwest, which I represent. It is one of those situations where it is in a constituency which is very close to the city of Saint John and which is represented by the former mayor of Saint John in the House of Commons.

*Government Orders*

I mentioned that we were in meetings in Saint John regarding Point Lepreau and its future, how this legislation would fit in and some of the points they were attempting to get in the legislation. The member for Saint John was with me in that meeting as well as the member for Fundy—Royal.

Even though the committee heard repeatedly from witnesses that transparency and accountability were paramount when dealing with nuclear fuel waste, the Liberal members continued to show their disregard for the democratic process by refusing to recognize a role for parliament in the bill. In fact it was shown at committee that the documents presented to the minister and made public would not include the study that recommended the disposal method.

The parliamentary secretary admitted that this was an oversight by the government and brought in an amendment to ensure that the study would be included in those documents that would be made public. This is an example of the sloppiness of the legislation and the omissions to which I referred earlier.

Another problem with the legislation is that the waste management organization will not operate at arm's length. It will consist solely of industry representatives. This means that the nuclear players will not only produce energy from nuclear sources but will also be in the position of managing the long term disposal of waste generated from this process. It is a conflict of interest, as was pointed out by representatives of the Sierra Club and the North-South Institute.

Something has just been brought to my attention. We are debating what I consider to be a pretty important piece of legislation and I think every member of the House would agree. However we have two government members in the House. I bring to your attention, Madam Speaker, the fact that we do not have quorum.

•(1620)

**The Acting Speaker (Ms. Bakopanos):** The member is perfectly right. Call in the members.

*And the bells having rung:*

**The Acting Speaker (Ms. Bakopanos):** We have quorum.

**Mr. Greg Thompson:** Madam Speaker, I always feel a little better when I have an audience in the Chamber.

**The Acting Speaker (Ms. Bakopanos):** Although the hon. member can ask for quorum, he cannot refer to the absence or presence of any members. Please continue.

**Mr. Greg Thompson:** Madam Speaker, you are absolutely correct. I would not want to embarrass any member of the House. I am always amazed at the power an individual can have in this place when he or she calls for quorum.

Continuing on Bill C-27, because industry was putting in large amounts of money representatives from Ontario Power Generation and N.B. Power contended that the responsibility should rest with them. I would agree that industry has authority at the WMO because of its financial obligations, but the WMO could have represented a broader range of viewpoints.

The advisory council could have helped to address some of these shortcomings but the way it would be established precludes this from

happening. Not only does the advisory council only come into effect once an option for disposal has been chosen, but members are appointed without the requirement that they are broadly representative of the sector significantly affected by nuclear fuel waste.

The possibility that foreign waste will be imported into Canada once we have a waste disposal method in place is another shortcoming or omission in the legislation. Thinking of foreign waste, the PC/DR coalition introduced two amendments at committee which tried to ensure that the import of foreign waste would not be contemplated by the bill.

It is also interesting to note that the legal counsel at committee made the following remarks respecting the bill in relation to foreign waste. I refer to comments made by Carmel Létourneau, the senior policy adviser, legal services, of the National Research Council. She said that the intent of the bill did not cover the question of import of nuclear fuel waste.

Joanne Kellerman, legal counsel to the National Research Council said that the scope of the bill did not touch on importation of nuclear fuel waste from outside the boundaries of Canada. She said that it did not speak to that point.

Both of them went on to say that other acts would deal with the import of nuclear fuel waste if it were to be contemplated at some time in the future.

However, the legislation should clearly state that Canada is not prepared to accept another country's nuclear fuel waste for disposal. The question is this. Why would Canada agree to accept foreign nuclear fuel waste when another country has reaped the financial rewards from this substance? It does not make sense.

These amendments were defeated by those members on the other side of the House, often referred to as government members. That is being generous in my description.

The three mayors of municipalities in Ontario in which nuclear power stations are currently in operation appeared before the committee to outline the impact that nuclear power generation has had on their municipalities. They provided clear reasons why their municipalities should be consulted on nuclear fuel waste management, given that 90% of the waste is currently stored in temporary, above ground containers at the nuclear power plants.

There is no question that this gives all of us some concern. The legislation currently states that local and regional governments, and the big word is may, may be involved at the advisory council level, but in no place does it make consultation mandatory or provide financial compensation for these municipalities.

•(1625)

The PC/DR coalition brought forward amendments in committee to address these points. The member for South Shore was the very person who brought those amendments in, only to have them shot down by government members. It does not make a bit of sense, but again it is government by executive decree. If the Prime Minister or a minister wants something, it happens and the nodding ducks on the other side stand up and follow their orders.

*Government Orders*

Another proposed amendment would have seen the Minister of the Environment rather than the Minister of Natural Resources oversee the bill and make decisions concerning the disposal method to be used for nuclear fuel waste.

While at first the proposal may appear to remove the responsibility from the minister because of the energy component of radioactive material, we are really dealing with the issue of storage and disposal. It is clearly an environmental issue. The material may be irradiated fuel and have future energy potential, but with current technology and at this stage of development, the focus of the bill is how best to dispose of the material and protect the public from radioactive substances; hence, the need for the Minister of the Environment to be the lead on this file.

Our party agrees that the Minister of the Environment would be the more appropriate person to oversee the management process and, as Sierra Club noted, remove a potential conflict of interest that would affect the Minister of Natural Resources. The minister would not only be in the position of overseeing Canada's nuclear fuel reactors and the commercial aspects involving Candu reactors, but would also be charged with determining how best to manage the long term waste associated with the commercial use of nuclear fuel.

I have outlined my party's concerns with the legislation, which were detailed in committee and echoed in many pieces of correspondence that our party, and particularly the member for South Shore, received on the bill. For these reasons the PC/DR coalition, while recognizing the need to seriously and immediately address the issue of long term management of nuclear fuel waste, will not be supporting the legislation as it currently reads.

• (1630)

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Madam Speaker, it is fitting that today of all days we are talking about Bill C-27. The legislation calls for the nuclear utilities to form a waste management organization that would manage and co-ordinate a full range of activities relating to the long term management and disposal of nuclear waste fuel. Discussions are still in progress with the key parties.

Today is also the last sitting day for the premier of Ontario, and we wish him well. He guided the legislation. He brought Ontario back from the precipice of financial ruin to become one of Canada's economic provincial engines. It was due in part to the extra revenues generated that we were able to continue to discuss power and energy generation in Canada.

The use of Candu technology to date has avoided the emissions of more than 1 billion tonnes of carbon dioxide, 11 million tonnes of sulphur dioxide and 2.5 million tonnes of nitrogen oxide. In addition, no particulates were released and that decreased the amount of smog production.

Candu reactors have proven to be a key part of the clean air solution. Canada's greenhouse gas reduction targets and the public demands for clean air would be impossible to achieve without them. For example, the air quality in the southern regions of Ontario would suffer the greenhouse gas and acid rain emissions without Candu reactors. Emissions would increase by 15% to 20% without the use of nuclear reactors.

Bill C-27 talks about nuclear waste. I will begin by sharing with members how I was introduced to nuclear waste in high school. Our grade 11 teacher brought in a black and white film entitled *War Games*. This film was our first introduction to nuclear energy. It began with a mushroom cloud and thousands of people suffering from a nuclear blast. Then came the aftermath, the fallout and the radiation. It depicted bodies lining the sidewalks with their necks hanging over the curb. The film was produced in Great Britain and was a re-enactment of a nuclear blast that was used for training purposes during the world wars.

The film showed people suffering from burns and radiation sickness. They were barely alive. A policeman would go from person to person gently lifting them and putting a bullet through their heads. When the film ended the teacher told us how that was caused by waste from nuclear reactors. That was the myth I was introduced to as a high school student.

I want to dispel that myth because it is likely many other people share the same background or vision of what is done with nuclear energy and nuclear waste. After graduating from high school I took chemistry at the University of Western Ontario. One of my former professors, Dr. Puddephatt, was presented with the Governor General's award. Taking chemistry and learning about nuclear technology and nuclear chemistry was informative and eliminated the ignorance around nuclear energy as a whole. I had an advantage that not everybody else had.

• (1635)

Canada has never used nuclear science to create weapons. The spent fuel is disposed of safely in large pools resembling swimming pools. We are currently looking at different technologies to get rid of and to store nuclear waste safely for all time. It has been advantageous to Canadians, since Canada entered the nuclear age.

I would like to clarify the myths and untruths surrounding MOX fuel. MOX is mixed oxide. That is the reason why terrorists would not want to use this form of spent fuel to create a bomb.

It was an honour for Canada to be chosen to do MOX fuel testing. The Chalk River Laboratories in my riding of Renfrew—Nipissing—Pembroke have tested MOX fuel for years. MOX fuel came from Russia to Canada for test purposes to see whether or not the mixed oxide fuel could be used for positive purposes in Candu reactors.

