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(HANSARD)

Thursday, March 27, 2003

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, March 27, 2003

The House met at 10 a.m.

Prayers

•(1005)

[*Translation*]

JOURNALS

The Speaker: Hon. members must be disappointed they did not receive their *Journals* this morning. I must inform the House that they will be available only toward the end of the morning.

[*English*]

I also wish to advise hon. members that the voting lists appearing in *Hansard* may not be entirely accurate. The verified voting list will be found in *Journals* which will be available, as I indicated, later this morning. Hon. members can understand there might have been some difficulty given the number of votes and the number of changes that hon. members made in stating their positions during the course of the evening.

ROUTINE PROCEEDINGS

[*English*]

CANADA CUSTOMS AND REVENUE AGENCY

Hon. Elinor Caplan (Minister of National Revenue, Lib.): Mr. Speaker, in accordance with Standing Order 32(2) I have the honour to present, in both official languages, the Canada Customs and Revenue Agency's summary of the corporate business plan for 2003-04 to 2005-06, entitled "Innovations".

* * *

MAIN ESTIMATES, 2003-04

Mr. Tony Tirabassi (Parliamentary Secretary to the President of the Treasury Board, Lib.): Mr. Speaker, I have the honour to table, on behalf of the President of the Treasury Board, part III of the Estimates consisting of 87 departmental reports on plans and priorities. These documents will be distributed to members of the standing committees to assist in their consideration of the spending authorities sought in part II of the Estimates.

GOVERNMENT RESPONSE TO PETITIONS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8) I have the honour to table, in both official languages, the government's response to four petitions.

* * *

COMMITTEES OF THE HOUSE

FINANCE

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the third report of the Standing Committee on Finance, entitled "Large Bank Mergers in Canada: Safeguarding the Public Interest for Canadians and Canadian Businesses".

With regard to the government response, also pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to the report. However, notwithstanding the deadline of 150 days stipulated in Standing Order 109, the committee requests that the comprehensive response to this report be tabled within 90 days of the presentation of the report to the House.

* * *

FOREIGN AFFAIRS

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, there have been consultations among all party House leaders and I believe that if you seek it you would find unanimous consent to adopt the following motion. I move:

That, in the opinion of the House, the government should endorse international efforts to bring to justice Saddam Hussein and all other Iraqi officials responsible for genocide, crimes against humanity and war crimes, including through the formation of an international criminal tribunal.

The Acting Speaker (Mr. Bélair): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Government Orders

(Motion agreed to)

* * *

• (1010)

[Translation]

PETITIONS

IRAQ

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, I am pleased to table petitions bearing 2,311 signatures of residents of the riding of Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans.

These petitioners have one thing in common: they are all pacifists. They consider that peaceful disarmament of Iraq is the preferred solution to the present crisis. A war in Iraq would lead to destruction and would endanger the lives of thousands of Iraqi civilians. There would be disastrous effects on the entire Middle East.

The petitioners are calling upon Canada to oppose any participation in a war in Iraq.

* * *

[English]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if Question No. 133 could be made an order for return, the return would be tabled immediately.

The Acting Speaker (Mr. Bélair): Is that agreed?

Some hon. members: Agreed.

[Text]

Question No. 133—**Mr. John Reynolds:**

For the fiscal years 1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000 et 2000-2001, from all departments and agencies of the government, including crown corporations and quasi/non-governmental agencies funded by the government, and not including research and student-related grants and loans, what is the list of grants, loans, contributions and contracts awarded in the constituency of West Vancouver—Sunshine Coast, including the name and address of the recipient, whether or not it was competitively awarded, the date, the amount and the type of funding, and if repayable, whether or not it has been repaid?

(Return tabled.)

* * *

[English]

QUESTIONS ON THE ORDER PAPER

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): I ask, Mr. Speaker, that the remaining questions be allowed to stand.

The Acting Speaker (Mr. Bélair): Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

BUDGET IMPLEMENTATION ACT, 2003

Hon. Wayne Easter (for the Deputy Minister and Minister of Finance) moved that Bill C-28, an act to implement certain provisions of the budget tabled in Parliament on February 18, 2003, be read the second time and referred to a committee.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, it is my honour to present Bill C-28, the budget implementation act, 2003, for second reading today.

In the course of preparing his budget, the Minister of Finance was advised by Canadians that it must be more than a tallying of accounts: that the budget must reflect the sum of our values as well. The budget the minister presented to the House in February meets the challenge in three arenas of national life.

First, it builds the society Canadians value by making investments in individual Canadians, their families and their communities.

Second, it builds the economy Canadians need by promoting productivity and innovation while staying fiscally prudent.

Third, it builds the accountability Canadians deserve by making government spending more transparent and accountable.

Just as important, the government is able to meet these challenges and pursue significant new investments, without risking a return to deficits, because of our continuing commitment to sound fiscal management. This commitment to fiscal responsibility is real and rigid, not just rhetoric, as demonstrated by the fact that we have already delivered five consecutive surpluses, a \$47 billion reduction in the federal debt and the \$100 billion tax reduction plan.

The 2003 budget is a budget based on continuity: maintaining the prudent, balanced approach to fiscal planning that has contributed so much, so directly, to Canada's economic stability and success. At the same time, it is a budget marked by milestones and major new commitments.

Economic success and fiscal discipline are only part of good government. They are a means to the much more important end of building the society that Canadians value, where compassion and social responsibility are constant, concrete facts of national life.

No social policy is more vital to Canadians than our publicly funded health care system.

The 2003 accord on health care renewal, agreed to by the Prime Minister and provincial first ministers in February, reflects a common commitment among governments to work together to improve access to the health care system, enhance accountability of how health care dollars are spent, and help ensure that the system remains sustainable in the long term.

Government Orders

Budget 2003 confirms \$34.8 billion in increased funding over five years to meet the goals outlined in the health accord. Bill C-28 implements these measures.

First, in terms of increased support through transfers, the budget builds on the significant federal support for health care already provided to the provinces and territories through the Canada health and social transfer, the CHST.

Following the September 2000 agreements on health and early childhood development, the federal government provided provinces and territories with a predictable and growing five year funding framework to 2005-06 through the CHST. Now, this established funding will be further increased by \$1.8 billion and extended for an additional two years. As a result, total yearly cash transfers to the provinces will rise to \$21.6 billion in 2006-07 and \$22.2 billion in 2007-08. Again, let me emphasize that this is over \$22 billion for that one year.

Next, an immediate \$2.5 billion supplement to the CHST will help relieve existing pressures in the health care system. This funding will be on an equal per capita basis, with provinces and territories having the flexibility to draw down their allocated share of funds, as they require, up to the end of 2005-06.

But the sustained renewal of Canada's health care system needs positive structural change as well as further financing. That is why the first ministers also agreed to restructure the CHST into two separate transfers, a Canada health transfer and a Canada social transfer, effective April 1, 2004.

• (1015)

Creating distinct transfers for health and other social spending will provide Canadians with information on the federal government's long term contribution to health care. At the same time, first ministers reaffirmed the importance of the equalization program in ensuring that all provinces have the ability to provide comparable levels of public services at comparable levels of taxation.

To strengthen the program, the federal government agreed to permanently remove the ceiling on equalization payments beginning in 2002-03.

All of these measures will provide a predictable, sustainable and growing long term funding and planning framework for transfers to the provinces and territories in support of health care and other social programs.

Bill C-28 would also implements other investments agreed to in the health accord.

In terms of health reform transfer, first ministers identified primary health care, home care and catastrophic drug coverage as priority areas where the provinces and territories needed to accelerate and reform to help their residents. The budget responds with a five year \$16 billion health reform transfer to help in these priority areas with funds to be distributed on a per capita basis over a five year period beginning on April 1, 2003.

In terms of the diagnostic and medical equipment fund, the first ministers also recognized that more needed to be done to improve

access to diagnostic services. The availability of equipment is a key factor in ensuring timely access to quality health care.

Building on the \$1 billion provided for medical equipment in 2000, the 2003 budget responds with an additional investment of \$1.5 billion over three years. This funding will enable provinces and territories to acquire diagnostic and medical equipment and train specialized staff to operate increasingly sophisticated equipment. Again funds will be distributed on an equal per capita basis and drawn down as provinces require up to the end of 2005-06. Under the accord, governments agreed to report annually on both the health reform transfer and the medical equipment fund so that Canadians can gauge the impact of the new investment.

Another area identified as a priority concern are electronic health records, which are an essential building block for a modernized, more innovative health care system. Under the September 2000 agreement on health, the government announced \$500 million to expand the use of health information and communication technologies, including the adoption of electronic health records.

Canada Health Infoway will receive an additional \$600 million to accelerate the development of EHRs, common information technology standards, across the country and the further development of tele-health applications.

Without a doubt, research is a vital component of Canada's health care system. The federal government currently provides significant funding for health research through its support for students, researchers, universities, research hospitals and other institutes and also undertakes research in its own laboratories. The 2003 budget recognizes that more can be done. Two such measures are included in this bill.

The first concern is the Canadian Foundation for Innovation, the CFI, which was established to support the modernization of research infrastructure in Canadian universities and colleges, research hospitals and other non-profit research institutions across Canada. The budget allocates \$500 million to the CFI to enhance its support for state of the art health research facilities. At the same time, Genome Canada will receive \$75 million for applied health genomics. It is perhaps the most exciting sector of biological research in today's world and one where Canada has developed a global reputation.

In terms of other health initiatives, the budget provides significant funding to support a range of other initiatives fundamentally linked to health reform. For example, the budget provides \$205 million over five years for governance and accountability initiatives, including funding for the Canadian Institute for Health Information to enable better public reporting on the health system and the health of Canadians.

Government Orders

•(1020)

Funding will also be provided to support the establishment of a new Canadian patient safety institute, as well as to improve the timeliness of Health Canada's regulatory processes with respect to human drugs, to pursue a national immunization strategy and to better assess the use of new diagnostic and treatment technologies.

Another initiative covered by this legislation involves a compassionate care benefit under the employment insurance program to help ease the economic problems facing families who must deal with grave illness. The government recognizes that income support and job protection are key for workers who take time off to care for seriously ill family members, as they often lose income and benefits due to time loss from paid employment.

As a result, starting on January 1, eligible workers will be entitled to a six week paid leave to provide care or support to a gravely ill or dying parent, spouse or child. Also, to enhance its flexibility, the benefit can be shared among eligible family members. The compassionate leave benefit underscores a fundamental social fact, that central to the life of every Canadian is the welfare of their family.

There is no more important investment that we can make than in the opportunities we create for our children. Working through the bill before us, budget 2003 strengthens our longstanding commitment to Canadian children and families in several key areas.

First, annual assistance for children and low income families is increased through the Canada child tax benefit, the CCTB, to \$10 billion by 2007 with annual benefits increasing to \$3,243 for the first child, \$3,016 for the second child and \$3,020 for each additional child.

Next, the government recognizes that caring for children with severe disabilities imposes a heavy burden on families. To that end, a new indexed \$1,600 child disability benefit, effective July 2003, will provide additional assistance of up to \$1,600 annually to low and modest income families with a disabled child.

A third measure provides \$80 million per year to enhance tax assistance for persons with disabilities, drawing on the evaluation of existing disability tax credit and the input of a technical advisory committee.

The budget also adds to and builds on the tax measures introduced in previous budgets to provide support to persons with disabilities. More infirmed children or grandchildren will now be able to receive a tax deferred roll over of a deceased parent's or grandparent's RRSP or RRIF proceeds.

The budget expands the list of expenses eligible for the medical expense tax credit to include, for example, certain expenses for real time captioning and note taking services and voice recognition software. In addition, individuals with celiac disease who require a gluten free diet will now be able to claim the medical expense tax credit for the incremental cost of gluten free food products.

Our ability to make major long term investments in boosting the quality of Canadian life without jeopardizing our fiscal balance rests on a healthy, growing economy. However better economic

performance tomorrow requires a more productive, innovative and sustainable economy today.

As we know, improved skills and learning are vital to improved productivity, competitiveness and a better life for all Canadians. Budget 2003 takes action to help give Canadians opportunities to gain new skills by committing \$60 million over two years to improve the Canada student loans program to put more money in the hands of students and better enable post-secondary graduates to manage their debt. In addition, individuals who are in default of the Canada student loans or have declared bankruptcy will now have access to interest relief. As well, protected persons, including convention refugees, under the Immigration and Refugee Protection Act, will be eligible to Canada student loans.

Canada's high calibre workforce deserves the support of a competitive tax system. That is why in the 2000 budget the government launched a five year \$100 billion tax reduction plan, the largest in our country's history. This plan continues to deliver growing tax relief, about \$24 billion this year and \$30 billion in 2004.

•(1025)

To help sustain our economy, the budget further improves the tax system through incentives to save and invest, to help small and medium sized enterprises and boost Canadian competitiveness.

The legislation promotes savings by Canadians by increasing registered retirement saving plans, RRSPs, and registered pension plans, RPPs, limits to \$18,000 over four years and indexing these new limits.

As well, we are providing concrete assistance to our country's entrepreneurs and small businesses, a key source of economic growth and job creation in Canada.

Employment insurance contribution rates will be cut by 12¢ to \$1.98 per \$100 of insurable earnings for 2004. This is the tenth premium rate cut since 1994 and will give a yearly savings for workers and employers to over \$9 billion. While this rate reduction will apply to everyone, it will be particularly beneficial for small businesses.

The federal small business tax rate of 12% will be extended to business income between \$200,000 and \$300,000 over the next four years. This will result in an annual saving of up to \$9,000 for many local Canadian companies.

Another measure eliminates the \$2 million limit on the amount of small business investments eligible for the capital gains rollover. This will help small firms to assess the risk capital they need to expand and grow.

The bill reduces business costs and complexity by improving the tax treatment of automobile benefits for employees and auto expenses for employers.

Government Orders

A competitive tax system is necessary to attract investment to Canada and to encourage entrepreneurs to create and grow their businesses and the jobs that they bring.

The government's five year tax reduction plan is putting in place a tax advantage for businesses in Canada as a basic part of the strategy to foster a strong and productive economy. With the tax cuts implemented to date, the average federal-provincial corporate tax rate in Canada is now below the average of the U.S. rate. The budget builds on that advantage over the next five years, totally eliminating the federal capital tax, which is currently levied on all corporations with more than \$10 million of capital used in Canada. The first step in the phase out will be to raise the level of the capital at which a firm begins to pay tax to \$50 million.

As members can see, the scope of our budget plan is dramatic, and yet I have only covered a portion of the measures in the legislation before us.