The spent fuel taken from sites in Russia was put in powder form and made into pellets that would not be conducive to building any type of weaponry. It would be far too expensive for a terrorist to go through the process of putting it back into the form a weapons grade material.

*Government Orders*

Canada was chosen because of its superb background and insight into nuclear fuel and energy, and because it was a peaceful country. Equal parts of MOX fuel came from both Russia and the United States. The idea was that for every gram of MOX fuel from Russia, a gram of fuel would be taken from the United States. We did not hear too much about that. People got all riled up over the idea of weapons material coming to Canada.

The fuel was brought to Canada under armed guard. The pellets were put into protective coverings and cases which in turn were placed into concrete drums and chained to the trucks.

For Canadians to become exposed, a truck would have to be involved in some kind of collision, the barrels would have to come unchained and break open, the concrete cracked and the rods holding the pellets sawed through. Then somehow they would have to be ground to dust. Even then the level of radiation would be innocuous. For people to suffer exposure to MOX fuel, they would have to crawl on their belly and either lick it up or inhale it. The fears were unfounded. It was the special interest groups that tried to prevent the transportation of this fuel.

The fact that Russia and the United States are transforming their weapons grade material to an innocuous form, possibly for positive use in the form of energy, is a success.

• (1640)

It is a victory. It is a sign of victory for the disarmament of the two major nuclear powers.

Another scare myth that the detractors of nuclear energy like to use is the accident that occurred at Three Mile Island. The accident at Three Mile Island was a result of a water pump failure. The people at Three Mile Island used regular water to cool their fuel, unlike our Candu reactors which use deuterium. We have heavy water coolant encased in pressure tubes so there are many more protective coverings.

As for the incident at Three Mile Island nothing in North America had ever quite occurred like that. They were not sure what the outcome or fallout would be. They took every major precaution but it was actually the overreaction to the incident that incited fear in people.

Once again, whenever the word nuclear or atomic is used, people see a mushroom cloud instead of clean, blue skies and clean water, which is really the ultimate result of this clean, efficient use of energy.

Another example the detractors of nuclear energy use is the accident at Chernobyl. Its reactors use carbon as a moderator as opposed to heavy water. Heavy water is just a regular water molecule with an extra neutron.

Scientists at Chernobyl were doing some experiments and were shutting down the safety mechanisms in order to see how far they could go in terms of not having any deleterious effects. If we contrast that to the Candu reactor, when the safety mechanisms are shut off, the entire nuclear reactor shuts down.

First, what happened in Chernobyl was in part a problem with the entire technology behind their reactors, it being carbon as opposed to

something as innocuous as water. Second, scientists were experimenting with something they had no business experimenting with.

Nuclear technology is not used just for power generation. It is also used for health reasons, for scientific technology. Neutron scattering reveals the structures of the biological object such as cell membranes. It allows us to look at the cells in our body without changing any part of it, without having to take an x-ray which can damage the cells or without having to form it into a crystalline form. By using that we can examine how viruses work and develop cures and treatments for diseases that inundate society right now.

Part of the price we pay for progress in a society is an increasing variety of the waste generated by numerous industrial activities. Since many of these wastes have the potential of harming us and harming the environment, they must be carefully managed and controlled, which is the reason for Bill C-27.

The nuclear power generation stations produce wastes that are radioactive. Canada's nuclear industry has developed the technologies to safely manage, control and reduce the waste overall.

• (1645)

Two types of radioactive waste materials are produced in the day to day operation of Canada's nuclear reactors. There are the low level radioactive waste materials, such as mops, plastic sheeting and protective clothing which are compacted, stored and monitored in concrete trenches in or above concrete buildings. They only represent a small portion, maybe 1%, of the radioactive waste. The other 99% of the radioactive waste is in the form of the high level waste and it is the spent fuel.

What is radioactive used fuel? During the normal operation of a Canadian nuclear reactor, uranium fuel formed into bundles is used to create the nuclear reaction needed to generate the heat which produces the steam used to turn the turbines that generate electricity. Because the neutrons in the fuel rods travel so fast, we have to use a moderator to slow them down so that we can actually get the fission reaction. To get a fission reaction going is quite a feat of science.

After a period of about a year and a half in the reactor, the fuel bundles must be replaced with new ones containing a fresh supply of uranium. Upon removal from the nuclear reactor, the used fuel bundle is highly radioactive and therefore must be isolated from the environment. The used fuel bundles are removed from the nuclear reactor by special machines and are transferred to storage bays within the nuclear power station. These storage bays look very much like large swimming pools. The water in these pools cools the used fuel bundles and shields people from the radioactivity.

How much fuel is there? Through normal operation, an average 600 megawatt Candu nuclear reactor produces about 20 cubic metres of used fuel bundles per year. The bundles in storage in Canada at the end of 1990 for all nuclear generators for one year in Canada would fill one Olympic size swimming pool. All the used fuel is safely and economically stored on site. The bundles in storage for all time in Canada at the end of 1987 would have filled an ordinary skating rink.

*Government Orders*

How safe is the storage of used fuel? Radioactive used fuel has been stored in this way for more than 30 years, so it has been tested and can be safely stored this way for a much longer period. Radioactivity in the fuel bundle decreases with time. For example, used fuel is 100 times less radioactive after one year and 1,000 times less radioactive after five years. Most of this radioactivity is completely gone within 500 years.

After the used fuel bundles have been stored in water for five years, they no longer require as much cooling and can be transferred to dry storage. The Canadian designed, thick walled concrete storage canisters have been used in Canada for many years. Atomic Energy of Canada Limited, our federal crown corporation, has established an underground research laboratory in the Canadian Shield where it studies and develops the technology required for the safe and permanent disposal of our radioactive waste.

Canada's nuclear industry takes its responsibility for the management of radioactive waste seriously. That is why it is in favour of taking responsibility by being an active participant in a waste management organization.

In addition to the clean use and helping to achieve Kyoto protocol goals, whether or not we sign on as active participants, to reduce our carbon dioxide emissions is still a goal we would attempt to achieve. We have the science involved behind the neutron scattering, a positive side asset to the nuclear power itself.

• (1650)

In addition to examining the cells of our body without interfering with or hurting them in any way, we are able to examine other materials as well. It is through the use of new technology and new science that we will be able to provide the next generation with high tech knowledge and many more jobs to come.

[*Translation*]

**Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ):** Madam Speaker, I am always surprised to hear members of the House, who were democratically elected by their constituents, promote an economy based on nuclear energy in Canada. It is quite paradoxical.

I will point out some numbers: nuclear material, particularly plutonium, has an average life of 24,000 years. That is a fact. Also, I will remind my hon. colleague that according to scientific evidence plutonium has the most serious and best known carcinogenic effects.

Today this issue cannot be considered strictly from the point of view of the economy and of commercial and economic interests, that is with a view to promoting an economy based on nuclear energy. Safety, public health and environmental considerations must be taken into consideration in every decision made by the government.

On that subject, I would remind members that a spokesperson for a Canadian energy corporation I shall not name clearly stated, speaking of the safety of our nuclear facilities, "I cannot, however, say anything about missile safety".

Therefore, on one hand it is totally incorrect to say that our storage facilities are safe, because energy companies themselves recognize that there are problems, especially in today's global context. On the other hand, it is pure demagoguery to say that there is no public health risk when plutonium is known as one of the substances with

the most serious carcinogenic effects. Let me repeat once more that the average life of plutonium extends far beyond five or ten years. It has an average life of 24,000 years.

I would like the hon. member to tell me how she can say today that this aspect of nuclear waste management must be viewed in a purely economic context without any consideration of safety, health and environmental hazards.

• (1655)

[*English*]

**Mrs. Cheryl Gallant:** Madam Speaker, in my riding of Renfrew—Nipissing—Pembroke we actually have a reactor at the Chalk River nuclear site. The people in my riding have lived with the nuclear industry in their own backyard for over 40 years. Many of the people in my riding have been employed there, as have their fathers and grandfathers. We hope that our children will have employment opportunities as well.

What is really incongruent is that when we are looking at safety and waste, the aspect of nuclear waste always has a greater focus and gets more attention than other forms of waste. The exhaust from automobiles is a form of waste. There is the waste from the coal fired generating stations. One thousand tonnes of coal are used to heat the water, generate the steam and turn the turbines. At the end of that 1,000 tonnes of coal there is one tonne of ashes. The rest of it is in the air. We breathe that air.

One of our number one diseases is lung disease. Lung cancer comes from the different acidities and emissions from the other forms of generated electricity for example.

While there are potential dangers to people's health in the many ways we generate electricity and energy, it is important to keep it in perspective and not just seize into looking at nuclear generated electricity because it serves a special interest group. To use the tragedy of September 11 in fearmongering against the generation of electricity then in turn provides the energy for medical equipment is a real travesty.

The nuclear industry and we as parliamentarians are looking at ways to responsibly dispose of nuclear fuel waste. Other electricity generators should be doing so as well.

[*Translation*]

**The Acting Speaker (Ms. Bakopanos):** Order, please. It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for New Brunswick Southwest, Auditor General's Report.

*Government Orders*

[English]

**Mr. Gerald Keddy (South Shore, PC/DR):** Madam Speaker, I listened to the intervention of the member from the Alliance Party. The topic of debate was whether we should follow through with any further amendments to Bill C-27. Since she did not recommend any amendments to Bill C-27, I am assuming her party has changed its position and is going to support the bill. It was my understanding that the opposition parties were against this legislation because it was so poorly crafted.

If the member did read the specific piece of legislation, how does she think the role of Atomic Energy of Canada Limited works in the legislation vis-à-vis the other three power corporations, Ontario Power Generation Inc., New Brunswick Power Corporation and Hydro-Québec? How does she think that the sum which Atomic Energy of Canada Limited is paying up front compares to the sums for instance that Ontario Power Generation Inc. and Hydro-Québec pay?

• (1700)

**Mrs. Cheryl Gallant:** Madam Speaker, with regard to whether or not the Canadian Alliance supports Bill C-27, at this point we still do not support it because we believe there should be arm's length oversight. The committees and boards should be answerable to someone at arm's length of parliament. We would still like to see that worked on.

In terms of comparing who pays what, the most important aspect of the storage of nuclear waste is looking at costs up front. We have to know that this issue is going to be taken care of in advance because it is an obstacle to going forward with new generation Candu reactors, as well as the neutron scattering technology which is so important for new innovations and bringing the high tech sector out of a slump.

The science behind computer chips was generated through the work done at Chalk River Laboratories. In tracing diseases we use Candu technology in our Maple reactors to provide over 70% of the world's medical isotopes. In order to continue to use nuclear science we have to address the spent fuel issue. That is the main concern of Canadians when talking about nuclear fuel. Once that is addressed then we can go forward to help Canadians and all the world in medicine. Further technology developed at Chalk River Laboratories is the science behind MRI.

These are a few examples of why the use of nuclear science is so important. However, before we can go further, we have to take care of the waste issue.

[Translation]

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Madam Speaker, it is with a feeling of frustration but also with enthusiasm that I take part in this third reading debate on Bill C-27, which deals with long term management of nuclear fuel waste.

I have a feeling of frustration because we have to admit that we made choices on energy in the past and we now have to suffer the consequences and manage very dangerous nuclear waste, and also because even if we admit we should bear the consequences of choices made in the past and manage this waste, there are a number

of things we think should be done and are not provided for in this bill.

For reasons I mentioned earlier, we supported this bill at second reading. We support the principle underlying the bill, not with a great deal of enthusiasm, but because we are a responsible political party. Again, as a society we made certain choices on energy, and we should now accept the consequences of these choices and make long term decisions to protect the environment and public health.

However, during the review in committee at report stage, we tried to propose some amendments to this bill, which we feel is not only incomplete in many respects but, to put it bluntly, ill conceived.

We worked in all good faith, as we generally do when participating in a debate affecting the public. At second reading stage, we made proposals that were in the interest of the public and devoid of any partisan intention.

Yet, both in committee and at report stage, acting blindly and with partisan arrogance as it has done since 1993, the government rejected almost all of the amendments that came from the opposition side. If it does not come from the government, from the Liberal Party, it is not worth passing. They did not even try to find time to look at these amendments. It was simply not worth the trouble as far as they were concerned.

Such arrogance, such disregard for the opposition parties, which after all were elected by the people and express the concerns of their fellow citizens, is absolutely incredible. It is unbelievable.

This is one reason why, while recognizing that something must be done for the long term management of nuclear fuel waste, we do not feel this bill is the right tool to do the job, because the government refused to approve the necessary changes, amendments and improvements we had proposed.

• (1705)

Furthermore, one of the reasons I will oppose this bill, as the member for Verchères—Les-Patriotes, is the one I mentioned earlier, namely that I am here to reflect the concerns of fellow citizens. I must strongly condemn the choices that have been made to this day by the government in the energy sector.

It may be that after World War II, there was a degree of enthusiasm, of blind excitement that led western world countries to choose nuclear fission as a source of energy. Up to a point we can excuse the decisions that were made back then, but with experience, with Three Mile Island, with Chernobyl, we have come to see the limits and the dangers of this source of energy.

*Government Orders*

The government opposite is ignoring the warnings. It is ignoring the fact that all over the world people are beginning to think about new sources of energy. They are beginning to think about doing without nuclear fission, which is dangerous and which pollutes the environment, but this government is bent on selling the Candu technology all over the world.

Allow me to say that I am not the least bit surprised by the positions presented earlier by the hon. member for Renfrew—Nipissing—Pembroke. I am not surprised. What surprises me, however, is to see a parliamentarian who should normally have a modicum of independent thought arrive here and read pamphlets and booklets produced by the Canadian atomic industry.

I am not surprised, because the atomic industry and nuclear fission facilities are primarily concentrated in Ontario and primarily benefit that province. Therefore, we should not be surprised to see a member of parliament from Ontario extol the virtues of nuclear fission. We should not be surprised, but we should be concerned.

In the few minutes I have left I will talk about a political game that has been going on behind the scenes for a number of years. The result of that game is that Canada has made decisions in the energy sector that will impact very negatively on the future of Canadians and Quebecers, particularly the future of our children and grandchildren.

We have deliberately chosen to follow this technological route, pushed no doubt by the Ontario nuclear fission lobby. Riding the wave of what was happening elsewhere around the world, we nonetheless undertook, in the 1970s, a very small research program in nuclear fusion. This program was quite modest in comparison to the nuclear fission program that used the traditional technology of Three Mile Island and Chernobyl.

As a society, colossal sums of money were invested in the field of nuclear fission in Ontario. We are talking about more than \$5 billion invested so far in nuclear facilities by the federal government alone. The federal government has invested approximately \$150 million annually in traditional nuclear fission technology.

In addition to this, the government of the day, together with the governments of Ontario and Quebec, had the wisdom, at least, to establish a small experimental nuclear fusion research program. As a result of this very modest research program in nuclear fusion, we managed to build a small nuclear fusion reactor, the Tokamak, in Varennes, in my riding.

Over the years we have not invested \$150 million a year, but as a society we have nevertheless invested tens of millions of dollars in this research project, which is the way to the future.

• (1710)

Canada and Quebec had established a partnership—partnerships are rare—but it seems to annoy the federal government. I will come back to and conclude this story in a moment.

Through its nuclear fusion research program, slightly more modest in Ontario, and more significant in Quebec, Canada contributed approximately 1% of the world research in nuclear fusion. However, because it was conducting research in nuclear

fusion, it benefited from 100% of the technological benefits of the international research in the field.

Nuclear fusion is a production mode that basically contrary to nuclear fission, which splits atoms, fuses atoms. This fusion, and the resulting heat that is produced, creates energy. The technology is essentially based on the dream of creating solar energy in a bottle.

The energy produced by nuclear fusion is recognized as a relatively economical and safe form of energy that does not harm the environment and produces an infinitesimal quantity of waste, which is no small feat under the circumstances.

As I pointed out, however, we were enjoying 100% of the technological benefits at the time. The federal government invests some \$150 million annually in traditional nuclear fission technology, concentrated primarily in Ontario, compared to the \$7.2 million it invested annually in nuclear fusion research.

INRS-Urbanisation studies showed that the federal government was probably taking in more in tax revenues than its annual investment of \$7.2 million in nuclear fusion.

What happened? Early on in its reign, this government asked Atomic Energy of Canada Limited to cut a number of secondary, superfluous programs, using deficit reduction as an excuse. It was not very difficult for Atomic Energy of Canada Limited, the bulk of whose operations are in Ontario, to identify a number of projects that were felt to be less important. Tokamak very likely led the list of proposed closures.

So the federal government, in its infinite wisdom, showing an astonishing lack of vision, decided to cut this \$7.2 million which was being invested in nuclear fusion research. The result was that the Tokamak project in Varennes, in my riding, had to shut down.

What is absolutely mind-boggling, apart from this government's lack of vision for the future, is that it made its decision without even consulting or warning its partner. Suddenly it announced in a federal budget that federal funding for the Tokamak project in Varennes was going to be dropped, that federal funding for nuclear fusion research was going to be cut, thus flying completely in the face of the general trend internationally.