We are also taking action in such vital areas of public concern and support as climate change, the environment and agriculture. For example, Bill C-28 includes \$250 million to the Sustainable Development Technology Canada Foundation for the development of climate change and clean air technology. Bill C-28 includes \$50 million to the Canadian Foundation for Climate and Atmospheric Sciences to increase climate and atmospheric research activities including research related to northern Canada. The bill also includes \$20 million to support venture capital investment by Farm Credit Canada in the agriculture sector.

Bill C-28 also includes additional tax measures to confirm the increase in the federal taxes on tobacco products effective June 18, 2002 as part of the government's strategy to discourage tobacco consumption. The bill removes the 4¢ per litre federal excise tax on diesel fuel from bio-diesel. It also provides authority for voluntary arrangements with interested first nations to levy a broadly based sales tax consistent with the GST on first nation lands.

The budget provides important new investments to build the society Canadians value and the economy we need. Canadians have also made it clear that these investments must be backed by enhanced accountability to Parliament and the public. Several new steps will help to make government spending more accountable and transparent.

The budget follows up the government's commitment to review the air travellers security charge to ensure revenue from the charge remains in line with the cost of the enhanced air travel security system through 2006-07. Now that the review has been completed, the government is reducing the charge to \$7 from \$12 each way for domestic flights. That is by more than 40%.

• (1030)

Accountability is also the anchor of the new health accord. The accord sets out an improved accountability framework that includes a commitment by all governments to report regularly to Canadians. This framework will give Canadians more information about how their tax dollars are used to bring about reform in the health care system.

The government is also making a number of changes to improve the accountability of foundations to Canadians and parliamentarians.

Most of these changes can be made through changes to the funding arrangements with the foundations.

However the Canada Foundation for Innovation, the Canada Millennium Scholarship Foundation and the Canada Foundation for Sustainable Development Technology were established through federal statute. Under the existing legislation, unspent funds are distributed among the eligible recipients that receive grants, but the Auditor General believes these moneys should be returned to the government. There will now be provisions that the responsible minister may, at his or her discretion, recover unspent money in the event of winding up a dissolution of these three foundations and return the funds to the consolidated revenue fund.

Finally, the budget terminates the debt servicing and reduction account, the DSRA, which was established to pay interest on the public debt and ultimately reduce the debt. There is no longer any need for this account since the DSRA revenues must ultimately be disposed in the consolidated revenue fund.

Budget 2003 delivers a dramatic range of action while maintaining our commitment to prudent fiscal planning for balanced budgets. The budget takes serious steps forward in the quest to build the society that we value, the economy we need and the accountability we deserve. It is based on sound fiscal management and responsible stewardship of our resources, but is rooted in our values as we seek to give Canadians the tools they need to realize their potential. Above all, it recognizes the crucial link between social and economic policy and how an integrated approach produces policies that benefit all Canadians. The result is a better, more compassionate and competitive Canada today and an even stronger, more prosperous Canada in the years ahead. I urge all hon. members to support the legislation.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, I am happy for the opportunity to speak today to the budget implementation act, Bill C-28, but I must say that the Canadian Alliance has a lot of concerns about the budget which was introduced in the House on February 18.

The new finance minister could have chosen to change the course set by that of his predecessor in the last several years but he chose not to do that. One has to wonder why that is, although most reasonable people might expect that it had something to do with the Prime Minister's legacy program. When someone has been in office for 40-some years and he still has to buy himself a legacy in the last year out, that seems like a pretty sad commentary, but that seems to be part of budget 2003.

In addition to that, the finance minister perhaps is launching a leadership bid and that may be part of it and may partly explain why we see the kind of spending increases that we have identified in budget 2003: \$25 billion in new spending over the next three years. It is not just spending, it is a smorgasbord of sloppy spending. Other than the \$5.3 billion this year for the health care increases, it is spread so thinly in so many areas that it may be of little benefit to anybody.

Government Orders

What we have seen from the government is a pattern over a long period of time of trying to buy votes and not really caring what the outcome of the legislation will be as long as it looks good on the surface. It is like the Hollywood storefront image that we see in the westerns; nothing behind it.

The budget includes \$2 billion in unspecified Kyoto projects and \$1.5 billion again shovelled out to unaccountable foundations. The Auditor General had a considerable amount to say about that in the past, that this was not the type of corporate accounting that we accept in the corporate sector so why should we accept it from the Government of Canada?

The budget contains \$1 billion for the national child care system which will bring it to roughly \$10 billion. That money has to come from somewhere. Six billion dollars will be spent on the federal bureaucracy, an increase in spending that seems reminiscent of the 1970s.

The budget contains little tax relief and what tax relief there is, it is spread over several years. I am thinking of the capital tax, of which one portion will be phased out. I heard more about the capital tax than any other thing when our committee was travelling across the country. When I was the industry critic for our party we heard that this was a very discouraging tax on investment, but the government is only taking one part of it out and only doing that over five years. That is the type of example we see in budget 2003.

Many commentators have suggested that the budget was really the end of fiscal discipline in Ottawa, but I would like to demonstrate why that simply is not the case at all. It really is a return to old Liberal values. The fiscal discipline only took place in about 1996-97, for two years, because the government was driven to the wall and had to do something about it. I will make that case.

I submit that this is really a continuation of the Liberals' tax and spend policies that put political expediency ahead of good policy, wasteful spending over restraint and accounting trickery over transparency.

The reality is that since 1993 the Chrétien-Martin tag team increased personal and corporate income taxes 53 times.

• (1035)

The Acting Speaker (Mr. Bélair): I am sorry to interrupt but you referred to the Prime Minister by his name, as well as the former minister of finance by his name. You are a veteran of the House. Please refrain from doing so.

Mr. Charlie Penson: Mr. Speaker, the reality is that the tag team of the Prime Minister and the former finance minister increased personal and corporate taxes 53 times since 1993. Budget 1994 increased spending \$1.7 billion and increased taxes by \$1.3 billion. Let us remember that the early budget of the former minister of finance had a deficit of \$37 billion in it, \$37 billion adding to that national debt. It was not until the budget of 1995 that the Liberals were forced to reduce spending but still managed to increase taxes by \$1.4 billion. Then again, the deficit for that year was \$28 billion.

The early years of the former finance minister, the member for LaSalle—Émard, what was his record? It was to increase taxes, increase spending and run another deficit. When those guys inherited the government from the Mulroney team the national debt, which is

the accumulated deficit, was \$508 billion. What did they do? They ran it up to \$583 billion before the message got through that we simply could not do that any more.

What caused this change? What were the events that led up to the change in the Liberal philosophy of actually having some fiscal discipline for a few years? I think they were forced to the wall. There was the Mexican situation where the peso was in crisis in 1994, fears that New Zealand would fall into insolvency and Canada's own debt was downgraded by many of the debt rating agencies. The message was pretty loud and clear that the Liberals had to do something.

They did take some action. What did they do? This is important. Was it done fairly? No, not really. The former finance minister and his team took the easy way out. They offloaded their problem by slashing transfers to the provinces. According to national accounts, federal spending decreased by just 9% or \$11.3 billion. This was a time of crisis. They had to get a hold on this so they decreased their own spending by 9% but slashed the transfers to the provinces for things such as health care by over 20%.

The crisis that we see in health care today, the money that had to be pumped in and today's fiscal problems between the provinces and their municipal governments, are a product of the Liberal government. It is a product of the government offloading its big problem to the provinces.

As soon as the Liberals had an opportunity, and once we started to get to the stage where we were no longer deficit spending, when the U.S. economy was growing by leaps and bounds, when 87% of our exports were going to the United States and when roughly 40% of our GDP came from exports, we were dragged along.

What did the Liberals do when they had the opportunity and things improved? They did not make the fundamental changes that were required. They returned to their old practices. They returned to their old tax and spend ways. It did not take very long. The aberration was only two years.

Federal program spending has been on the rise since 1997 and has increased dramatically since 1999. Those are all years that the former minister of finance was here. The tag team of the Prime Minister and the former minister of finance did it together.

Over the last two years federal spending has increased by 6% on average. That outpaces the formula for population growth and inflation by roughly 4%. Those are the kinds of things that put us into the difficulties in the 1970s to begin with.

The current finance minister, as I said, could have changed course but instead he opted to spend and spend. Federal spending is forecast to increase 83% faster than population and inflation growth between 1999-2000 and 2004-05.

I submit that budget 2003 is not an aberration at all. It really just ups the ante of the old Liberal spending patterns. As soon as the Liberals had a little cash in the bank, instead of improving the fundamentals, they went back to their old ways of tax and spend.

Government Orders

The Minister of Finance likes to brag about how Canada is a true northern tiger. He must know, as do many in government and the private sector, that despite recent reasonable economic times there is still considerable distance to make up for the bad public policies that the government and other governments have engaged in since the 1970s.

• (1040)

The industry committee conducted three separate studies in terms of Canada's productivity and competitiveness. What it found was a long standing decline in Canada's competitive position in the world going back 30 years. I submit that it is not an accident. This has a direct correlation to public policy. That public policy is just bad government not recognizing what Canada should be doing.

Thirty years ago the United States was number one in terms of productivity which equates to living standards. Canada was number two. That is a long term historical fact. The United States has not changed. It is still number one in terms of productivity and living standards, but Canada has fallen to 13th place in terms of productivity in the world.

In the *Globe and Mail* today, Canadian Manufacturers & Exporters reported that Canada's competitiveness has fallen to 50% of the G-7 average. The report prepared by Canadian Manufacturers & Exporters said:

The competitiveness of Canadian industries continues to fall compared with their G-7 counterparts, although this country's businesses no longer hold last spot—

It is no longer in last place. That is some consolation. It does not really address the issue of Canada and United States. Canadian Manufacturers & Exporters went on to say:

—the so-called excellence gap between Canadian industries and those in other Group of Seven nations has widened “significantly” since the period before the Sept. 11 terrorist attacks in the United States.

It continued:

The CME's last assessment, undertaken in the summer of 2001, put Canada's performance at 62 per cent of the G-7's overall best practice. Its most recent analysis, however, shows that figure has fallen to 50 per cent.

We have had a long term decline in the economy in Canada. We have seen it; we know it is there. We recognize it because the Canadian dollar is in big part a reflection of that. But this is 30 years of decline and 30 years of bad management by the government.

In the 1970s and onward we saw huge increases in government spending and in the design of government programs. Deficit spending was characteristic of the government and, in fact, it ran up the accumulated deficit to \$583 billion. It now has it down to \$536 billion and it is cheering that it is some kind of victory. I say it is not very much.

Decades of spending increases have increased Canadian tax burdens so now government represents 42% of all of the GDP of Canada. That is how much it is sucking out of the life blood of Canadians. Compare that with the United States where government takes 29%. If that was productive spending maybe we could accept that, but what do we have? We have waste in the government. We have a lot of misdirected industrial policies where it is pumping billions of dollars into so-called winners. I suggest that those winners are showing the tendency to be more losers these days than winners.

We have the aerospace sector, for example. The government has poured literally billions of dollars into that sector. I believe that it should not be involved and the Canadian Alliance believes that we should not be in the business of trying to pick winners and losers in our society.

Our standard of living has fallen to only 70% of that of the United States over a 30 year period. Canada has one of the highest personal income tax rates in the entire G-7. Once a historical home for direct foreign investment, our share of direct foreign investment has been falling over 30 years. Investors see other countries as better places to reap a profit. It is no wonder with the taxation levels on the corporate and personal side that we have in Canada.

Even Canadians are looking increasingly outside our borders, particularly in the United States, as a good place to invest. There is an article in the *National Post* today to that effect. Canadians are investing billions of dollars outside our country. Why? Because they see it as better place to get opportunity to have return on their investment. That should not be the case. It is tragic that it is actually happening.

Yes, they should have opportunity to look outside our country, but they should also have the opportunity to get good rates of return here. The government's response has been to devalue the dollar. We have become the big discount sale house of OECD countries. Our dollar has seen a little bit of strength in the last couple of months as the U.S. dollar is depreciating against European currency, but still we have seen a decline to where we are at 68¢ U.S. today. We have been as low as almost 60¢ and it is no accident that the dollar is a reflection of Canada's productivity and standard of living.

• (1045)

A *National Post* article today by Jacqueline Thorpe talks about the Conference Board study and what it is saying. Is it not ironic that our industries are now saying “Do not let the dollar go too high because we cannot compete”. Why can they not compete? They cannot compete because the government has not taken advantage of good times to make the fundamental changes that are necessary to allow that dollar to naturally rise and exporters to be able to benefit.

I am talking about tax decreases. Let us get off the backs of the corporate sector. Let them make a profit and we will see more investment in Canada. We will gradually see our Canadian dollar rise as it should. But the government has not taken that opportunity in good times. If it does not take the opportunity and make the fundamentals right in good times, when will it ever happen? It certainly will not happen in a downturn which we may be seeing.

This is the kind of problem that I am talking about, long-term historical problems where we see a Liberal government that has a total disregard not only for the economy and Canadian standard of living but also for its constitutional mandate.

Government Orders

It is clear what the division of powers were when the Fathers of Confederation designed the Constitution. The provinces were largely responsible for social areas and the federal government was responsible for foreign affairs, defence, trade, monetary policy and security. However, we have a federal government that has muscled its way into provincial jurisdiction. We see it in the budget of February 18 with all kinds of intrusions into provincial social areas, but what is the government's record in its own areas? I say it is dismal.

Let us take foreign affairs as an example. This House is being consumed with that issue in the last several weeks but it goes further back than that. Our place in the world has slipped dramatically. What are we doing to protect Canadian industries in trade agreements? What about agriculture, where we have been beaten up really badly? What about softwood lumber and defence policy? The government has deliberately gutted the Department of National Defence so it could use the money that it would save in the budget to throw at some of its special pet projects and patronage.

We have seen waste in government, and waste in the gun registry of \$1 billion and running to \$2 billion shortly. We have seen waste in the HRDC scandal where the minister was largely credited or discredited with blowing \$1 billion, not knowing what happened to it. We have seen advertising scandals. And this is just the tip of the iceberg.

Together with waste and misdirected policy no wonder Canada has been in decline. We need the opportunity to get this country back on track. We need political parties that would get the federal government into the areas that it is responsible for and work cooperatively with the provinces in areas that the provinces are responsible for. That would seem to make perfect sense in a federation, but instead, that is not the case.

This country could get back on its feet fairly quickly if we had a party that would stand up for the things that Canadians should be standing up for and exercising responsibility that is really required. The Canadian Alliance has a totally different view than the Liberal government. We do not believe in intervening in the economy. We believe that we need to put the framework in place for business to do well, that we should be the stewards for Canadians, that we should not be interfering, and that we should not be investing in business.

It seems to me that the time has come for that to happen to get Canada back on track. We can no longer afford to have the kind of interventionist government and a poor public policy that has put us in this deep hole. It is a deep hole that I am concerned about. We are not recovering. In fact, it threatens our economic security.

It makes us so dependent these days that we have trouble acting. We are in a huge trade dispute. What is our answer? We have trouble defending our own economic sovereignty. The government has put us in a hole where we are \$536 billion in debt. Out of every tax dollar 21¢ goes to Ottawa to pay interest on the debt. That makes us very vulnerable. The government did not do anything about it in good times, when is it going to? That is going to represent a bigger part of the total scene when things get bad and it may well happen.

● (1050)

The United States economy has not recovered. It had 12 years of growth and in any economic cycle we will see that growth period followed by a period of stagnation before it can happen again. Canada has not really entered into that although I believe that we are vulnerable.

These policies that we have in the budget would not protect us. They would not give us the kind of tax relief that we need to have to make this a more viable situation for Canadian individuals and companies.

We must ask the question, why would a party think that government needed to increase in size? Historically that has not been the case. In fact, we are pretty much out of the loop in terms of the business cycle in North America. At one time there was never a period when the economies of Canada and the United States did not act in a similar way. We can chart that over a hundred years. There are people that do that. It is an analytical way to approach business. They chart when business cycles are on the upturn, when there is inflation, and when there is a decline.

Up until about the 1970s we can see that the economies of Canada and the United States have been very closely together in terms of that economic cycle. However, after the 1970s there started to be a divergence which became fairly acute. People have been doing a lot of work to decide why that took place, what is this aberration?

Former Prime Minister Trudeau was successful in increasing the size of government with his public policies. There were a lot of social programs that were introduced. Even in Ottawa, during the days of the 1970s, the growth was phenomenal in the city, particularly the growth in government buildings.

Let us look at the employment insurance program, for example. It became not an employment insurance program any more because it also had a social element to it. Maybe there is a role for government in that, but we would not think that the government would expect employers and employees to fund it. However, that is exactly what it did.

The result is that Canadian unemployment figures are about 3% to 4% higher than that of the United States all the time. In good times and bad times they are 4% higher. That was not the case up until 1970. It was roughly the same. Our cycle might have been out a little bit but it was basically the same. Why is that?

The reason is that we have built a lot of components into the system. There are something like 40 different areas in Canada where qualifying for employment insurance is different. Maternity benefits are just one example of that and there are many others.

In addition to that, what did the government do with employment insurance when it came to power in 1993? It decided this would be the vehicle to generate a fair amount of money for the government. Even though the chief actuary said that in order to ride out a cycle in the economy we probably needed about \$15 billion in the employment insurance account, the government decided that this was a cash cow that it simply could not resist. What did it do? It overcharged Canadian employers and employees to the tune of over \$30 billion.

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Supposedly, there is a fund somewhere that has \$45 billion in it for employment insurance. We all know that is not the case because it went into general revenues and has long been spent. The government took advantage of this cash cow and how did it decide to spend this money? It spent the extra \$30 billion of employers' and employees' money in a number of ways that I am not sure that employers and employees would think was reasonable.

• (1055)

There are regional development programs in many areas that take up billions of dollars a year. The Auditor General has been very critical of those programs from coast to coast. Whether it is western economic diversification or something else, no matter where it occurs, it is like pouring money into a hole in the ground.

In many cases once the money is gone and the business is no longer collecting the money, it cannot exist. In fact, some businesses receive money from regional development programs that their competitor down the street does not receive. For example, if someone receives a government grant and builds a service station and the existing one down the street goes out of business, is there any net gain to society? The Auditor General does not think so.

Billions of dollars have been wasted in that program, as well as billions of dollars in economic development programs. I do not think government is very good at this. That is one reason I do not think government should be in business.

Businesses in Canada have benefited from programs like technology partnerships Canada to the tune of billions of dollars. The aerospace industry, I pointed out earlier, is just one of those. Companies such as Pratt & Whitney, General Electric, Bombardier, some of the biggest companies in the world are receiving money from Canadian taxpayers.

In addition to the technology partnerships program, what else is there? There is Export Development Canada, a bank owned by the taxpayers of Canada. It subsidizes the credit so those companies can sell their products to Air Wisconsin and United Airlines in the United States at a lower than market price in terms of interest rates. Who pays the bill and who has the vulnerability if something goes wrong? There have been all kinds of cancellations for aircraft orders not only in Canada but in places like Brazil which have similar regional development and economic development programs. I understand our aerospace sector makes up something like 70% of the exposure at the Export Development Corporation these days. If something goes wrong, who pays for that?

Those are the kinds of misguided public policies which I think have gotten us into trouble. It shows why the government is addicted to having more taxes rolling in all the time. The government is going to have \$195 billion in tax money coming to Ottawa in the next year.

The growth in the size of government is unprecedented. It is returning to the levels of spending and taxation of the 1970s. For 25 years the government seemed to be drunk with power and had to expand the economy not only in government, but in all kinds of pet projects that it thought was best for the country, such as economic development in certain areas, whether it was through business or regional development. Those are the kinds of programs that have to stop.

Canada has been a member of the World Trade Organization and the OECD. They are critical of a lot of those kinds of programs. They are critical of export credit. They want to move away from that. Canada should be a leader. Canada at one time was a leader, but I think we have abdicated our responsibility pretty seriously.

What is the role for government? What role should government really play? The Canadian Alliance feels that government has a very serious responsibility. It is pretty clear in the Constitution how it is set out. Traditionally Canadian governments moved into other areas such as health care. We do not disagree that health care funding needed to be brought up to new levels. We recognize the need for that. When the government in the 1970s brought in the Canada Health Act, it said that federal government funding for that program would never fall below 50%. What happened over time is the provinces could not trust the federal government. They simply could not trust it.

Spending levels by the federal government last year fell to something like 12%. Provincial governments were left with the balance, having to struggle with that even though they had this guarantee from the federal government that they would never fall below 50%. No wonder provinces are knocking at the door telling the government that it is putting the constraints on them in asking them to have a national system, which they accept, but the federal funding levels have dropped.

• (1100)

As I pointed out, it was a pretty easy target in the mid-1990s when the tag team of the former finance minister and the Prime Minister decided they had to do some cutting. They were sort of at the wall and were being downgraded in terms of credit and they had to do something about it. What did they do? They cut transfers to provinces. What is the largest transfer to the provinces? It is health care and \$25 billion was taken out of the health care system during those years.

No wonder the provincial governments had trouble with their municipalities and their own services. Imagine a federal government that would hardly do anything in its own backyard in terms of cutting spending, but it would attack the easiest target. That was the easiest target, so it cut the transfers to the provinces. That is the type of thing that worries Canadians for the future.

The commitment made in the budget that the federal government put about \$35 billion into health care is the kind of commitment that was needed to increase the health care funding to the required level. The provincial premiers and others must wonder what will happen the next time there is a bit of a downturn. What is the commitment worth from the federal government? The experience from the mid-1990s under the former finance minister was not that good. The government took the easy target.

Government Orders

The role of government must be to recognize the jurisdictions given to it in the Constitution and actively work hard to improve things such as relations in foreign affairs. Our relationship with our major trading partner is in serious decline. Historically we have had an excellent relationship with the United States. We are a next door neighbour to the United States. As I have said, our trade relationship has grown greatly, which seems to be a natural outreach.

Mr. Trudeau back in the 1970s decided that he wanted to distance himself from the United States. He wanted to direct business so that there was more trade between Europe and Canada and less dependency on the United States for trade. It was a pretty superficial look at it. At the same time the European countries were busy developing the European Union, which is a very inward looking organization. They were not looking at trade with Canada. In fact their trade with Canada declined dramatically during that time.

The natural consequence of being close to the United States and having similar cultures means that trade between Canada and the United States has grown dramatically. During the 1970s, 60% of our exports were to the United States and today it is 87%.

It would be nice to diversify that, but that is a pretty easy place to do business, or it has been until now. The government seems intent upon sticking its finger in the eye of the United States and souring that relationship. I wonder how much support there will be for the government when people start to lose jobs as a result of what members on the other side of the House have been saying recently about our closest ally and closest trading partner. It seems to me to be a pretty silly policy to tweak the noses of our friends in the United States, our major trading partner, because that is the kind of relationship we need.

Instead of working in the areas the federal government was given in the Constitution, in foreign affairs, to improve trade relationships, to do something about improving things so Canada is not hit with trade actions any more on a number of issues, what is it doing? Tweaking the nose of Uncle Sam. It is not good enough. The government has to do better. A Canadian Alliance government would take this role a lot more seriously.

We do have a place in the world. We are not a superpower but we are certainly a midsize power. There is an increasing capacity in the country, a potential to reach a much bigger proportion than we have today in terms of influence and also economic size. However it will not be done with a government that has such inward looking policies and policies of trying to be interventionists in a control command economy.

A free market economy is a very powerful engine. We should unleash it and let it work. We should take the constraints of high interest rates, high income taxes and high regulation out of the government, off of our industries and let them work. That could have a dramatic effect, but it seems the Liberals across the way do not share those views. They think that this sector has to be controlled.

● (1105)

Canada has a whole set of regulated industries. A lot of them are looking for the harness to be thrown off. Our telecommunications companies are asking for foreign investment limits to be removed. They want access to foreign capital. That has not been the case. The

transport sector has been highly regulated and look at the results of that. It looks like the government is going to be pumping more money into Air Canada.

It seems that the Liberals have not grasped the idea of a market economy. Maybe there is a reason. Maybe they feel they have to have their hands on the levers of power so they can stay in power and grease enough palms along the way that the money will come back. That seemed to be working pretty well up until now, but it does not serve Canadians well.

Defence is an area of responsibility given to the federal government. A lot of people in the defence industries and analysts say that the defence department needs about \$2 billion a year to help out in its capital expenditure to get it back to some reasonable level so our forces can perform in peacekeeping or peacemaking operations. It is sad that our fighting men and women who belong to this organization do not have the ability to get over to the operations. We do not have the ability to fly them there. We have to rely on the United States to do that for us.

We rely pretty heavily on the United States for our defence. We are a member of NATO. Our funding level for our military in terms of GDP is the second lowest of all NATO countries. Luxembourg is the only country lower than us. Either we belong or we do not. This latest conflict in Iraq and the war on terrorism point to the need for Canada to do something to improve the morale and the conditions for our service men and women and improve the equipment for them.

The responsibility for defence was given to the federal government in the Constitution. Instead of working to improve things in foreign affairs and defence, what is it doing? The government is getting involved in provincial jurisdictions. It sees its role as being more that of a provincial government. Maybe that says something about the mentality of the government. It needs to respect the constitutional authority it was given and do something. It needs to improve the conditions. It needs to work in the areas it was given responsibility for, such as foreign affairs and defence.

What more could the government do in trade policy? In the next little while Canadian Alliance members will be speaking more specifically about a number of areas. Trade policy is one of them.

We need to be moving in areas such as agriculture. The Uruguay round only made small changes in agriculture. Huge subsidies are still being given by the European Union and the United States. Our Canadian farmers have been beaten up badly as a result. In addition, even with the small amount of progress that was made, 15%, in the Uruguay round, what did the government do? It went beyond the cuts that were necessary according to our contribution level and it cut heavily in the area of agriculture.

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Some would argue that New Zealand does not have any subsidies and that is a good thing. However, when other countries are subsidizing very heavily, such as the United States and the European Union countries, we get frozen out of market share. There is work to be done to bring some discipline and some trade rules to other sectors of the economy in agriculture in other areas such as the European Union and the United States. Canada has a dyslexic position and I do not think it is respected very much. More work needs to be done in trade areas.

Let me talk about monetary policy for a moment. Canada has a 68¢ dollar today versus that of our major trading partner, the United States. That is higher than it has been for some time. A lot of people think that the U.S. dollar needs to be lower than it has been because the U.S. has a fair amount of deficit in its current account. People thought it would come down over time. Not too long ago our dollar was almost as low as 60¢ and it could well go back there. What does that do to Canadians? Let me talk about farming for a second because I was on that subject.

• (1110)

Combines do not cost \$100,000 any more, but let me take a figure of a piece of farm equipment that would cost a Canadian farmer \$100,000. That same equipment made in the United States would cost a farmer \$68,000, and most of the equipment is made there, so we have to import a lot of product into Canada. That puts us a disadvantage.

Some would argue that of course we have our exports that take advantage of the low Canadian dollar. Yes, they have, but to some extent it has been a bit of a crunch. The proof is when we see the Canadian dollar start to go up a bit, Canadian companies start to get concerned. They say that they cannot compete because taxes and regulations are too high.

I want to introduce a motion, but just before that I want to conclude by saying that things could be a whole lot better. Public policy is directly related to how well the country does and how our badly our standard of living has slipped. The Canadian Alliance will be outlining that over the next few days in this debate. I move:

That the motion be amended by deleting all the words after the word "that" and substituting the following: "therefore Bill C-28, an act to implement certain provisions of the budget tabled in Parliament on February 18, 2003 be not now read a second time but that it be read a second time, this day, six months hence".

• (1115)

The Acting Speaker (Mr. Bélair): I declare the amendment to be in order.

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, I am pleased to rise today to speak to the Budget Implementation Act, 2003.

In the days after the federal budget was brought down, there was generalized criticism of it, and justifiably so.

There is nothing reassuring about this budget, because it marks a return to the irresponsible habits that brought Canadian public finances to the verge of bankruptcy. Was it not necessary to require a very considerable effort by the taxpayers in order to balance the budget and eliminate the deficit?

For 2003-04 alone, the budget announces a record rise in expenditures in the order of 11.5%. The last hike like this was also of the Liberals' doing; 20 years ago, in 1983-84, the finance minister of the day raised expenditures 12.8%. So, you might say, nothing ever changes.

The budget documents also call for substantial increases for subsequent fiscal years. In all, there will be an increase of \$25.3 billion between 2002-03 and 2004-05.

How can such expenditures be justified, when the government refuses to acknowledge the existence of fiscal imbalance within the Canadian federation? At any rate, only the Minister of Intergovernmental Affairs still believes, and still states at every opportunity—to people's amusement—that there is no fiscal imbalance.