This is not the first time that the federal government has completely ignored the general trend on this issue and on many others as well.

So the federal government cut off funding. At the time the government of Quebec, which was in an even worse situation financially than the federal government, could not single-handedly come up with the \$15 million needed annually by the Tokamak project in Varennes if it was to continue with its research in a satisfactory manner.

• (1715)

Installations worth tens of millions of dollars were abandoned. This is not what I call a responsible management of public funds. A team of some 100 research scientists, high level technicians trained in our universities at taxpayers' expense, had no choice but to take their high level knowledge to foreign countries. This is an excellent example of brain drain. Our nuclear fusion specialists were forced to leave the country and find work in countries where people believe in nuclear fusion.

Furthermore, Canada had developed extraordinary lines of specialization in plasma and microwaves. How will we be able to maintain the level of specialization that we have developed in those areas? It will be very difficult.

This decision was totally unjustified and unjustifiable, all the more so since the federal government has been wallowing in budgetary surpluses ever since. Not only that, but it has the gall to claim, year after year, that it is promoting innovation, research, science and technology in its budgets.

After killing the most important research and development project in the energy sector in Quebec, this government has the gall to say that it considers technology, research, science and development priorities. It is a true scandal to hear the government say such things.

**An hon. member:** That is shameful.

**Mr. Stéphane Bergeron:** I would even say very shameful, and unacceptable. Faced with such poor judgment, lack of vision, and bad management of public funds on the part of this government, how could we decide to approve energetic choices which clearly promote nuclear fission?

I can hear members across the way saying "There he goes again with the theory of the plot and victimization of Quebec".

I would like to be able to say that Quebec is well served in the Canadian federation. I wish every day I could say that. However, I am a sovereignist because the facts have unfortunately brought me to the opposite conclusion. In a situation like this one, had Quebec had all the financial resources of a sovereign state, one can easily imagine that it would not have abandoned an infrastructure as fundamental as the Tokamak of Varennes, because it would have been alone to make decisions affecting its future.

Half of the decisions regarding its future would not have been in the hands of another party that has little or no concern for its development. We can see that energy choices made by the government run totally counter to the Kyoto commitments, which it claims it wants to honour.

On the one hand, the government boasts about signing the Kyoto agreement and wanting to reduce greenhouse gases emissions in Canada and, on the other hand, it decides to cut off funding for a

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project which was costing it hardly anything. In fact, as I said earlier, it probably did not cost the government a cent. It even benefited the government in the end in terms of economic and technological spinoffs for Canada.

So the government says that it will reduce greenhouse gas emissions, but at the same time it cuts off funding for a research project which was costing hardly anything while providing great benefits, and could have led to the bulk production of clean and safe energy. It did that to favour the nuclear fission industry in Ontario at the expense of an emerging industry in Quebec, namely the nuclear fusion industry.

That is the other reason why, as the member for Verchères—Les-Patriotes, I simply cannot support the bill before us today.

• (1720)

**Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ):** I would like to start by congratulating my colleague from Verchères—Les-Patriotes for his speech. I believe his presentation was rather eloquent because since the beginning of our review of Bill C-27 we have been given many examples, but very few made it as clear how huge the impact of this bill is on us.

I remember visiting in 1997 or 1998, at Tokamak and in the area, people who tried to show us the benefits of the nuclear fusion industry.

I stress this fact because I would like the hon. member to explain how nuclear fusion is different from nuclear fission—there is a world of difference between the two—to really scrutinize the topic and popularize it. That is my first question.

Second, I would like the member to talk about an election promise. With regard to nuclear energy and fission, the Bloc Québécois did not wait for Bill C-27 to make proposals. This is a reflection that came about as the result of ongoing work within our party. Our colleague was one of those who took part in the reflection that led to the election promise made by the Bloc Québécois. It is important to look back at the commitments we have made as a political party, something the government opposite should do more often by the way.

I will remind the House that during the last election campaign the Bloc Québécois promised to push for the federal government to stop funding the nuclear fission industry altogether, and for the \$150 million put toward that industry every year to be redirected to research and development on green energy.

To sum up, I would like the member first to explain the difference between nuclear fission and nuclear fusion and, second, to tell us about the solemn promise made by the Bloc Québécois during the last election campaign, namely to take the \$150 million that goes to the nuclear fission industry every year and reinvest in research and development on green energy.

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• (1725)

**Mr. Stéphane Bergeron:** Mr. Speaker, I would like to start by congratulating my colleague from Rosemont—Petite-Patrie for his question.

I think he has pointed out, and rightly, that the Bloc Québécois had studied in considerable depth the entire issue of renewable energy and the technologies surrounding traditional nuclear fission.

In this connection, I must express my admiration for the work done so far by the various Bloc Québécois environment critics. I am thinking first and foremost of my colleague from Laurentides, our first critic; my colleague from Jonquière, who also served in that position for some time; and my colleague from Rosemont—Petite-Patrie, who held the position during a certain interim period and is now our environmental critic once again.

In the same vein, I must thank and congratulate for their contributions the hon. members for Jonquière and for Sherbrooke, the latter our natural resources critic, for looking after the specific issue of Bill C-27.

This bill is the continuation of a process that began some 20 years ago and the outcome of a study that took some ten years, the study by the Seaborn panel. A lot of work went into this, and the Bloc Québécois has carefully monitored the progress of the panel's work with the help of our various critics.

I must congratulate them on their excellent work, which ended up as one component of the Bloc campaign platform. So now we are able to keep abreast of current trends internationally and no longer invest in this costly and dangerous technology, which shows such contempt for the environment, nuclear fission. As a result, the funds currently invested in this annually will be redirected to the so-called green energies, as they should be, in keeping with the Kyoto accord, of which Canada is a signatory.

Canada must be rational in its decisions. Canada cannot expect, as is the case in the bill, to make all the decisions and have others do the work for us, be it the provinces, industry, consumers, or citizens, pawning off all of the work onto others instead of doing it ourselves. The government wants to make the decisions and offload the work onto others. But that is not what it should be doing.

I believe that this is one of the fundamental weaknesses with the current federal system. I will not delve into it in detail. I could repeat the little speech I gave to one of my colleagues yesterday on the nature of the federal system compared to the one that exists in Germany, where currently there is no way to regulate or control the federal government if it oversteps its powers, responsibilities or jurisdiction.

I will come back to the question raised by my colleague, the member for Rosemont—Petite-Patrie, as to the difference between traditional nuclear fission and nuclear fusion, which is the way of the future and which is considered to be among those technologies that are considered green technologies.

Of course, when nuclear fusion is mentioned, often the public hears the word nuclear. They say "No, no, no more nuclear power. First, it is expensive. It is very dangerous. We do not know what to do with the waste and it is not environmentally friendly".

It is important to make some distinctions. As I said in my speech, nuclear fission splits atoms whereas nuclear fusion fuses atoms. The heat created by this fusion creates energy, which can then be used.

As I mentioned in my speech, it is essentially the dream of creating solar energy in a bottle, in miniature. It produces a large amount of energy with very few negative side effects, very little waste; waste is virtually non-existent. This solves one of the major problems inherent in today's nuclear fission technology.

• (1730)

It is therefore an industry which is safer, cleaner, and more environmentally friendly. According to scientists, a phenomenal quantity of energy can be produced by means of nuclear fusion.

Right now, an international consortium, of which Canada is no longer a member, is working on nuclear fusion, but what makes the situation I described earlier even more insidious is that the federal government first cut funding for the Tokamak project in Varennes. As a result, that project ultimately folded up. The Tokamak project in Varennes was closed. There are no longer any nuclear fusion reactors in Canada. Canada is no longer a member of the international nuclear fusion research consortium.

Then all of a sudden Canada is interested in being the site of the ITER project. What is the ITER project? It is a project, led by this international consortium, which includes Japan and the European Union countries, whose goal it is to build the biggest nuclear fusion reactor in the world. It is a project on the order of \$12 billion. And where do the federal government and the Canadian consortium looking after the ITER project want to put the ITER reactor? In Ontario.

The federal government waited for Quebec's reactor and all the expertise developed in Quebec to fade away, and then gave its tacit and financial support for the possible establishment of the ITER project in Ontario.

Once again, the members opposite will say this is a conspiracy theory, but to a certain degree, the facts speak for themselves.

[*English*]

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I am glad to join in the debate on Bill C-27, an act respecting the long term management of nuclear fuel waste. I will begin by recognizing the substantial amount of work done by our critic in this area, the member for Windsor—St. Clair. It has been his recommendation to our caucus that we oppose Bill C-27.

The hon. member cites a number of compelling reasons why the NDP caucus will not be voting in favour of Bill C-27. In trying to render a complicated bill down to a brief summary he points out in as lean language as possible that the aim was to require owners of nuclear waste to assume full financial responsibility and implement a comprehensive, integrated and economically sound approach for management of the waste.