However, from one end of the Canadian federation to the other, all the stakeholders, ministers, and even the provincial premiers, are in agreement and admit that there is a fiscal imbalance.

The Liberal government has a habit of announcing that the federal debt is higher than provincial debt. We could have understood the government keeping a tighter grip on the public purse. It is true that the debt is the government's largest expenditure.

But the Minister of Finance is sending a clear message by deciding to untie the purse strings. There is money and lots of it.

Some seasoned financial observers have called this budget a spending orgy. Despite the conflict in Iraq and tensions in the Middle East, the government has opened the floodgates and started to spend. Its timing is quite unfortunate, since we do not know the economic repercussions of the war led by the American-British forces.

I would like to review each item in this budget. Health care gets most of the headlines these days. Health care represents the biggest expenditure for each province, along with education and social services.

In Quebec, currently, health care represents 42% of the government's total budget. In a few years, the budget for health care, education and social services will represent at least 80%—in any case, more than 75%. There will probably be 15% left for the other expenditures, such as transportation. This is unacceptable.

Expenditures, particularly in health care, are growing faster than provincial revenue streams, which depend in part on federal transfer payments to the provinces.

When the premiers came to Ottawa, they spoke of the consequences of the federal government's withdrawal from health care funding. The needs are great: Quebec requires \$1.6 billion for service delivery. However, after numerous protests and despite Ottawa's enormous surplus, the federal government has granted Quebec a measly \$800 million.

During this meeting, the Liberal Prime Minister told the premiers, "It is my wallet, and you will take what I give you, period". That is disgraceful.

Government Orders

● (1120)

This is a clear indication that health is not a priority for the federal government. The numbers speak for themselves. The federal government announced a \$6 billion investment over three years, yet it is sitting on a \$30 billion surplus.

Once again the federal government tried to overestimate the true value of its reinvestment in the health system, not to mention that it tried to shove its health reform down our throats with huge ad campaigns.

The measures announced are inadequate to meet the provinces' health needs. Health costs are enormous and the federal government refuses to give the provinces enough money to pay for them. Health is a provincial responsibility. The Liberals need to understand that once and for all.

There is no greater disappointment than what happened with employment insurance. The minister was unable to be transparent and meet our demands to stop pillaging the fund. Instead of creating an independent fund, he chose to form a consultation committee. If ever there have been consultations, it was for employment insurance.

We agree with the principles that were announced to make the contribution calculations transparent and to ensure balance between revenues and the cost of the program. However, all this has already been largely agreed to. It has been settled. Why does the Minister of Finance keep flip-flopping? He should have the courage of his ambitions and set up an independent employment insurance fund. Instead, he is going to continue consulting and in the meantime, continue to pillage the fund, help himself to the surplus, let it build up, and have us believe in some sort of virtual accounting. Under this type of accounting, money goes directly to the debt. The surplus is not mentioned when it comes to consultations or priorities in terms of what the public needs.

I agree with the Liberals' claim that this budgetary item has seen a \$2.3 million reduction, but this is not fair. There is nothing planned for accessibility to employment insurance. There is nothing to help older workers who lose their jobs; nothing for the many families in Quebec who are suffering financially because of the softwood lumber dispute.

The unions said they were especially upset by the Minister of Finance's plans for the employment insurance system. The president of the Centrale des syndicats démocratiques, François Vaudreuil, said:

The minister sidestepped the real problem. Instead of improving access for the unemployed—six out of ten unemployed people do not qualify—he reduced the premiums by an amount that was laughable.

Social groups have also demonstrated their disagreement. The spokesperson for the Mouvement des chômeurs de l'Estrie, Denis Poudrier, had nothing good to say about the announced decreases in EI premiums. He said:

In 1989, 93% of unemployed persons qualified for employment insurance. Now only 40% qualify. Instead of lowering premiums, the federal government should freeze them and strengthen the program, to re-establish access to the plan for 90% of the unemployed.

Among those who are dissatisfied with the situation is Nathalie Saint-Pierre, the head of the Union des consommateurs, who said:

Lowering the premiums is all well and good, but no one qualifies anymore. The government should have allowed access to this source of income for workers who do not qualify because of increasingly strict rules. Particularly since the fund is overflowing and that Ottawa has been dipping into it freely in recent years.

● (1125)

There is only one small consolation with regard to EI, when it comes to the budget. The government has agreed to establish six weeks of benefits coverage for compassionate leave.

It is too bad that this comes so late and that implementation is a long way off. It is premature to congratulate the government for this; we need to know the exact criteria that will determine what will be considered a serious illness. And, the worker will have to have accumulated at least 600 insurable hours of work in order to qualify. The self-employed again are not included.

It must be said that the provinces are ahead of the federal government on this. Quebec already provides coverage. Parents are eligible for five days to take care of a minor child who is sick, and in May, they will be granted 12 weeks coverage to care for an immediate family member with a serious injury or illness.

Given that the provinces are doing more than Ottawa, why would the federal government not reach an agreement with the provinces whereby compassionate leave would be granted under a provincial program, to which the federal government would transfer the necessary money?

Now for air security. In the aftermath of the tragic events of September 11, 2001, the Liberal government decided to address national security on an urgent basis, as was its duty. But the unfortunate part of this is that the now former Finance Minister, the member for LaSalle—Émard, rushed in a new tax, a new direct tax on air travellers. Things were already going pretty badly in the airline industry and they did not need one more tax. This was shameful.

The member for LaSalle—Émard has admitted that he did not carry out any impact study before imposing this tax. How did he come up with the figure of \$12 for a one-way trip and \$24 for a round trip? The Lord only knows, and he did not tell us, as they say.

The former Minister of Finance has never been able to demonstrate his logic to us; instead he took refuge behind the promise to review the air passenger security charge later on. This is later on, yet we still do not really know what the money collected with this tax has gone for. We do not know whether the new systems are all in place and are effective.

But here we have the new Finance Minister announcing a reduction in the charge, from \$12 one way to \$7, but only for domestic flights. If someone has to go out of the country, the charge remains \$12. In most cases, the same airport, sometimes even the same airline, is used. This is a very odd situation.

Air passengers are entitled to wonder whether they are being had. Where does the \$329 million being used to reduce passenger charges come from? We are entitled to wonder whether the government has not been able to purchase the necessary security systems. Is that why they have surplus money on their hands?

Government Orders

I am quite amused by the note that Department of Finance officials took care to add at tab 6, page 2 of the briefing book they prepared. Among the questions and answers, one finds this: "During the process—of reviewing the amount of the charge—no substantive questions as to the amount or the structure of the reduction were raised by sector representatives.

Representatives of this sector are not stupid. When they came to Ottawa for prebudget consultations in the fall of 2001, they were told that there was nothing particularly scientific about how the amount had been arrived at. I remember the jaws of Department of Finance officials dropping when my hon. colleague for Saint-Hyacinthe—Bagot and I asked for impact studies and the guidelines used in deciding on the amount.

● (1130)

I remember also the waffling of the member for LaSalle—Émard, the former Minister of Finance, who finally admitted that no such study existed. He had nothing to justify his decision; not a thing. And to think that he wants to be the next Prime Minister. This is not very reassuring.

In summary, this debate is letting us shed some light on the fact that the government has announced insufficient additional investments in high need areas, such as health care, and given funds to programs and organizations that are infringing in areas of provincial jurisdiction.

The federal government clearly has no intention of doing anything about the fiscal imbalance. The creation of new organizations, programs and other initiatives will only make intergovernmental financial relations more dysfunctional.

The public's needs will never be adequately met because the provinces are not getting sufficient resources from the federal government.

When we vote on the Budget Implementation Act, 2003, many of our constituents will be disappointed. The list of measures that were not announced in the budget is long. There is no cut in the excise tax on gas or in the GST per litre of gas. The higher gas prices climb at the pump, the more the federal government pockets in sales taxes. Lord knows the price has jumped in recent weeks.

There are no new income tax cuts; no noticeable short-term increases in RRSP contribution limits; no increases in pension adjustments; nothing for seniors or women; and no significant decrease in EI premiums—just a measly \$231 million from now until 2005. There are no increases in old age security—and Lord knows that seniors need this money because, although they founded our society, they are its most disadvantaged members—and no new measures to increase taxes on hidden salaries.

Directors of publically traded companies have cashed in at least \$1 billion in recent years by selling shares acquired at bargain prices thanks to lucrative stock options. This is allowed, yet salaries are taxed at a combined federal and provincial rate of 48% in Quebec, while the earnings from cashing in on options are taxed at only 24%.

The budget contains no tax deductions for volunteer work, and no additional deductions for charitable contributions.

In the end, there is not much to write home about in this budget and its implementing legislation.

We had hoped for more. However, since the era of the member for LaSalle—Émard, budgets have been characterized by extreme caution, which has always resulted in underestimated surpluses that get put toward debt reduction without any sort of debate.

In closing, our constituents have not noticed any changes to their paycheques. There are no new tax cuts on top of the \$100 million announced by the member for LaSalle—Émard in 2000. At most, there is a two cent decrease in premiums per \$100 of insurable earnings. That will be effective in 2004, so only next year.

There is nothing in this legislation to extend accessibility to the program or increase benefits. There is nothing to allow a taxpayer to contribute more to his RRSP.

● (1135)

I am also thinking about comments from retirees who feel completely ignored. One of them said:

We as middle class retirees did not benefit from \$5 daycare, maternity leave, student grants and loans. We did not have a \$13,500 RRSP limit, let alone \$18,000. Yet, we pay a surtax on our old age security pension. Between 1994 and 2002, the cutoff for the pension went from \$53,215 to \$56,698, which is less than the increase in the cost of living. They said this surtax was meant to reduce the deficit. But these are just words from politicians whom we longer trust.

It is sad.

For once in Quebec, the three political parties were on the same wavelength in denouncing the federal intrusions contained in the budget that will become reality through the implementation act.

I will stop here, with an example not from someone in Quebec this time, but from Ontario's Minister of Finance, Janet Ecker, who basically said that the federal government was taking more money from taxpayers than it needed in order to fund its programs, while the provinces were having a terrible time funding the two largest programs in Canada: health and education. If this is what Ontario thinks, then the people on the other side will have to admit that fiscal imbalance indeed exists.

The Prime Minister's legacy budget is nothing more than a tool for political visibility. It is so scattered that Canadians have a hard time figuring out which direction it is taking.

Instead of this terrible situation, Quebec is offering a clear direction to its people; a plan that is also taking hold in western Canada. We propose to them the only true alternative: sovereignty.

Government Orders

[English]

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to be able to participate in the debate on Bill C-28, the budget implementation act. You will know already, Mr. Speaker, that the members of the federal New Democratic Party caucus stand in clear opposition to the Liberal budget of 2003. We express again today our lack of confidence in the government and its current budget. That will not come as a surprise to you, Mr. Speaker.

I want to indicate to the House that while we have a lack of confidence in the budget before us today, we will work very hard and do everything we can through the legislative process dealing with Bill C-28 to make improvements and to try to convince the government to make the necessary changes that will reflect the realities of Canadians.

One would think in listening to the Liberals today and in the weeks preceding this debate that they have had an awakening, that they have had a sudden new enlightenment about the priorities of Canadians and have presented us with a budget that will correct the errors of their ways in the past and put us on a new course.

This is the question for us today: Is this truly an awakening or is it a snow job?

Many have commented on the real meaning of the budget, despite all the spin and some of the positive media coverage. In fact, I want to reference some analyses of the budget that may not have appeared in the mainstream media or have been covered by national media outlets. Here is the question that Andrew Jackson of the Canadian Labour Congress put to Canadians: Is this budget "a real U-turn or just a curve in the road to a much harsher Canada which we have been on for so long?"

That is an important question for us today. Is this a new beginning or is this simply a twist in the road that does not address the systemic issues and barriers facing Canadians' full participation in the life of this great country?

In an article posted on February 25 of this year, Andrew Jackson goes on to say:

There has certainly been a re-ordering of Liberal priorities from debt reduction and tax cuts to social spending. But this is still a Budget which continues the tax cut agenda, and will pay down debt. The brakes on new spending can be quickly applied. It is far from clear if we have seen a real break in the long-term trend towards erosion of the public sphere.

That is an important commentary on the bill before us today.

Let me go further and quote from an article that may also not have appeared in the mainstream media and the national journals of the day, one by Bruce Campbell and Todd Scarth, who are both with the Canadian Centre for Policy Alternatives. They wrote an article on February 18 entitled "The Real Chrétien Legacy Budget". Pardon me, Mr. Speaker. I realize I should not use the name of the Prime Minister in the House and I will try to quote from this article without doing so. The authors of this article state:

In reality, the plan the Liberals announced yesterday is fiscally conservative dressed up as socially conscious, and fails to make needed social reinvestments. In other words, it is an appropriately weak legacy for a Prime Minister who oversaw the shrinking of program spending levels, relative to the size of the overall economy, to levels not seen since the early post war years.

Finally, I will quote the national president of the Canadian Union of Public Employees, Judy Darcy, who, I might add, has recently made an announcement that she will be retiring from her position as president of the Canadian Union of Public Employees.

I want to take this moment to put on the record the appreciation of members in the House, I assume from all sides, for the work of Judy Darcy over the years in representing members of her union but also for her leadership on social justice issues and her ongoing contribution to the struggle for equality in our society today and for a universally accessible publicly administered health care system and justice in the workplace.

● (1140)

Let me put on the record her words in response to the federal budget. She said, after welcoming the new funding for social programs, as all of us in the House have done, that the budget doesn't erase the Prime Minister's real legacy: a decade of budget cuts that have been devastating for Canadians. She stated, "After years of bread and water, a Timbit looks like a feast".

I think those comments reflect what we are really dealing with. Those particular insightful looks at the federal budget put this debate in perspective, because there has been a tremendous amount of spin around the budget, a tremendous amount of hoopla and a clear suggestion that the budget represents a whole new direction which will ensure that the priorities of Canadians are addressed in full and that our country is now on a path to economic security and prosperity.

In reality, as these analysts have stated so well, through this budget the government in actual fact says to Canadians that if they have pressing social needs, they can wait. This is not, as the media or the Liberals themselves have said, a "spending spree" budget.

Let us put it in context. In the year 2001-02, federal program spending was running at 11.2% of GDP. With all the budget's heralded new spending, by 2004-05 it will only rise to 11.8%, and that is well below the 16.5% when the Liberals took power. So let us be real: This is not a big shift in terms of social spending. The government has created the illusion, perhaps, of big spending, but in real terms, in ways that will meet the needs of Canadians, this budget cannot be categorized in that light. It should also be noted that the headlines seldom point out that massive Liberal tax cuts will result in government revenue being lowered over the next two years from 15.7% to 15.2% of GDP.

One of the issues we have to deal with in the debate, which is particularly relevant today as we near the end of this fiscal year this coming Monday, is what the government has done in terms of the surplus and how it has tried to fool Canadians about the money it has collected from Canadians in terms of expenditures on their priorities.

Government Orders

I think the first question we have to ask is, which surplus? The government in fact makes Enron look like amateurs when it comes to keeping two sets of books. There is the initial fictional version and then later the non-fictional version. Sometimes one would think the Liberals just pick a number out of the hat. It is like Liberal election promises, would we not agree? Before the election is the fiction, then over the next five years they release the non-fiction version of what they really intend to do.

Let us remember that since 1993 the government has underestimated the surplus each and every budget year. We are talking about billions of dollars of surplus that have not been reported to Parliament and to Canadians. The government has exceeded its official budgetary targets for eight years in a row, by as much as \$15 billion in one year. That is not an easy thing to do, but we have to call the government to task on it. What kind of game is it playing? Why is it lowballing the surplus? What does it mean in terms of this supposed set of estimates before the House reflecting the values of Canadians?

• (1145)

For this fiscal year, which ends on Monday, March 31, it is estimated that the surplus for the federal government is at least \$4 billion. There are varying estimates and we will not know the real figures until well into the next fiscal year, but let us keep in mind that the alternative federal budget, which has been accurate year after year in forecasting the budgetary surplus of the government, predicted that the government would have a budgetary surplus for this year of \$8.9 billion. That is not far out from the Conference Board of Canada, which said \$8.7 billion. We cannot forget the TD Bank, which said \$5.8 billion. The government's own economic and fiscal update said \$4 billion.

Even if we take into account the fact that some of that surplus has been spent on programs, and even if we take into account the fact that there is, as the government states, an intention to put some of this money aside in the name of prudence on a contingency basis, it would appear that, come Monday, the end of this fiscal year, there will be \$3 billion in surplus that will end up going toward the debt: not toward the priorities of Canadians, not into filling the Romanow gap on the health care front, not in terms of the growing concerns around the spread of HIV and AIDS, not in terms of child care and meeting the demands of working mothers trying to juggle parenting and work responsibilities. No, it will go to the debt.

We must keep in mind that it was this government that said in the 1997 election it was going to follow a balanced approach whereby half the surplus would go to the debt and half to new social programs. Did that happen? I do not think so, not by a long shot.

That pledge was repeated in the 2000 election, but let us look at the actual facts. I want to reference a study by the Canadian Centre for Policy Alternatives. Those who would question the validity of this study should keep in mind that the Centre for Policy Alternatives has been accurate each and every budget year in terms of the government's budgetary surplus. The CCPA found that over the whole period from 1997 to 2001 only 2% of the underlying surplus was allocated to genuine enhancements in program spending. The other 98% went to debt reduction.

We also know that the Auditor General has raised the issue about the reporting of the budgetary surplus. On November 4, 2002, the Auditor General accused the government of deceiving the public about the government surplus. She disputed the Prime Minister's assertion that "Under the acts of Parliament, at the end of the year, the surplus is automatically applied to debt reduction...". She went on to say, "There is no law, there is no accounting rule, that says you have to pay down the debt by the amount of the surplus".

All we are asking for today is that the government live up to its 1997 and 2000 election promises to take the surplus and split it in terms of half going to social spending and programs that need reinforcement and support from the government, and the other half going to the debt.

I could make a strong case for why I think the whole amount should go to social spending, given the fact that the focus has been on debt reduction over the years, and given the fact that our debt to GDP ratio is at an appropriate and manageable level, and that the money available today could in fact deal with the social debt for a change and deal with some of the gaps in services and programs that are still there after the budget is said and done.

I think we are dealing with a serious issue of budgeting by stealth. The way in which the government handles the surplus is one example. There are many others. Let me reference, in fact, how the government talks about increased transparency yet is slinking around outside of the budget limelight bureaucratically reallocating \$1 billion in government spending over the next year without any public disclosure.

It creates a great deal of suspicion in the government's budgeting process. It calls into question its commitment to advance the ideas of transparency and accountability when on the one hand it gives us a budget, wraps it all up in nice ribbons and wrapping paper and says it is spending in terms of the priorities of Canadians and, on the other hand, turns around and demands that all departments come up with \$1 billion over the next two years.

• (1150)

What kind of impact does that have? What does that mean? Let me give the example of the weather services in this country. Over the last 10 years the government has reduced the weather services budget by 40%. By its own reports, the system and the service is in bad repair. There are serious problems because of that kind of cutting, hacking and slashing. What does the government do at a time of some fiscal flexibility and a budgetary surplus? It chops the weather stations from 14 to 5. It puts the safety and security of Canadians further at risk.

How does that make sense? Would it not be reasonable to expect that the government would first do a cost benefit analysis to provide that information to members of the House and to Canadians? That is one example. There are many other examples of how the government has it both ways.

Government Orders

Let me give the example of employment insurance. It has a \$45 billion surplus as a result of the government's changes to the EI program and the fact that it removed so many people from the EI rolls because of changes in policy, and yet it has the gall and the nerve to propose that all job search kiosks be shut down. That is what was done. I know because I happen to have in my constituency a job search kiosk in a public place that is the most heavily utilized in Canada. People turn to job search kiosks to do what the government wants them to do, which is to find a job.

How does it make sense for the government, with a \$45 billion surplus as a result of cuts and changes to the EI program, to turn around and chop job search kiosks? It is certainly my hope that because of the community uprising and in light of this proposal that the government will change its mind and have second thoughts about that kind of silly decision making.

There are many other examples but what we really need to focus on in the few minutes that I have left are the priorities of Canadians and how the government has failed to live up to the fundamental issues so important to Canadians.

If the government were truly concerned about dealing with the social debt, surely it would tackle poverty, surely it would put in place a meaningful national childcare program, and surely it would allow women who work part time because they have to look after young children to collect employment insurance benefits.

Why in heaven's name would Kelly Lesiuk from Winnipeg need to go to the Supreme Court of Canada to get her rightful entitlement? This is a woman who worked part time so she could care for her children did not quite have the 700 hours required by the government. She won her case at the adjudication level and the government appealed it. Now the case has gone to the Supreme Court. Is that not a waste of money when what we are talking about is the fundamental right of equality and requires the government to simply rethink its arbitrary cuts and changes to ensure that women who work part time, and who do so on an ongoing basis, and who are part of the permanent labour force, are able to collect employment insurance?

Let me just fit in two more issues before my time is up. The government promised child care for 10 years. This year it says that it has done it. It has allocated \$935 million for all the provinces and territories over five years, which means \$25 million for this year. That means 3,000 childcare spaces over the next couple of years will be created, which is hardly commensurate with the demand and the need of working families and mothers who need quality, licensed childcare.

• (1155)

Let me put that in perspective and tell members what that means for Manitoba. It means \$24 per month per staff or \$12 on each pay cheque, or three-quarters of a space more per child care centre. Does that make sense? Is that a national child care program?

In conclusion, the government has failed in terms of ensuring that the Romanow blueprint on the future of health care was accepted and acted on. There is a Romanow gap in terms of funding and in terms of accountability which means privatization will continue. In fact, it

means that our medicare system, our cherished national health program, is still in jeopardy.

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, I am pleased to say a few words in the debate today on budget 2003.

First, the budget does include some good news dispersed throughout various parts of the budget. The first piece of good news is that the child tax credit was increased in the budget. The House is on record as being committed to the eradication of child poverty. We all remember back to a number of years ago when we said that we would eradicate child poverty by the year 2000. Of course that deadline has long passed and we are certainly playing catch up on our commitment to eradicating child poverty by the year 2000.

About three years ago I was part of a committee that travelled the country between Newfoundland and Vancouver looking into the issue of poverty and child poverty in particular. We held public hearings all across the country. It was a real eye opener for me. A number of people who came before our committee told us personal stories about poverty and how an individual or a family could get into a cycle of poverty from which they could not escape. A lot of it has to do with the fact that the federal government, and governments generally, are not coming up with good programs to address the whole issue of poverty in the country.

The faces of poverty are many in this country. We have the working poor. We have people who cannot find jobs and who sometimes live in a state of poverty from which they cannot escape. Children, in particular, are hurt by poverty. Impoverished children, as we are all very much aware, come from impoverished families. The government is not entirely blameless when it comes to the various causes of poverty that we see today.

In my part of the country, in Newfoundland and Labrador, people were negatively affected when the fishery closed down a number of years ago. We also had people who were negatively affected by some of the programs brought in by the federal government, namely the employment insurance program, which the government cut back on drastically. It was probably instrumental in causing the out migration of roughly 70,000 people over a seven or eight year period. These were people working in seasonal industries and who had seasonal employment.

I have always been disappointed to see some of the policies of the federal government as it pertains to seasonal employment. We have to recognize that in certain parts of the country seasonal employment is very important. The fishery is important but, by its very nature, it is seasonal and therefore employment is seasonal. It cannot be done sometimes in winter months in some areas. The same can apply to the forestry or mining industries. The federal government has hit those industries particularly hard because of the various changes that it has brought about through employment insurance.

• (1200)

Another area for which I have been concerned has to do with the massive cuts to the federal transfers to the provinces for health care. That has hurt a lot of provinces and the territories. It has hurt people of all ages.

Government Orders

The cuts in transfers to post-secondary education is another area on which we need to concentrate. These cuts to post-secondary education, for instance, have resulted in provincial student grants being changed to provincial student loans. It is heart-rending to see students coming in to my office on occasion who have just graduated and who have a \$50,000 student debt. They are looking for jobs and very often the first job they acquire is a low paying job because of lack of experience and what have you.

When we speak of poverty we have to look across the spectrum. We will see that many students out there today are living in poverty after they graduate because of the massive debtloads they are carrying and trying to pay off. How do we expect the average graduates to get homes, mortgages or cars which they will need to travel back and forth to work? How do we expect them to marry and raise families when they are carrying those kinds of massive student debtloads?

Those are important areas and contribute to the various steps that we see regarding the number of people who are living below the poverty line. The government in essence helped create a generation of impoverished students and debt-ridden graduates, which is not fair. The federal government should be looking at that a little more closely.

Any kind of government initiative that puts more money into the hands of low income families with children will get my applause. The child tax credit increase is an initiative that I was pleased to see. As well, I applaud the funding for day care and early childhood education. It will help low income families. When our committee travelled these were things that we heard. Single mothers told us that it was very difficult to find a good day care for their children so that they could go out and pursue employment and try to get out of debt and the cycle of poverty in which they find themselves.

I am pleased as well that the budget incorporates the latest arrangements between the premiers and the Prime Minister on revitalizing our national health care system. While the current health care arrangement is an improvement, most commentators today, as I am sure members have heard, indicate that much more funding is necessary if we are going to fix our health care system and bring it back to what it was prior to 1992.

Because the funding is done on a strictly per capita basis, again I have to refer back to the effect that it will have upon my own province because the funding is done on a strictly per capita basis. Newfoundland's slice of the multibillion dollar pie is a paltry \$200 million over a three year period, or about \$70 million a year. That is not a great deal of money when we put it into context, because the population is aging and shrinking at the same time, and it is spread over a huge geographic area. This is definitely a losing formula for Newfoundland and Labrador.

• (1205)

The government, as we are all very well aware, replaced the established program financing formula, the old EPF system of transfers, with the Canada health and social transfer, called the CHST.

Under the old EPF system of financing, moneys were transferred specifically for health care and the formula would take into account

the difficulties of delivering health care to the many scattered communities all over Newfoundland and Labrador.

The CHST which is allocated to the province is without regard to the age of the people or population or how the population might be spread over a very large geographic area. In our case, we have 400,000 square kilometres with 520,000 people. That is quite a large area.

The old EPF system took into account the huge geographic area to which it had to deliver these health care dollars. However the new formula, the CHST, does not take any of that into account. As a result we are under a losing formula when it comes to CHST.

The simple fact of the matter is that in the province, as I said, we have an aging, shrinking and geographically dispersed population. The health care transfer system needs to be adjusted to reflect that fact. How many times have we said that? That would be fair. It is only fair to reflect the fact that there is a huge geographic area to deliver limited health care dollars. These are a few of the areas for which I have some concern.

When we speak of health care, recently the Prime Minister went on record as saying that the per capita funding formula does not serve well in the case of the territories. I could say to him as well that it is not only the territories. He is right when he says that it does not serve the territories very well, but it does not serve large areas of the country that will receive limited health care dollars. As I said and will repeat, there are 400,000 square kilometres in Newfoundland and Labrador.

Another area which I want to touch on is the whole area of equalization. How many times in the six years I have been here have I spoken on the current equalization formula. I would imagine I have spoken on that one subject alone at least 20 times. The budget was silent again on equalization and the clawback provisions in the equalization formula.

Newfoundland and Labrador does not reap the full benefits of development of our natural resources. What else is new? For example, the income from oil or mining royalties is clawed back through reductions in the equalization formula. In other words, we have a formula whereby if a dollar is earned, a dollar is also lost. A dollar will be clawed back by the federal government from the resource revenues that are generated. It may not be exactly a dollar, but it is almost a dollar. It is a formula that one could accurately describe as: earn a dollar, lose a dollar.

Today in my province, we are bringing down a \$4 billion the budget. Guess what? It will have a real deficit of about \$600 million on a \$4 billion budget. The only reason that the credit rating agencies are keeping the credit rating of the province in a fairly good position is the fact that our growth has been quite good over the last three years in particular. I believe we led the country in growth over a three year period. I know we are leading the country in growth this year and probably did last year as well.

Government Orders

•(1210)

Here is a little province with a \$4 billion budget leading the country in growth. It has a \$600 million deficit and a decent credit rating because its future looks pretty good. We have a Voisey's Bay development coming on stream in the next couple of years, the largest nickel find in the world. We have an oil industry. We have a crab and a shrimp industry that is worth in the neighbourhood of \$1 billion. We are doing decently well in mining and forestry. Therefore we are generating quite a lot of revenues. However that revenue was clawed back by the federal government dollar for dollar, practically.

We have a \$4 billion budget, a \$600 million deficit, we are leading the country in growth and we are the poorest province in Canada. How do we figure that one out? Producing oil, producing the largest mining operation in the world like Voisey's Bay, \$1 billion crab and shrimp industry, only 500,000 people, people leave the province in droves, \$600 deficit and we are the poorest province in Canada. Obviously it is because of the way the funding formula for equalization is set up: earn a dollar; lose a dollar.