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Bill C-27 is the government's response to the 1998 recommendations of the Seaborn panel. The bill has three main elements as the hon. member sees it. First, the main owners of nuclear fuel waste would be required to establish a separate legal entity, a management organization that would be responsible for financial and operational activities related to the long term management approach chosen by Canada.

Second, the same owners would need to establish a trust fund to finance waste management costs.

Third, the governor in council would be required to make a decision on the long term management approach to nuclear fuel waste which the management organization would be required to propose and then implement.

According to the Department of Natural Resources the bill reflects consultations undertaken by the federal government with the public, provinces, nuclear fuel waste owners and other stakeholders. This is the party line put forward by the federal government.

The NDP's concerns with Bill C-27 are lengthy and quite thorough. I again recognize the exhausting amount of work our member for Windsor—St. Clair did in researching the bill and citing its many fundamental flaws.

The hon. member pointed out the main objections of the NDP caucus to Bill C-27. First, it would make the power utilities and AECL, Atomic Energy of Canada Ltd., the centrepiece of the management agency. This runs counter to the Seaborn report which recommended, after extensive public consultation and expert advice, that such an agency be at arm's length and independent from utilities, other vested interests and government. The reservation is that if power utilities are really part of the management agency it is a bit like the fox watching the henhouse.

Second, there is a risk that a lot of our publicly owned power utilities are under constant pressure or threat of being sold to the private sector. I believe firmly that had the Filmon government in Manitoba stayed in power one more year Manitoba Hydro would have been sold to the highest bidder, just like the Tories sold off our telephone system and wanted to privatize everything.

Objective oversight for the long ranging enterprise of managing nuclear fuel waste would be at risk if power utilities had too much say in the management agency. That is our first reservation. Bill C-27 calls for the board of directors of the agency to be made up of stakeholders, not independent people from the broader community as recommended by the Seaborn report.

Again, the board of directors of the management agency would be made up of stakeholders and practitioners rather than members of the community at large, citizen groups, environmental activists or experts in civil society who may have serious reservations about how nuclear fuel waste is treated.

The bill lacks the necessary checks and balances and provisions for regular parliamentary review. Instead it calls only for ministerial review. We are not comfortable with that. The trend toward ministerial rather than parliamentary review is something we have seen developing in a number of recent pieces of legislation put forward by the Liberal government.

● (1735)

An issue so important and critical to our health and well-being as the storage of nuclear fuel waste is surely a subject the House of Commons should be dealing with as a whole rather than there being a simple review by the minister in charge, in this case the Minister of Natural Resources.

We believe the fact that the agency would be made up of people with vested interests in the nuclear industry and not include the broader public and other interests would seriously undermine the legitimacy of the agency. It would jeopardize the public confidence in it which is absolutely critical.

There are few more thorny or frightening issues for the general public than dealing with nuclear waste. Some of this is perhaps because we do not trust that the science has matured and evolved to a point where we can have full confidence in its safety. There is a great deal of apprehension. We believe that public confidence in the management agency is critical. We owe it to the public to allow it to feel safe. It should feel the issue is being managed properly. If people with vested interests in the nuclear industry dominate the management agency and oversight committee that looks at the storage of nuclear fuel waste, where is the public confidence? Again it is the fox watching the henhouse.

The current vested interests have made it clear that their preference is for underground storage in the Canadian Shield, the massive rock outcroppings in northern Ontario and eastern Manitoba. The Seaborn panel reviewed the option of storing nuclear waste pellets in concrete deep in the Canadian Shield, in abandoned mines in some cases. It found the option unacceptable. It found it to be both unsatisfactory for the public and unsafe from a long term social perspective.

I took the trouble to tour AECL Pinawa where this method of storing nuclear fuel waste was being contemplated. As members may know, the tiny pellets are no bigger than the butt of a cigarette and they come stored in rods. The rods would be placed deep in the Canadian Shield which is the oldest rock outcropping in the world. It is very stable rock and is not prone to fissures or cracks. They contemplated going two miles down and one mile over where caves would be dug out of the side wall much like any mining operation. The pellets and fuel rods would be stored in the rooms which would then be filled with solid concrete.

If we do not have a better way to neutralize nuclear fuel waste rods this is about as far away from human touch and influencing humans as we can possibly get. However it was reviewed by the Seaborn commission and rejected as an option even though it was actively promoted by citizens of Pinawa anxious to find alternate employment given that AECL Pinawa was decommissioned and shut down.

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We hoped to have an opportunity at the committee to hear from a broad sector of representatives from the scientific community. A lot of experts made representations but just as many had serious reservations about the bill as it stands.

Therefore the NDP critic, the member for Windsor—St. Clair, put forth two dozen substantive amendments that we believe would have made Bill C-27 an effective piece of legislation and given confidence to the Canadian public that the government is prepared to deal with the worrisome issue of storage of nuclear fuel waste. The amendments were rejected. None succeeded.

This frankly does not give us the message that the government was interested in doing the best job it could. The government could have been a lot more open to realistic recommendations from opposition members. This is too important an issue to play politics with. I know it has become a bit of a cliché for members to stand in the House of Commons and make this part of their speech.

• (1740)

In this case surely we have to rise above petty politics. It seems to be a rule on the government side to not allow opposition amendments in most cases simply because it does not want to show any kind of vulnerability in that sense. I believe that most Canadians still are very concerned about the issue of nuclear power in general. Certainly their main reservation is the storage of nuclear fuel waste although frankly even the operation of the plants is of some concern. The hon. member for Verchères—Les-Patriotes pointed out that Three Mile Island and Chernobyl are still fresh in people's minds. We are not fully comfortable that this science has matured to the degree that it should even be used in as widespread a manner as it is today. Also worrisome is the fact that Canada is actively promoting, selling and marketing nuclear power plants to developing nations in many cases, to parts of the world that are even less able to deal with the nuclear fuel waste problem than we are.

I would point out as well that it was the Canadian government that sold Pakistan its Candu and shortly after that Pakistan had nuclear military capability. We sold Candus to India and shortly after that India had nuclear weapons capability. We are selling Candus to Turkey, where the plan is to build them on fault lines of earthquake zones.

We are not really being very good global corporate citizens, in a sense, if we are selling these products to places where, first, we are unable to guarantee that they will be used safely and for the peaceful purpose of generating energy and, second, no management agency oversight committee will be able to enforce the safe storage of nuclear waste pellets, such as in Turkey, Pakistan, India or the other places where we are flogging, promoting and pushing these things. Many Canadians are uncomfortable with the entire nuclear industry strategy of our country.

The problem of course with the nuclear fuel pellets is NIMBY, not in my backyard. No one wants these things in their backyard. What on earth will we do when we have pools the size of olympic swimming pools all around the world full of these pellets? They are being stored and stockpiled in big olympic sized pools. No one has come up with a satisfactory way of dealing with them. I thought our approach toward generating energy had matured a little beyond that. At least we are starting to talk in terms of whole costing and will not

undertake anything until we have factored in the whole cost of not only the development or the generating of the unit of energy but also the cleanup of the impact of that unit of energy.

Certainly in the fossil fuel energy sector most people now recognize that the cost of a barrel of oil is not \$18 or \$27 a barrel or whatever the OPEC cartel is selling oil for. The real cost of a barrel of oil is approximately \$150 a barrel. When we factor in the costs of the American military keeping the Persian Gulf shipping lanes open and when we factor in environmental degradation, the real cost of a barrel of oil is really more in the nature of \$150 a barrel, which actually renders all alternative sources of energy a bargain by comparison. When we look at what the real cost of a barrel of oil is, we see that developing solar or wind energy would be far cheaper. I should acknowledge that in the budget released on December 10 there is mention of money going to developing alternative energy in the area of wind generation and I am very pleased to see that.

The one area Canadians should really be looking at is not even the supply side of energy but the demand side. We, all the developed nations, should be curbing our insatiable appetite to burn energy, but especially Canada. Canada uses more energy per capita than any country in the world. A lot of people do not realize that. A lot of people think that Americans consume more than we do. It is actually Canadians who gobble up more energy per capita than any other country in the world, yet we do the least in terms of demand side management.

• (1745)

The state of California, through the Bonneville Power Administration, the power authority in the state of California, has precluded the need for eight nuclear power stations in the last five years by their demand side management measures. It goes beyond just turning off the light when one leaves a room. There are comprehensive, government sponsored programs in place for every private residence, commercial business and industrial factory in the state to take active measures to reduce their energy consumption.