We very often hear the federal government say that it cannot do anything about changing the formula because provinces like Ontario or Alberta would not agree, provinces which are net contributors to the country but are not really getting too much out of equalization. I cannot figure out how it is in the best interests of the federal government, Alberta or Ontario to have a province like Newfoundland and Labrador as the poorest province in Canada when it is producing so much in the way of fish, oil and mining royalties.

It is not in the best interests of the country to have that equalization formula punishing the poorer provinces like Newfoundland and Labrador, Nova Scotia, Prince Edward Island or New Brunswick.

The government has said that it cannot act unilaterally on equalization to improve the clawback to the equalization from the poorer provinces. That did not stop the government from unilaterally lifting the ceiling on the total cost of the equalization program back in the year 2000, which was an election year. The government lifted the cap on equalization unilaterally, then once the election was over, it unilaterally again reimposed the program ceiling. So much for the theory that it needs widespread consent.

This has always been the thing, the government needs widespread consent from places like Ontario or Alberta to change the equalization formula, but it changed the ceiling unilaterally back in the year 2000. It did not stop the federal government tinkering with the equalization program back then, and once the election was over it tinkered again and put the cap back on equalization.

•(1215)

Yes, it can unilaterally change the equalization formula to make it a bit easier on the have not provinces like Newfoundland, Nova Scotia and the Atlantic area generally. We should deal with this terrible formula of the province earning a dollar and the federal government taking a dollar. By doing that a bit of fairness can be injected into provinces that are struggling, that are making money, that are working very hard, but cannot keep the money because of this despicable formula, this unfair way of dealing with provinces like Newfoundland and Labrador.

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Mr. Speaker, I listened to the member talk about a number of things and I noticed that his remarks focused on equalization.

My riding is in northern Ontario. I would argue that in relation to southern Ontario, it is disadvantaged. Like much of Newfoundland and Labrador, we are a resource based economy and have often raised concerns about shipping our resources south and elsewhere and not always getting back from the provincial treasury what we have felt is our fair share.

The Federal Economic Development Agency for northern Ontario, FedNor, an agency of the federal government, does not and should not provide the southern parts of Ontario with complete assurance that we are getting our fair share, but the federal government is doing its best to balance the scales.

•(1220)

I am sure the member has a sense of fairness. Would he not consider that there are other federal programs such as the Atlantic Canada Opportunities Agency, the Newfoundland and Labrador share of the recent health accord and numerous other federal initiatives that provide his part of this vast country with its fair share of the nation's riches? We are a fortunate nation in that regard. Would he not at least allow a little room to consider that Ontario never benefits from equalization and therefore northern Ontario never benefits from it either, and not to pit one region against another? The federal government does step in in other ways to balance things out. Would the member at least concede a little room that things are not as unfair as he might have suggested in his remarks?

Mr. Norman Doyle: Mr. Speaker, I could not agree more with the hon. member. There are all kinds of good programs that the federal government has come up with which have helped Atlantic Canada. I can refer specifically to the Atlantic Canada Opportunities Agency, ACOA.

ACOA has been good to the Atlantic region. It has helped Newfoundland and Labrador quite a great deal. I cannot help but feel that these programs are not doing the job that they should be doing.

I do not know if the member was here when I was telling the House about the budget that will be brought down today in Newfoundland and Labrador. This is a \$4 billion budget with a \$600 million deficit for a little area such as Newfoundland and Labrador that has a population of 500,000. It is scandalous to have that much of a deficit.

We have so much in the way of natural resources. It becomes frustrating when these programs, such as ACOA, which were originally intended to give poorer areas in the Atlantic region a leg up do not really seem to be producing or putting the economy back on its feet the way they should.

It would be more beneficial if the federal government said to Newfoundland and Labrador, for instance, that since it is into the Voisey's Bay development, and it is a big development—the largest nickel find in the world—and since the Newfoundland and Labrador cod fishery has gone down quite a great deal, the federal government would help by giving perhaps a five year equalization clawback holiday.

Government Orders

In that way the province could reap some of the benefits that Voisey's Bay would produce or that the much improved crab and shrimp fishery would be producing. It is a billion dollar industry. Maybe the federal government would give an equalization clawback holiday. The federal government would not make a complete change in the program, but would give a holiday so that the province could reap some benefits from the royalties from Hibernia, White Rose, Ben Nevis or Voisey's Bay.

In that way, when Newfoundland and Labrador would get its standard of living up to the national average and would be able to compete economically with the rest of the country, then the federal government would reimpose the original equalization clawback provision. That would be a step in the right direction for the federal government to take for provinces in need.

I can readily identify with the hon. member's comments with respect to his own area in northern Ontario because there are problems there as well. These things should be worked out for these poorer areas.

• (1225)

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I listened intently to the hon. member's speech. I was particularly interested in his comments regarding the huge debt that students face in this country and the real tepid measures in this budget to do anything about it.

I have ideas about things I would like to see done. I would like to hear more from the hon. member since he talked about the huge debt, up to \$50,000 and sometimes even more, for a graduating student. How would he suggest this should be handled by the Canadian government on behalf of Canadians and particularly on behalf of students in order to allow them to do as we did in our generation, that is to graduate debt free?

Mr. Norman Doyle: Mr. Speaker, that is a very serious problem for students. As I said a few moments ago, students come to my office on a daily basis. They are so frustrated with the current system. They have a \$50,000 debt and are trying to get a job, build a home, obtain a car or look after a mortgage. Their plans to get married have to be put on hold because they cannot afford to have children and to raise them, especially when they have that kind of debt load and debt problem to deal with.

Massive cuts to these federal transfers for post-secondary education resulted in provincial student grants becoming provincial student loans. The old provincial student grant system was a whole lot easier to manage than the provincial student loans that we have today, but maybe we have to take a whole new approach to the way education is financed at the post-secondary level.

Ireland took some progressive steps a number of years ago and introduced, essentially, a free education system. Maybe it is time we had a royal commission to look at the way we finance post-secondary education. It is a very important area. The future and well-being of the country depends solely upon the educational system that we have and how people are able to take advantage of it and avail themselves of it.

Maybe it is time we had a truly progressive think tank who sat down and had a look at post-secondary education, using the models

that Ireland used a number of years ago to finance its educational system.

I do not have an answer that I can provide for the hon. member in a nutshell, but it is of sufficient importance to warrant some kind of new approach to the whole system of financing education in Canada.

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I will be splitting my time with the hon. member for Algoma—Manitoulin.

It is my pleasure this afternoon to join in the debate on the 2003 budget, the budget implementation act, Bill C-28. This gives me a good occasion to talk about the recent budget tabled by the Minister of Finance last month and some of the important measures that are in this bill.

There are a variety of topics that I am interested in and are covered in the budget including things like health care, infrastructure, defence, the environment, and many other issues, such as help for the homeless people in our country.

The budget process is the most important process of the year for the federal government and budget day is the most important day because it is the day when the decisions are announced on a process that begins many months before. In fact, shortly after the previous budget is announced the process begins for different departments, different interests, and different groups who have ideas about what should be in the budget. Whether they be groups of members of Parliament or groups in departments, they begin their initiatives to get their priorities included in the budget process by trying to get as much funds as they can for the initiatives they want to see funded.

When the budget day is announced, it is the accumulation of a long process of working through all these priorities and announcing what the priorities are for the government, and how the resources of the government and taxpayer dollars will be spent that year. It is an important day and an important process.

This particular budget was important in a variety of ways. First, it was important in terms of health care. I had a number of meetings in my riding of Halifax West in January of this year to talk about health care. I had a series of four forums across different parts of Halifax West and heard from people in my riding about their needs and concerns: to make health care our top priority and to keep health care a publicly paid system. They did not want a private system of health care. People in my riding have strong views about this and strongly stated that they want to maintain the publicly paid and publicly delivered system.

The increase in transfers for health care to the provinces in the federal budget was very satisfying. It was good to see that. Of course, we always want to see more money and the government puts in as much as it can. We must recognize that health care, while it is the number one priority of Canadians, is also one of many priorities. There are other important priorities like the environment, our cities and many other things.

Government Orders

Let us talk about some of the things that the budget did in relation to health care. It provides, for example, a five year, \$16 billion health reform fund. This is the key to this because I heard, throughout the forums that I held with people in Halifax West, that people wanted to see the kind of thing that Roy Romanow talked about in his report. They wanted to see money being put into health care to buy change, to make a better system, and to build a system that is more sustainable for Canada.

That is exactly what this \$16 billion health reform fund is all about. It is for the provinces and territories to target primary health care, home care and catastrophic drug coverage. Those are certainly areas of concern that I heard about from people in my riding. I also heard about it elsewhere, whether in letters to me, e-mails, or from people I run into at the local mall or wherever. These are big issues, particularly in relation to home care. I had a lot of people call me with their concerns about caring for elderly people, about getting home care for themselves, and about not having an adequate system in our province of Nova Scotia.

The problem in Nova Scotia has some similarities to the rest of the country. There are challenges in home care across the country, but I can tell members that in our province, where we have a \$13 billion debt for a very small province, there is no question that it is a crushing burden on the ability of the provincial government to pay for services like this. Now, there are things that the province could do better, perhaps provide better services and do a better job on home care, but there are things this money would enable the province to do that it could not do before. Nationally, this \$16 billion would be very important in terms of helping move forward the area of home care and other areas, in particular primary health care.

● (1230)

In fact, I am going soon to a clinic in the north end of Halifax which is already an operating example of primary health care in action. I look forward to seeing that because it is important to look at new ways to do things which will make more sense, provide better long term health care and also provide us with the maximum bang for our buck in our health care dollars.

Another item that is part of the health care expenditure is \$9.5 billion in increased cash transfers to the provinces and territories over the next five years. That is important because clearly the provinces and territories have their own challenges to face in terms of meeting their current needs. It is one thing to put money in, change the system and create a better system. However, while we create that new system, we also have to maintain the existing system and obviously pay for the acute care that is so important to Canadians.

There is also an immediate investment of \$2.5 billion through Canada health and social transfer to relieve existing pressures in the health care system. That is immediately, in this fiscal year which ends in a few days. That will be very helpful in the current fiscal year.

There is the \$1.5 billion over three years for a diagnostic medical equipment fund to improve access to publicly funded diagnostic services. One vital thing is these funds are not only to be used to pay for new MRIs, CAT scans and even PET scanners, which I have learned about recently, but they also will be used to help provide new

technicians and doctors who are trained to manage or to run these systems and to interpret what the diagnostic systems tell them. It is important that we move forward in this area because clearly one of the big concerns people have is waiting lines.

Not only is it important to have more people trained to run these machines and interpret and work with the machines but it is also important to co-ordinate better the system of using these machines. One thing Mr. Romanow talked about was this. How long people wait to get an MRI or CAT scan is not always a question of how many are available or how long the wait is overall. Sometimes it can be a question of people's doctors and how long their lists are. Really there ought to be more co-ordination among hospitals and doctors. There needs to be a better information system so that people are in line one after another and not depending on which doctor they have. There should be a proper system to get them there as quickly as possible. I think this will help to do that.

Another item is \$600 million to accelerate the development of secure electronic patient records. One thing we heard through the process on the review of health care in Romanow report and the Kirby report was that patient information was not always shared properly. There needs to be a quicker way to do that. Putting money into electronic records will help doctors share information quickly with other doctors or hospitals. It will get information to a person's file quickly so medical personnel know about their health background and will enable them to help more quickly and avoid problems as well.

Another item is \$500 million for research hospitals for the Canada Foundation for Innovation. Clearly putting money into research in a health care area is another priority for Canadians and another area in which they think is very important for us to spend.

I know I only have a short time left and there are many other issues I would like to cover. There are so many other things that are funded in the budget. I am pleased that I could talk about health which is clearly the top priority of Canadians. However there are other things we should talk about for a moment.

I want to talk about infrastructure because the budget provides more funds for infrastructure. I would like to see more over the long run. I hope we can increase those funds in the coming years. In ridings like mine, Halifax West, it is probably the fastest growing area east of Ottawa. The growth is not being met with the kind of facilities we need, whether it be roads, rinks, schools or various other kinds of facilities. We do not pay for schools through this program, but obviously there are other kinds of things which would be important to assist a growing area like mine that needs those kinds of facilities. Therefore I am pleased to see the increased investment on top of the \$5.25 billion already allocated in recent budget for infrastructure.

After my work on the Prime Minister's task force on urban issues, I see this as a very important area. We have to keep working on this.

Government Orders

I am pleased to see money for the environment. I want to see us put more money into things like transit. I look forward to progress in these areas.

• (1235)

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Mr. Speaker, I appreciated the member for Halifax West's comments on this very good federal budget. I would just point out a fact of political life in Ontario and ask him to comment in the hope that things are not much different in his province.

Around the time the Prime Minister was negotiating with the premiers and territorial leaders, he tried to impress upon them the importance of accountability. If the federal government was to transfer money to the provinces, money a commitment that was almost historic in its size, he insisted on our behalf that the provinces provide, not to the federal government but to the people of Canada, some accountability so Canadians would know that every dollar of this new federal transfer was going into health care in their provinces. The Premier of Ontario at that time said that he was not sure Ontario would use all the new federal health money for health care, which of course would be a tragedy because of the need for increased investment in health care.

In the experience in his province, is there an understanding by the public of how important the federal investment is in health care, even though it is the responsibility of the provinces to deliver that health care? Does he agree with me that accountability to the public, to citizens, is a key part of the puzzle?

• (1240)

Mr. Geoff Regan: Mr. Speaker, I want to thank my hon. colleague from Algoma—Manitoulin for that excellent question because it gives me a chance to talk about something I had not talked about and had forgotten about briefly, which is of course accountability.

I can assure him that in my riding and in the forums I held accountability was a priority and an item that would come up frequently in people's comments. They wanted to see this money spent well. They wanted to see new money from the federal government to the provinces for health care being spent on health care. That was a vital concern of theirs, to ensure that it not be spent on things like lawn mowers or other things which we heard about, regrettably.

They also wanted to see measures of performance in health care that were independent of provincial governments. They wanted something of a national system, something like a national council like Roy Romanow suggested, that could look at how each province was performing and give people nationally a picture of how the health care systems in their own provinces were performing. They could then assess them in comparison to other provinces and try to determine whether people were really getting value for their money.