The state of California has not ground to a halt. It has been no great inconvenience. What it has done is precluded the need for eight new nuclear power plants. That is smart. I wish our own government would show a little more leadership in that regard. This is a state sponsored initiative. The Tennessee Valley Hydro Authority has done similar things that have precluded the need for three nuclear power plants, again in that same period of time as our research shows us.

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We believe that through demand side management we could take some of the pressure off the whole thorny issue of what to do with nuclear waste pellets. Even if we do not embrace demand side management as we should, the provinces of Manitoba and Quebec are concentrating on hydroelectricity, which is far preferable to nuclear power.

With some co-ordination and a national energy strategy we could be supplying parts of Ontario now relying on nuclear plants with clean, renewable, affordable and relatively cheap hydroelectric power, as we are doing in selling our products to the United States. Manitoba makes approximately \$400 million per year in power sales to the United States. The grids are just starting to open up. It is an open ended enterprise.

Let me get back to the issue of demand side management because it really is where we should go. A unit of energy harvested from the existing system by demand side management measures is indistinguishable from a unit of energy developed at a nuclear power station except for a couple of important things. First, it is available at about one-third the cost. Second, generating it creates approximately seven times the number of person years of employment. In other words it creates more jobs. We are paying less for it but more of the money goes into jobs rather than infrastructure or the actual hardware associated with it.

A third important thing is that it is available and on line for resale immediately. As soon as I save a unit of energy by turning off a light, that unit can be sold to another customer, hopefully to export it and make money, making it a revenue generator. The fourth important thing to remember is that it reduces harmful greenhouse gas emissions and is in keeping with our obligations under the Kyoto protocol.

I understand I have only two minutes left, but I am glad I was able to point out some of those things. Let me wrap up by saying that if we did a poll we would see that the Canadian public by and large is not yet comfortable with nuclear energy. I believe that is healthy. There are many reasons for this. We simply do not accept everything we are being told by the nuclear industry, that everything is hunky-dory. Everything is not hunky-dory because we cannot even figure out how to store our nuclear waste fuel pellets.

This is where Bill C-27 is very much a necessary bill. The public needs the confidence that comes from knowing that the government is doing something about this, but the bill falls short of really giving confidence to the public because of the many things I have pointed out. The member for Windsor—St. Clair very conveniently itemized them for us and I went through them, but the fact that the board of directors as contemplated in Bill C-27 would be made up of the stakeholders in the nuclear industry is like the fox watching the henhouse. It does not give the Canadian public any confidence that this would be dealt with in an adequate way.

• (1750)

The privatization of utilities, the relentless pressure from the right wingers, from the Tories and the Alliance, which want to privatize everything, is of great concern to most Canadians, because once an industry is in the private sector and profit is the motive, the correct storage of nuclear fuel waste becomes a bottom line issue. There will

be efforts to curb the expense. It becomes a cost factor that corporations resent.

We believe Bill C-27 should go back to the drawing board and some safeguards should be put in place so that there is an objective management committee made up of citizens, not stakeholders.

**Mr. Loyola Hearn (St. John's West, PC/DR):** Mr. Speaker, I listened with interest to the member as he talked about the different potentials for the development of the power that we need in the country. I agree with him that saving a unit of energy is extremely important. He talked about nuclear energy, wind power and energy provided through the burning of oil and other fuels. I do not disagree with a lot of what he said, but he did not talk about another great source of energy that we certainly have in abundance in Newfoundland and Labrador and that is water power.

Perhaps governments should concentrate on developing the Lower Churchill, which would be a benefit not only to us but to our friends in Quebec who have benefited very greatly from the development of the Upper Churchill, taking in close to \$1 billion a year while we get about \$10 million from it. Even in a fair sharing development project, it would be economically beneficial to both of us and to the whole country because the markets are great and it is a clean, renewable source of power. I wonder what the member thinks of that.

**Mr. Pat Martin:** Mr. Speaker, I am happy to respond to the hon. member's question regarding hydroelectric power. I am an advocate and a big fan of hydroelectric power. The province of Manitoba has also done very well by developing its hydro energy possibilities on the Churchill and Nelson rivers, the Nelson-Burntwood system. I myself worked on a hydroelectric dam as a carpenter for many years and know quite a bit about the industry.

I believe this is the direction we should take. I note with interest that the Minister of Indian Affairs is in the House today listening to this debate. I am sure he is interested in an undertaking by the province of Manitoba wherein the next hydroelectric dam being developed in the province of Manitoba will have not only the guarantee of jobs for local aboriginal people but an equity share in the dam for them. All revenue generated from it will in fact be partly theirs. They are full partners in the development of this hydroelectric project, which I think is very innovative.

We believe a lot more development could take place in hydroelectric power within the country and we do not believe that any nuclear power generating stations should be developed until we have exhausted all other avenues, hydroelectric power being the best option currently.

• (1755)

[*Translation*]

**Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ):** Mr. Speaker, first off, I really enjoyed the speech by my NDP colleague. Since the start of the session, our positions have been quite similar, except, naturally—and I see him nodding—on the national issue, where our positions are truly diametrically opposed.

*Government Orders*

I would like to go over a few points in his speech. He spoke, as did his colleague from the Progressive Conservative Democratic Representative Coalition, of the fact that we must focus on developing renewable sources of energy, specifically of hydroelectricity. I agree, of course, since it was not only a major force behind the economy of Quebec but also an environmental solution.

However, there is another factor to be taken into consideration. The effect of climate change is a significant drop in the level of the basins. Yesterday, if I am not mistaken, a report on Radio-Canada's *Téléjournal* brought home the fact that climate change is having a significant impact on our economy.

We cannot avoid dealing with the question of major climate change and, in my opinion, we must look to the development of new renewable energies. Wind energy, among others, comes to mind.

My colleague mentioned that the state of California has acted on demand. He neglected to point out, however, that it also acted on supply, that there are refundable tax credit programs for wind turbine production. The state government pays 7 cents per kilowatt-hour produced. Why are we not doing this in Canada, it may be asked.

This is one failing of the latest budget in which this same sort of program was announced, but with an investment of only \$165 million and not for one year, but for 15 years, whereas we invest \$150 million annually in Canada in nuclear fission. The latest budget provides sums of \$165 million over 15 years for the development of wind energy, while we invest \$150 million each year in nuclear fission alone.

What does he think of the Bloc Québécois proposal to have this \$150 million spent annually on nuclear fission transferred to green energy, including wind and hydroelectricity?

[*English*]

**Mr. Pat Martin:** Mr. Speaker, I can safely say, with no hesitation whatsoever, that I approve fully of the idea put forward by the Bloc that \$150 million a year is not a great deal of money given the complexity and scope of the problem we face. It would be much better spent exploring every avenue of recourse in green renewable energy sources rather than going further into an area of science that we believe was possibly a mistake from day one.

In his opening remarks, the hon. member from the Bloc mentioned that it was a cruel irony in a sense that the burning of fossil fuels was creating harmful greenhouse gas emissions that have caused climates to change and which have taken away our access to a cleaner form of energy which is hydroelectric energy. It is a vicious and unsustainable circle.

Still though to this date we are fortunate enough to have many opportunities to develop hydroelectric projects in most of the provinces. I look forward to being able to further open the north. As we get into the Northwest Territories we need to be able to get that power to market. One of the biggest problems with hydroelectric power is the line loss. When shipping hydroelectric power, many thousands of miles sometimes, a lot of the power is lost in the transmission. It is therefore necessary to convert the power to DC for transmission and then when it arrives at its destination it is reconverted back to AC power for marketing throughout households.

Many of those developments are fairly recent and as we get more sophisticated, new bipole lines will be built to add to our network and our grid. As an added benefit, we now have access to the American grids. We used to have to fight with every utility in the United States to get Canadian power onto its power grids. That is becoming a lot easier and the market opportunities are opening up for Canada to be a key producer of clean, efficient and economical hydroelectric energy.

I should point out that because it is a public utility, Manitoba enjoys the lowest hydroelectric costs in North America at 2.5 cents per kilowatt hour. This is something that would have been so disastrous if we had let the Tories stay in power for one more year because Manitoba Hydro would have been gone to the highest bidder. We would have killed the goose that laid the golden egg and that would have been tragic.

● (1800)

**Mr. Gerald Keddy (South Shore, PC/DR):** Mr. Speaker, it is a pleasure to rise once again in the House and speak to Bill C-27. The point of the debate is to discuss whether or not we should have further amendments to the bill before it leaves this Chamber.

I would argue that there are a number of amendments, many of which have already been recommended, that would add to the validity of the bill and make it much better and more legitimate legislation.

Unlike the member who just spoke, the NDP member for Windsor—St. Clair, the Bloc member for Sherbrooke, the Alliance member for Athabasca and I worked jointly at committee because we all felt the legislation was poorly crafted. We did not use this as an opportunity to slam other members of parliament or try to position one party against another. We simply said that the legislation was poorly crafted and that it was not accountable to the Canadian public.