To me that is vital. It is something we have heard constantly. People say that it is costing more and more for health care. They believe they are paying enough money for health care and they should be able to have a very good publicly paid system. However they want to know that it is being managed well.

How do we do that if we do not have some system nationally of overseeing the system, of examining it, measuring it and comparing it as well as going over things like research and trying to ensure that we are going in the right direction, in a variety of ways, in improving the management of our health care system nationally? I constantly heard about this priority in Halifax West.

I was surprised that the representative from my province in those meetings, Jane Purves the minister of health, did not feel that accountability should be a priority. I think that as a result of the meetings, we do have some accountability process but I hope we can strengthen that in the future.

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Mr. Speaker, I am pleased to share my time with the previous speaker, the member for Halifax West, as we debate the most important piece of work that a government does in the cycle of a parliamentary year, that being the federal budget.

I would like to congratulate the Minister of Finance on his first budget. I believe the broad measures in this budget will benefit everyone. The budget continues the Liberal government's record of strong fiscal management while at the same time making investments in key areas such as health care and support for Canadian families.

Budget 2003 heralds a moment of great opportunity for Canada. Where once we followed the economic performance of other nations, today Canada leads the way in growth, job creation and debt reduction. Canada led the group of seven nations, the G-7, in growth last year and we expect to do the same in 2003.

I would like to point out for the benefit of members, and some of them may have noticed this in their offices a few weeks ago, a scorecard produced each year by the Canadian Institute of Chartered Accountants. This scorecard covers the last fiscal year and I expect that next year's card will be even better. If I could, I will just provide members in the House a summary of the results.

We forget sometimes that when we were elected in 1993 we inherited an annual deficit at the time of \$42 billion a year. Every year \$42 billion was being added to the total debt of the country. Now we are in our sixth budget year that we will have a surplus.

We tend to take for granted the impact that has on the finances of the nation. It allows us to make extra investments in health care. It allows us to support economic development in our regions. It allows us to reduce EI premiums. It allows us to participate in the rebuilding of Afghanistan and now, tragically, the rebuilding that will be needed in Iraq. It gives us the flexibility not only to serve our own citizens better and provide a better future for our children and grandchildren but it also allows us to play a very positive part in the search, as difficult as it might be sometimes, for global peace.

Government Orders

Let me just give members the highlights of the scorecard. The debt to GDP ratio came in at 7.1. All these numbers are out of 10. The Canadian Institute of Chartered Accountants says that this is the best score in more than a decade. According to their report, the year's score reflects a meaningful reduction in government debt as a percentage of GDP over the past five years. The surplus to GDP ratio came in at 8.6. Again all these numbers are out of 10. The report goes on to suggest that once again the Canadian economy staying in surplus is still the best result among the G-7 nations.

I will conclude with the fifth item here, which is foreign held debt in relation to net government debt. This came in at a perfect score of 10. Currently only 17% of our national debt is foreign held, a clear indication of strengthened fiscal position. That means the 83% of national debt is held by Canadians and Canadian pension funds. That is very important because 83% of our interest payments on national debt goes to Canadians, whereas at one time our foreign debt was, in percentage terms, very large. That percentage is dwindling and that is thanks to a very aggressive, positive and assertive debt management practice by the government.

I would like to go on by suggesting that Canada's resilient economic performance is thanks to not only the efforts of the government but the sacrifices of all Canadians. It is a testament to the federal government's responsible fiscal record since elected in 1993.

● (1245)

Budget 2003 recognizes the critical link between social and economic policy. This means building the society Canadians value, building the economy Canadians need and building the accountability Canadians deserve. It means making investments in the needs of individual Canadians, their families and communities; remaining fiscally prudent and deficit free, while promoting productivity, innovation, skills and learning; and making government more accountable to Canadians.

Through budget 2003, the government continues to build a society that responds to the challenges we face as a nation and capitalizes on the opportunities available to us all. The budget fosters a successful economy and continues to deliver prudent management of Canada's finances.

I will summarize the broad thrust of the budget. The previous speaker gave an excellent description of the initiatives under health care so I will not go into great detail, but I will underline that the investment of \$34.8 billion over five years in support of Canada's health care system will pay significant dividends.

I concur with the member when he says that the public wants accountability. The public wants to know that this new federal investment, plus the provincial commitments to health care, will indeed be spent to improve health care and to bring us closer to improved core funding of our hospitals and move us toward a national home care system and a national system to deal with the catastrophic cost of drugs that some families have to face.

The budget also provides support for families, children, Canadians with disabilities, communities of all sizes and aboriginal communities, and it includes six weeks of EI benefits to allow for the care of a gravely ill family member.

I will say a few things about the initiatives in support of our families, such as the increase to the national child benefit supplement which the federal government, together with the provinces and territories, established in 1997. They established this benefit to help families with children get off welfare. Since that time, the government has seen a reduction in welfare dependency and child poverty.

Budget 2003 announces a significant increase in the benefits to children living in low income families through the Canada child tax benefit. This benefit provides increases to the annual supplement of \$150 per child in 2003 and an additional \$185 per child in each of 2005 and 2006. This will bring the maximum total child benefit for a first child to \$2,642 in 2003, growing to \$3,243 in 2007. In fact, assistance to families is projected to reach over \$10 billion by 2007, more than double the level of 1996.

All Canadians have an interest in ensuring that all Canadians benefit from our education system, our productivity and our economic growth. We cannot allow any part of our society to be left behind, whether it is on issues of literacy or it is simply an issue of insufficient income to provide the basic necessities, which in their own way prevent some people from taking advantage of those best parts of Canadian life and what this country has to offer. We simply cannot afford to leave anybody behind.

I would go on to add that for those who have members of their family with disabilities and who are caring for children with severe disabilities it imposes a very heavy burden on families. In recognition of this, effective July 1, budget 2003 introduces a new \$1,600 child disability benefit. This will be targeted to children with a severe and prolonged mental or physical impairment.

The federal government will also give Canadians with disabilities the tools they need to actively participate in Canadian society. In so doing, the federal government is renewing a funding commitment of \$193 million per year to assist disabled persons in strengthening their prospects for employment.

● (1250)

I could go on about the very beneficial impacts that the budget will have on Canadian society but I will conclude by saying that I was very pleased with the new investment in support of our military. We all wish, I am sure, a very quick and peaceful outcome in the Middle East.

Government Orders

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to hear the member's comments about people living with disabilities and the families that support them. In that context, I would ask the member why he and other members of his caucus, along with members from the Alliance Party, chose not to support a very important proposal before the House, that being Bill C-206, the private member's bill on caregiver benefits, presented by my colleague, the member for Sackville—Musquodoboit Valley—Eastern Shore.

The member will know that Bill C-206 was a proposal to the House to deal with the fact that the burden for caregiving falls heavily on women's shoulders and requires a meaningful solution by way of using some of the \$45 billion EI surplus.

Given the need that he has identified and the fact that we had a constructive proposal, why did he and so many others in the House choose to vote against that constructive proposal and instead create a situation where families continue to grapple with the need to provide care for children with disabilities, for aging parents, for sick members of their family or for people who are dying, and do so without a meaningful alternative?

I think the member needs to explain to us what was wrong with that proposal and why he and others would reject something that was so positive.

•(1255)

Mr. Brent St. Denis: Mr. Speaker, I believe it was recently that we had the vote on Bill C-206. While lauding the initiative of the member who proposed that private member's bill, according to my understanding there were several aspects to the bill that were technically impossible to deliver given the current framework.

I would suggest to the member that Rome was not built in a day. I am sure she could find room in her heart to say that the federal government is at least moving in the right direction. In fact, a number of provisions in Bill C-206 were, as I understand it, announced in the budget and that it might have been a duplication of effort and initiative to support that bill.

That said, the member and I are of one mind when it comes to doing what we can to support those who are disabled or the people who support those who are disabled. I believe she will at least agree with me that the initiatives that have taken place under our watch since 1993 have seen remarkable improvements. However we can agree that there is always room to do better, whether it is this file or the other files that constantly face a government.

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, over the years, particularly since I have been here, 1993, we have been picking the government up on wasteful spending, things that really ought not to have occurred. I will not go into any of the detail of them. However over the years nothing has been taken out of the budget of the federal government. It is just a reallocation of dollars.

If we have identified virtually billions of dollars over the last 10 years of inappropriate spending, why has that money remained in the government's coffers? Why do we not cut back on the budget itself and remove those kinds of items?

Mr. Brent St. Denis: Mr. Speaker, I guess it is a matter of perspective. As I said in my remarks, we inherited a huge deficit so clearly we did something right in turning the finances of the country around. He did not give me any specific examples but there were some serious adjustments and cuts in the government's expenditures or we would not have achieved the elimination of the deficit and the long overdue return to surplus.

I would suggest to the member that while no one should ever believe that governments cannot make mistakes, we are not perfect nor is any government, I believe that the citizens of this country have been led by a very responsible government that has managed the resources of the country extremely well in my view and in the view of all those on this side of the House.

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, I want to talk at length about some of the difficulties with the government's budget in terms of not committing to the national drug strategy, and I will in a minute, but I want to follow up on the comment that was just made by the member across the way.

If the hon. member wants specifics, I did not bring with me the litany I have of wasteful spending by the government, but when we look at some of the research programs that it is into and some of the largesse to friends and relatives and so on, things that were just a complete waste of money, we would have thought that over the years the government would have gone through some kind of zero based budgeting procedure, whereby it would look at all these kinds of expenditures. The government would determine that if it was spent one year and was picked up on, why would it spend that next year and the year after, so it would just be removed from the budget.

That really never was done. The big cuts of the 1994-95 era were made at the expense of the provinces through the equalization formula and the Canada health transfer program as well. That money is really still in the budget. That is a shame, because it will not get out of there until we get in and make those kinds of reductions.

That being said, I want to talk about something else that is not in the budget but that I think is in fact very important to a lot of people in this country. I can recall bringing into this House about two and a half years ago a motion to establish a special committee to study the non-medical use of drugs. It was adopted unanimously. We did 18 months of study on that. We went to Europe to look at programs and we went to Washington, New York and all across the country to see what was going on. We made some recommendations to the House of Commons, and lo and behold, on these 41 recommendations one would have expected the government to acknowledge that it had a committee looking at the drug problem. It acknowledged that in the throne speech and said that it would do something, but when it came time to do something in the budget, which is really what drives the initiatives of a government, nothing was said or done. Why is that?

Government Orders

In the interim, at the time we were meeting on the drug issue, the justice minister happened to announce that he would decriminalize marijuana. He just blurted it out without any particular study. He just said we would do it. The committee was not through with its study or its recommendations, so I think the government had its own agenda. Meanwhile, the Minister of Health said the government was in Vancouver looking at the dreadful situation with hard narcotics, crack and heroin, and he said that he thought the government would get involved in pilot studies and start some so-called safe injection sites. I will get into how safe they are in a minute, but there we had two significant announcements blurted out by two separate ministers, basically unauthorized by government and unsubstantiated by a committee.

In fact, the committee was going in neither direction at the time they were announced. Subsequent to those announcements it turned out that our committee, which had a majority of government members, started to move toward recommendations based on safe injection sites and the decriminalization of marijuana. We knew where that direction came from.

I am at a loss as to just exactly why there is no money in the budget for some of the recommendations that we did make. It seems to me that these recommendations were not all that tough, one being “the appointment of a Canadian Drug Commissioner, statutorily mandated to monitor, investigate and audit the implementation of a renewed Canada's Drug Strategy”. To us that made infinite sense. We would put one person in charge and finally get some direction among these departments. The two worst we found were Corrections Canada, courtesy of the former solicitor general, not this one—but it does not matter, it is still there—and Health Canada. We found that the two worst departments were actually heading the drug strategy itself.

• (1300)

We wanted to appoint a drug commissioner to try to get these departments in line and follow some form of notable and practical prioritization of the issues. We asked why a biennial cross-Canada survey could not be undertaken. It would cost money, but not that much money in comparison to the cost of the drug issue itself.

Lo and behold, we found out that in 1997 the government, as some form of cost cutting measure, decided it would no longer survey our young people on the use of drugs in our country. Canada is the only country in the western hemisphere not to do this. We were the only committee ever in a democratic House that did not have that kind of data available to us when we sat down to discuss the drug issue itself. Why? Because the government said it did not need to know how much our kids are using and decided to just ignore it. We asked the government to put some money back in and let us survey and find out where we are at in this country. That was not done.

Let us find out, we said, and let us make a recommendation that under a renewed Canada drug strategy Health Canada be provided with “dedicated research funds” to systematically and regularly collect and retrieve various information across Canada. Notwithstanding the fact that Health Canada was doing diddly-squat on the drug issue, we asked for it to be given some money to see if this could be organized. Was it included in the budget? No, it was not.

We asked what else we could do. We could try to implement “effective Canada-wide mass media prevention and education campaigns”. That is not done in this country today. I think that Canada is the only country that does not. We said, “Let us put some money into the education of our young people and let them know how serious the drug issue is”. We made this recommendation and expected it to be in the budget. It was not there. Maybe the government did something else.

We recommended that the government recognize the need to treat individuals addicted to drugs “in a timely manner”. We suggested putting in some money for that. Was it done? No, it was not. Today this country is virtually void of any effective and consistent national strategy on detoxification of people addicted to drugs. Rehabilitation is almost non-existent for many tens of thousands of addicts, very many of them under the age of 25.

What consistency do we get in this country? What kind of programming do we have? How is it supported? The fact is, it is not supported. It is not supported by government even though it had these recommendations. The government could have said that because this is becoming a real problem—which it already is but at least we could get an acknowledgement—the government would fund something, not a big program, but fund something and see what it could get with that.

We made more recommendations. We talked about a pilot project of “the establishment of two federal correctional facilities reserved for offenders who wished to serve their sentence in a substance-free environment”. Corrections Canada is a virtual sieve for drugs. It is the worst anywhere that we could find. Quite frankly, it would take very little to clean it up. We suggested that two of the prisons in Canada be dedicated to drug and alcohol rehabilitation and detoxification. That would not take very much, quite frankly. I talked to the last solicitor general about it, who actually listened. I know that supposedly we have zero tolerance in prisons, but that is not quite the way it is. It is in the commissioner's directives, but it is not the way it is.

• (1305)

Let us take two facilities. There are facilities such as this. I have been in them. I have been in them in the United States, actually, where they were very effective, where zero tolerance meant zero tolerance but the people who went into these prisons went in there by application and recommendation before they were released from prison so they could get their act cleaned up before they got out. They were not sending inmates out of prison addicted to drugs. I do not think that is such a lofty goal that it could not be achieved or at least tried. It could at least be tried. It has not been and there is no indication in the budget that it will be.