The problem with the committee was that it never gave the Canadian public the opportunity to look at the details of the legislation or the opportunity to appear before committee.

As parliamentarians, we used the committee to our advantage and tried to bring as many witnesses before it as possible. However we were never satisfied with the length of time the committee had to study the issue. The main reason for that is that this is an issue that is not going away. It will be here next year. Unlike some members of parliament, I do think we have a responsibility to deal with the issue. However, we did not have to deal with it before Christmas. Another month, six weeks or ten weeks of study at committee surely would have produced a better bill.

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Significant issues, as well as significant dollars, are at stake here. Certainly the industries that produce nuclear waste in Canada, such as Ontario Hydro, Hydro-Québec, New Brunswick Power and Atomic Energy of Canada Ltd., are putting significant dollars into the waste management organization. The bill states that Ontario Power Generation will put up \$500 million toward the waste management organization; Hydro-Québec will put up \$20 million; New Brunswick Power Corporation will put up \$20 million; and Atomic Energy Canada Ltd. will put up \$10 million. We are talking about nearly \$1 billion. On an annual basis, these companies continue to add to the pot. Ontario Power Generation Incorporated puts in \$100 million on an annual basis. Hydro-Québec puts in \$4 million. New Brunswick Power puts in \$4 million. Atomic Energy of Canada Ltd. puts in \$2 million.

We are dealing with a lot of money that would go toward looking after the problem of nuclear waste in Canada. When that amount of money is on the table there should be a number of overlying rules and regulations, one being accountability and another being transparency.

• (1805)

One of the main problems the PC/DR coalition has with the bill is that there is not enough transparency. Federal government money, through a crown corporation, Atomic Energy of Canada Ltd., would go toward setting up a waste management organization to deal with nuclear waste in Canada, yet access to information will not apply to the legislation. I think most Canadians would be surprised to hear that. Certainly that was not a recommendation by the Seaborn panel, which studied the issue at great length.

Beyond its sloppiness is the very arrogance of this legislation. The mayors and wardens of the three Ontario municipalities which already have nuclear reactors appeared before the committee. They had a number of recommendations. None of those recommendations was accepted.

I put forward a number of the recommendations as amendments. Of the 19 amendments that the PC/DR coalition submitted, not one of them was accepted by the government. The government simply brought its members in and voted the amendments down. The Bloc Québécois put forward a number of amendments. The New Democratic Party and the Alliance Party put forward a number of amendments. We debated the amendments for two days, yet only two amendments were carried.

Surely on an issue of this magnitude and importance to the Canadian public, there should have been more time and at least some acceptance of the democratic principles applied at committee.

There were amendments put forward to deal with the importation of nuclear waste. I wanted to see it very clearly stated in the legislation that there would not be importation of nuclear waste. That amendment was voted down at committee. All of the opposition parties supported that amendment, every one of them, yet the government voted it down. The fact that other legislation may deal with that issue is not good enough.

As an aside, Mr. Speaker, I have a bad cold and I do not think there is enough water here to bury it. It is interesting that one of the members stated earlier that we could put all of the nuclear waste in

Canada in an olympic sized swimming pool. I think I need an olympic size swimming pool just to get rid of this cough in my throat.

There are 1.3 million spent fuel bundles in Canada. I would agree that perhaps we do not need a huge space in which to put that amount of high level nuclear waste, but certainly it would take a considerable space. I do not think one swimming pool would be enough.

We have said from the very beginning that we have to deal with the issue and I agree. I for one do not think the nuclear energy sector will go away. The nuclear energy sector will continue. It provides cheap energy. There is a huge cost to pay for that cheap energy and that is radioactive material that will be with us for the next 500, 1,000 or 1,500 years. Nobody is certain of the amount of time that the radioactivity stays.

We have a number of issues to face as a country. Therefore we have a number of issues here to deal with as parliamentarians. We have to deal with nuclear waste. We have attempted to do that with the legislation. However, the legislation was not accurate enough in detailing what nuclear waste is.

The nuclear sector itself asked for a new name. Instead of calling it nuclear waste, it wanted to call it irradiated spent fuel because there is some life left in the nuclear fuel bundles.

There is a very good possibility that science will find a way to take the remaining radioactivity out of those nuclear fuel bundles and simply recycle them through the reactor until all of the radioactivity is gone. There is an opportunity for science to help with the problem that we are faced with.

• (1810)

There is also the opportunity that science will find other ways. It was discussed at great length at committee that perhaps the whole science of transmutation may allow us to change the nuclear fuel bundles into inert material. We are off into the realm of science fiction here and the issue becomes one of dealing with a radioactive dangerous material today. What are we to do?

One of the major problems is that it really only leaves two alternatives. The two alternatives that the waste management organization and the advisory council came up with are in the legislation. One is deep geological disposal, which seems to be the primary alternative and certainly the one most often looked at. The other one is on site at surface storage.

Personally, I find the idea of on site at surface storage completely contrary and not a feasible long term storage alternative. We would not be dealing with the waste; we would simply be piling it up. We would wait for 20 years for another generation to deal with it, or wait for 50 years or 100 years for someone else to deal with the problem. We would simply not be accepting our responsibility as parliamentarians to do something about nuclear waste today.

*Government Orders*

Having said that, let me say that there is no reason that it has to be done tomorrow, the next day, or the day after. Certainly there was time enough that we could have studied the issue for another three months. We could have made more amendments to the legislation. We could have crafted a better piece of legislation to send to the Senate. Instead, with typical arrogance, the government is insisting on sending the legislation in its present form to the Senate. I expect the Senate will make amendments as well.

I will outline a number of the specific problems with the legislation. One is that the waste management organization will only have representation from industry. I would certainly argue on industry's behalf that it should be the major player in the waste management organization. It is certainly putting the dollars into the waste management organization. There is no reason that some non-governmental officials could not sit on the waste management organization, specifically representatives from environmental organizations and the municipalities that are home to many of the nuclear reactors in Canada.

The advisory council will be appointed by the waste management organization. It recommends that environmentalists, local and regional governments and aboriginal people, as well as technical experts may be involved in the advisory council. That is only a recommendation. It is only saying that they may be, it is not saying that they must be. There is a critical difference in the wording.

On the issue of foreign waste, the legal advisers for the research council stated that there is nothing in the legislation that prevents the importation of foreign waste.

• (1815)

There is another nuance that is even more insidious and even more dangerous. Let us say that tomorrow Hydro-Québec, Ontario Power Generation Inc. or New Brunswick Power Corporation decided to build a nuclear generating station in Maine, North Carolina or wherever. There is nothing in the legislation that prevents any of them as a Canadian corporation from importing that nuclear waste back into Canada for burial in a deep geological vault or for on site storage.

Most Canadians would agree that continued on site storage should not be a long term option. We have to have a better long term option than that but the legislation only gives us two options: deep geological burial or on site at surface storage.

The sloppiness of the legislation, the rush the government was in to get it through this place and the refusal to accept amendments are all in contradiction to what we are supposed to represent as a democratic parliament. Certainly we could have done a better job.

There is no point in trying to deny the future of the nuclear industry. Although we all may not be supporters of a continued nuclear industry in Canada, I would argue that the industry will continue whether we support it or not. It will continue worldwide, which is an even greater issue.

The future of power generation on the continent is going to turn more and more to nuclear, especially in the Indian subcontinent and in China where they are dependent on brown coal with high emissions. If we are to meet our Kyoto standards we are going to go more and more to nuclear energy.

We stated the opportunities with hydroelectric power. There is still a lot of hydroelectric power to be developed in Canada. The Lower Churchill is a prime example. As the NDP member said, the real problem with hydroelectricity is the transmission line drop. I am not 100% sure but I think it is 2% per 100 miles. That is a significant line drop and loss of power in order to transport it.

Perhaps if we put the type of funding and research dollars into alternative sources of energy and hydroelectric power we would find that there are other ways to combat that. We would be able to get over some of the obstacles.

There are opportunities in wind power. There are opportunities in cogeneration. There are opportunities in continuing to burn coal in a clean and safe manner with fluidized bed coal fired generators. There is an opportunity with natural gas. There are a number of opportunities.

In summary, there are a number of issues. First, this was a poorly crafted, extremely sloppy piece of legislation when it came to committee. The government simply did not do its job the way it should have in bringing this legislation to committee.

There was not enough recognition of the importance of local communities that are home to nuclear reactors, specifically the three municipalities in Ontario whose witnesses appeared before committee. There was not enough consideration given to the role of aboriginal communities that may end up being the home to some deep geological deposit and to the input they wanted to have on the legislation. There was not enough consideration given to amendments, including the amendment to prevent the importation of foreign waste into Canada.

• (1820)

Not enough time was given to adequately bring presenters and witnesses to committee. Nor was enough consideration given to amendments that industry put forth and which the government refused to accept. These are the very people who are paying for this particular waste management organization.

The final point is there is no guarantee that we have democratic representation on the advisory council. There is no guarantee that local municipalities and aboriginal communities will be represented on that council or that there will be the technical expertise.

At the end of the day, we cannot accept or support the bill. It is just impossible.

[*Translation*]

**Mr. Marcel Gagnon (Champlain, BQ):** Mr. Speaker, I congratulate the hon. member on his very interesting speech.

Since the beginning of the debate this afternoon, I have heard extremely interesting comments. This bill, which the government wants to pass too quickly, should have been discussed more thoroughly. A bill of this importance could have been improved.

*Adjournment Debate*

Those who have spoken so far agree on one thing. They find that this bill really lacks transparency. The hon. member who just spoke mentioned that he too made suggestions and moved amendments to improve this legislation. He was not opposed to the bill. The Bloc Québécois supported the principle underlying this legislation, but we wanted to improve it because this is a bill for the future. The management of nuclear fuel waste that will take 24,000 years to become inert or inactive is unquestionably an issue relating to the future. It is unacceptable that the government will not accept any recommendation from the opposition to improve a bill like this one. It is unacceptable and it is a disgrace.

I wonder if my colleague could elaborate on the suggestion that he made to improve transparency for the waste management organization. It does not make sense to ask the industry to manage such dangerous waste. It is absolute nonsense. I would like to know what the hon. member recommended concerning the waste management organization.

• (1825)

[English]

**Mr. Gerald Keddy:** Mr. Speaker, we made a number of recommendations for transparency. Transparency is absolutely critical for the bill to work. One recommendation, which was accepted, was that when the minister received the report from the waste management organization, he would submit that report to parliament. Previously that was not in there. Therefore parliament will get to see the report on the option chosen by the organization. We are not certain what that will be.

The other issue, which was extremely significant, was to ensure that instead of using the words “may be” that we use the words “must be” for representation on the advisory council and that representation should include, instead of may include, representatives from the municipality that ended up being the home for depository nuclear waste, from the aboriginal community, if a depository was on one of its lands or if it had a significant claim to that area, and from environmental groups.

**The Deputy Speaker:** I do not think we have the time to have a question and we certainly would not get the answer in the few seconds left before 6.30 p.m. Therefore the hon. member for South Shore will have approximately five minutes remaining on his questions and comments when the subject matter is before the House again.

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## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[English]

### AUDITOR GENERAL'S REPORT

**Mr. Greg Thompson (New Brunswick Southwest, PC/DR):** Mr. Speaker, I am on my feet tonight in relation to a question I put to the President of the Treasury Board following the tabling in the House of the auditor general's report. We are concerned about government spending and the wasting of taxpayer money.

The auditor general came out with what I believe was the strongest language ever in the history of the country condemning the government for its spending habits. Page 1 of the report of the auditor general, in what incidentally is her first report to parliament, states:

—the erosion of parliamentary control over how the government raises money and spends it. Canadians have the right to control how public funds are collected and used, and ultimately it is the members of Parliament we elect who carry out this control on our behalf. That is why I am concerned about recent examples of the erosion of parliamentary control, involving billions of dollars of revenue and expenditure.

She identified \$16 billion in what we call grants and contributions. In other words, it is almost discretionary funding by the Government of Canada on projects that have never come before parliamentarians for any kind of scrutiny.

One of those was the fuel rebate program. Members will remember that \$1.4 billion was designated to help Canadians when fuel prices were going through the roof. This is an example of spending without parliamentary control or checks and balances in the system. Fuel rebate cheques were sent to 7,500 dead people.

**An hon. member:** The grateful dead.

**Mr. Greg Thompson:** The grateful dead, Mr. Speaker. Fuel rebate cheques were also sent to 4,000 people living outside of Canada and to 1,600 federal prisoners in our penitentiaries. In addition to that, 90,000 Canadians who were entitled to cheques did not get them. That is what happens when government spending is out of control and does not receive the kind of scrutiny that expenditures used to receive on the floor of the House of Commons.

One of the strongest condemnations in this report, one that really hits me as a critic for this area, has to do with the EI fund. We have \$36 billion in that fund as we speak. The auditor general has said that only \$15 billion would be required to sustain that fund over a recession, which we are now in. We have a \$21 billion surplus in that fund, which obviously the government is using to offset its accounts. It is a bookkeeping measure that the finance minister simply loves because it enhances his position as the finance minister.

Simply speaking, the government has taken \$21 billion out of the hind pockets of Canadians, which it did not have to take, simply to enhance the finance minister's position.

The story goes on. I have only had a couple of minutes to explain it. I will sum up after the parliamentary secretary speaks, and I look forward to her comments.

• (1830)

**Ms. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.):** Mr. Speaker, I thank the hon. member for his earlier question to the President of the Treasury Board. I would like to address his concern regarding the need and importance of scrutiny.

*Adjournment Debate*

The government supports and promotes mandatory annual audits. The office of the auditor general is legally mandated to carry out these audits. Mandatory audits are carried out by internal audit groups in all departments across government. All in all there is an impressive level of highly effective mandatory external and internal audit activities going on at any given time throughout the whole of government.

As an external independent auditor, the auditor general is mandated to carry out audits throughout the government. The auditor general is entirely empowered to select areas, topics and departments for her audit work. She chooses what she will audit. The auditor general tables the results of a large number of audits that her office carries out in each of her quarterly reports to parliament.

Again, the auditor general reports to parliament. The hon. member was talking about scrutiny in parliament. It is the job of the auditor general to highlight areas so that we can scrutinize them.

The government works closely with the auditor general and her office. We need to take into account the government's commitment to internal auditing within departments to fully appreciate the extent of its commitment to mandatory auditing. In fact the government announced a revised internal audit policy in February.

According to policy departments must carry out internal audits. It is mandatory for all departments to have an annual internal audit plan. It is also mandatory for all departments to have a committee to review all audit reports and adopt annual audit plans. The review committee must be chaired by a representative of the senior management group of the department. These committees are chaired by the deputy head in most cases.

Departments would be required to make their completed internal audit reports fully accessible to the public and available in both official languages. This is transparency. Parliament and the public would have full access to the completed internal audit reports.

The government intends to monitor very closely the active and efficient use of mandatory audits across departments. The internal audit policy would require that all departments provide the Treasury Board Secretariat with all their completed internal audit reports. Departments must provide their annual internal audits and plans to the Treasury Board Secretariat.

We have set up a centre of excellence for internal audit to help strengthen the internal audit function and commitment across the government. The centre is responsible for setting auditing and reporting standards for internal audit activities in all departments. It sets standards for the annual plans. The centre closely monitors a department's compliance with the policy. It provides strong leader-

ship to the internal audit community to improve its professional competency and equality of the auditing work.

I want to confirm that the government is committed to mandatory auditing both by the auditor general and the new internal audit policy.

• (1835)

**Mr. Greg Thompson:** Mr. Speaker, this is government by executive decree. This is not the first auditor general who has mentioned that. There is simply no scrutiny, despite what the parliamentary secretary tells us.

The government has used closure 73 times since taking office. It is using closure to get its way. Parliament is nothing more than a nuisance to the Prime Minister. We are saying that some of those powers have to be given back to parliament so we can scrutinize those expenditures on the floor of the House of Commons.

I have an example of mismanagement. I failed to mention the billion dollars that went missing in HRDC. It is still hunting for that. How do we explain the loss of a billion dollars? That is still a lot of change.

What we are saying, and we stick by it, is that the government must start listening to what the auditor general is saying. Let us bring scrutiny back to the floor of the House of Commons.

**Ms. Sarmite Bulte:** Mr. Speaker, before I reply to the hon. member's additional question or comment, it is important to make it clear for the record that it is not accurate for the hon. member to speak of how the government has invoked closure. The government has exercised the need for time allocation, but in many cases the parliamentary process was being abused. Let us make it clear that we are not talking about closure. We are talking about time allocation when it is deemed necessary.

I will talk about scrutiny again. One of the things the member must remember is that the reason the auditor general tables a report quarterly is in fact to allow all of us in parliament to look at those reports to find better ways to improve. In fact the government responds to all of the auditor general's concerns in every chapter. I think there are many ways in which we can scrutinize, and we will continue to scrutinize and to improve to make things more efficient so that we truly can help Canadians.

[*Translation*]

**The Deputy Speaker:** The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24 (1).

(The House adjourned at 6.38 p.m.)





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