Government Orders

I want to talk about the cost of the decriminalization of marijuana. A lot of people in this country are saying that we should decriminalize marijuana because we do not want young people to get criminal convictions for having a joint or two. That would make sense to virtually everybody, I would think. The difficulty with this concept as the government will come out with it, which scares the living daylights out of me, is that it does not quite have the concept right. It is not going to be good enough to just say "30 grams of marijuana is for personal use" and if a person uses that there will be a summary conviction, which is a fine.

Here is the problem. Thirty grams of marijuana basically rolls anywhere from 30 to 60 joints or, if they are thin, up to 70 joints. That is not personal use. If someone is hanging around with 30, 40 or 50 joints in their pockets, that is not personal use in my opinion. In fact, in Holland 30 grams was personal use and they reduced it to five grams. Five grams makes anywhere from three to seven joints.

If the government said that it would give people that, that it would decriminalize five grams, it means that if someone is caught with roughly five grams there is a fine. That seems simple enough. We would not give a criminal record to those who are caught with that, like students, the university students, the high school students and so on and so forth. That sort of makes sense.

The problem with that concept is that before this goes into place the government has to come up with some conditions. Some of this costs money. It should have been in the budget. There have to be conditions upon which one goes from five grams to a criminal conviction for marijuana.

The conditions are these. After the five grams, the legal industry out there, the judges and the lawyers, has to understand that somewhere there is a criminal offence. There has to be some kind of sentencing grid or schedule. Otherwise, decriminalization is a waste of time. As it is today, for a person caught with 50 grams, in British Columbia courtrooms the judge usually will say, "Bad guy. Don't do it again. Go home." That is not a criminal offence. That is not how a criminal offence is treated.

The problem will be if the government does not come in with a condition that will treat five grams as decriminalized, and for over five grams, if the sentencing grid is not identified then we have the same problem all over again. It is just a different amount, that is all. This has to be taken care of. There has to be some money spent, not only for training of these judges and lawyers, if we can imagine that they need it, but a commitment on it has to be received from all the provinces.

There also has to be a schedule for the fines that are imposed. The provincial attorneys general have told me that they already have a difficult time collecting on summary convictions, speeding fines and so on, so all the federal government would do is throw more fines at the provinces for collection. They cannot collect what they already have, so how are we going to do this?

• (1310)

When I meet with the advocates for the legalization of marijuana from time to time they tell me that even if we fine them they will not pay the fines. They said that they would force us to take them to court and that they would hold their breath, cross their arms and wait for

the judges to eventually say that they cannot deal with it so it might as well be legalized.

What have we achieved so far? We have achieved nothing, but that has to be a condition of decriminalization. We need to have a progressive fine schedule, which has to be a condition, whether it is \$200, \$400, \$600 or whatever. The inconsistency in the courts today is a serious problem. We need to have a consequence of the payment of fines. Fine revenues should be directed to the communities where they were collected. We made that recommendation in the drug strategy itself. We also need a national advertising program on the problems with drugs, which was not in the budget. We asked for it to be in the budget. What is the point of going through all this stuff if we are not telling the young people that there is something wrong with it?

The whole process of implementing these kinds of strategies in this nation, which are very important, is being ignored on the other side. Unless there is something to back it up with money and action, it is lip service.

We asked for a national advertising program but it was not done. We need drug driving laws and roadside assessments to be in place before we decriminalize. That has not been done. These things are all left alongside because some minister blurts out what the government will do and the amount that it will do it with, with absolutely no forethought to all the other issues.

I will talk very briefly, because I will have time to talk about it a little later, about the national sex offender registry, which I, quite frankly, wrote about two and a half years ago and modeled it after Christopher's Law in Ontario. It takes money and some commitment to do that. I note that the government has tabled a bill for a national sex offender registry, which was like pulling teeth.

Basically what we asked for was put into the bill, with the exception of the last two pages. I would like to get some kind of logical commitment from the Solicitor General that the government will at least look at the two very serious problems in this, which are serious indeed. We should not use the Canadian Charter of Rights and Freedoms as an excuse not to do what is right because Ontario did not.

The first thing is the idea of retroactivity. If we implement that particular registry and do not include those sex offenders who currently are incarcerated provincially and federally, we are making a very serious mistake. The recidivism rate for those individuals is high and we know that crimes committed tomorrow will be committed by individuals who are sentenced today for sex crimes. I have a long list of them here but it is not worth going through at this point in time. I want the government to understand that that is a very serious problem.

Government Orders

The legislation has two other problems. The government wants to leave it to lawyers, the crown, to make the application for a person to be a sex offender, which is a big mistake. I have a litany of cases where they have made mistakes on that. The government also wants to leave it to a judge to decide, after all this, whether a person goes on to the registry. Again, judges these days are making more and more serious decisions in the negative in courtrooms than ever before. I would not leave it to judges and lawyers in the courtroom to express the will of the Canadian people, which resides here in the House of Commons.

I want to say that a budget is only as good as the issues contained within it. We spend a great deal of time and money in the House of Commons trying to implement a rational, progressive national drug strategy and it has no consequence in the budget. It is not even there in the government's budget. I would hope that the message gets across to the other side.

• (1315)

In closing I want to say that I just listened to Tony Blair, the Prime Minister of Great Britain, and the president talking about the war in Iraq. When I listen to Tony Blair, I am so proud and pleased to hear him being so decisive and direct and who knows where he is going. I am embarrassed, to say the least, that what we have on the other side is not even close to that. I hope one day the House of Commons has a leader who is decisive and for whom we can be proud when we send him or her to other countries of the world.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am not embarrassed about Canada or about Canadian military involvement. The member should know that Canada was there in Somalia and Kosovo. On September 11 we received 40,000 Americans and took care of them at a time of crisis in the United States. We were there for the war on terrorism against Osama bin Laden and the al-Qaeda. Some three weeks ago we committed an additional 2,000 troops to the Afghanistan war on terrorism and freed up resources for the Iraqi theatre.

Canada has a strong and deep relationship with the United States of America. Our reputation as a peacekeeper and as an international champion of human rights is unparalleled. We are a sovereign country. The member should know that Canada is a sovereign country and even the best of friends can disagree but still respect their mutual sovereignty.

Mr. James Rajotte: He was talking about Great Britain and Tony Blair, Paul. Wake up.

Mr. Paul Szabo: He was talking about being embarrassed about Canada. I am sorry he is embarrassed but Canada has nothing to be ashamed of. Canada has been beside our neighbour, our best friend and our largest trading party on virtually every operation that the United States has led, whether it was under the UN or otherwise. Kosovo was not under a UN umbrella, the member will remember as well. If he is going to—

Mr. Randy White: Question.

Mr. Paul Szabo: This is question and comments, so just cool your jets. Mr. Speaker, if he—

The Deputy Speaker: Order, please. If in fact we are going to be respectful of this institution and its practices, well then let us practice

them. I will give the member a few more minutes to wrap up his comment or question of his choosing, but please make all your interventions on either side of the House through the Chair.

• (1320)

Mr. Paul Szabo: Mr. Speaker, we are in very delicate times. The members well know that in times of war and severe conflict that affect the globe as a whole, every nation should be speaking with one voice, and in Canada that is the Prime Minister.

We all regret that some members have said things as individuals and I think their comments are reflective on them, but the member should also acknowledge that it is not a reflection on Canada's attitude toward the United States or the coalition in Iraq, and that Canada will never wear the label that he has given to it as being an embarrassment.

Mr. Randy White: Mr. Speaker, no one said anything about being embarrassed to be Canadian. The embarrassment is with the leadership on the other side, quite frankly. I cannot help but be embarrassed about that. I guess it is because I am proud to be a Canadian that I am so embarrassed about the other side.

I happen to have been speaking in San Diego as a guest of the Americans at the time the statement came out from the Prime Minister's Office about the president being a moron. I was speaking in front of many hundreds of people and I have to tell members that the situation was very embarrassing.

• (1325)

Hon. Wayne Easter: Mr. Speaker, I rise on a point of order. The member is implying there was a statement from the Prime Minister's Office calling the President of the United States a moron. That is not correct.

There were alleged statements made through the media, yes, but not from the Prime Minister's Office as the member alleges.

The Deputy Speaker: As we say in this place, and I know we mean it respectfully, the minister in this case is engaging in debate and it certainly is not a point of order. On another point of order, the hon. member for Kitchener Centre.

Mrs. Karen Redman: Mr. Speaker, I would raise the point of relevancy. I do believe the topic at hand is the budget implementation.

The Deputy Speaker: I think you would find that the Chair, when dealing with matters of relevancy, has been as generous and as flexible as members have in their interpretation of relevancy when they are debating the subject matter of any day.

In this instance it is a little bit easier for the Chair because, respectfully again, the comment and question that came from the government side dealt with the matter that the member is presently trying to address as being irrelevant.

The Chair will certainly accept and listen, as will everyone else, to the response by the member for Langley—Abbotsford to the question that was posed to him from the government side.

Mr. Randy White: Mr. Speaker, you said it better than I would have said it. The fact is that the individual said that it was the director of communications from the Prime Minister's Office.

Government Orders

I am only reflecting my point of view. I was standing in front of many Americans and Mexicans at the time not knowing what that statement was, but getting hit fairly hard as the only representative in that crowd from Canada. It was embarrassing, to say the least. I do not think I will ever forget that statement and how it impacted me as a Canadian in the United States at the time, quite frankly at their pleasure and hospitality.

I think the government has a lot of recovery to do and a lot of other recoveries to do in terms of presenting a budget that should have something specific in it as a result of the things that we have done in the House of Commons. We spent, I think, around \$1 million, maybe less, to look at the issue of drugs, which is a severe problem in our country, and we do not see one red cent in response to that. Meanwhile, there are kids out there who need our help. They do not need lip service.

I am sick and tired of coming into this place after 10 years and saying that it is one thing to discuss this stuff but another thing to put one's foot forward and do something about it. All we get is this lip service. It is unacceptable.

Mr. Alan Tonks (Parliamentary Secretary to the Minister of the Environment, Lib.): Mr. Speaker, I have not been in the House a long period of time but I have from time to time observed how a member can stand and speak in an expansive fashion on an issue, in this case the budget, and then at the end of it, as a tactic, undermine what was quite a decent overview with a really cheap shot.

I have to say, with great respect, that we are here as parliamentarians to try to raise the bar of dignity, decency and honesty with respect to the discussions on an issue. We should not have to place our Speaker in the position of having to remind the House of that on the basis of something being raised that we have questioned, which is our right. I find myself in the position now of having, other than to ask a question on the budget, to take exception to the last statement.

In the context of alliances in the North American continent, Mexico, Canada and the United States have been the closest, similar to the initiative taken in Europe with the common market. We find that two members, led by the president of Mexico, Vicente Fox, and our Prime Minister, have chosen through the United Nations to take a specific initiative and to stay with that, and they informed the president.

Where do we go from here in the view of the member? Do we continue to make it appear that we are not of one mind with respect to the future and the legacy of our people or do we continue along that line of cheap shots and bring the bar down? Is that what we are all about in this Parliament? Is that what they are all about in that party, because I think the people of Canada take great exception to that style?

• (1330)

Mr. Randy White: Mr. Speaker, my, my, what it takes just to press a red button over there.

I represent well over 100,000 people from Langley—Abbotsford in British Columbia. All I have heard for months and months were cheap shots calling a president a moron and a minister who said the president was not a statesman. These things embarrass the people I

live with and work with. I have a right to come to the House of Commons and reflect to my colleagues, to the government, and to the Chair, that we are embarrassed by what has happened with the deplorable situation of name calling of a well respected office in this world and with the deplorable relationship that is now evident between Canada and the United States.

I can further legitimize that by telling the hon. member that I live on the border. My house is not three miles from the American border. My community counts on a great deal of income from the United States. Many of the businesses in my community exist primarily because we live and work with our friends, the Americans, and we do not expect the disgusting treatment that they are getting from that side that ought to know better.

Hon. Wayne Easter (Solicitor General of Canada, Lib.): Mr. Speaker, I am pleased to speak to the budget bill. Before I turn to some of the specifics in the portfolio of the Solicitor General I would like to make a few points in general on the budget itself.

I feel that the 2003 budget, being a balanced budget, is a people's budget. It is a true Liberal budget which deals with the areas of concern to Canadians. Be it health care, families and communities, policing and law enforcement for which I have responsibility, sustainable development, research and development, it is truly a Liberal budget. On top of that we are maintaining the kinds of tax cuts that were put in place in previous budgets which were a historic high in terms of tax cuts in this country, something even the other side asked for but is always demanding more no doubt.

I want to put the budget in perspective. I understand that the opposition parties have a job to do and have to be critical. They are a little over critical sometimes. I understand that sometimes they do not really mean it; they are just trying to play the part.

However, I want to put things in perspective. I will turn to a couple of media reports. Obviously, the business press is not always friends of the Government of Canada, that is for sure, but I will turn to the March 8 report on business in the *Globe and Mail*. The headline on the business page reads "Canada's job boom rolls on" and goes on to say "Flabbergasting employment gain comes in at more than four times the forecasts".

The article by Janet McFarland states: "Canada's economy continued to far outstrip all economists' expectations in February, creating 55,200 new jobs across virtually all sectors", and it goes on from there.

Robert Spector, who is a senior economist at Merrill Lynch Canada Inc., had this to say:

Canada is the only economy creating jobs in a meaningful way. It's got the only central bank raising interest rates, [and] it's the only G-7 country running a budgetary surplus.

That is pretty good news. Sometimes if we were to listen to opposition comments we would think nothing positive was happening.

Government Orders

However, let me turn to another newspaper, the *National Post*, which is certainly not a friend of the Government of Canada most times when we read its articles. Let us turn to the *Financial Post* page. The headline states on the same day, Saturday, March 8, "Economies out of step". It states that the United States fears a double-dip recession and it talks about the difficulty the Americans are having. We certainly do not want them to have difficulty in their economy, but on the other side it states that Canada is on a roll, and that "job miracle stuns market, pushes dollar to three year high". It goes on with something similar to what the *Globe and Mail* said, which was that this is the only country in the G-8 with a surplus.

That is pretty good news and we need to keep that in perspective. Our economy is doing well because of how the Liberal Party of Canada governed the country over the last 10 years. Let us not take that away from the Government of Canada today.

How did we get to this position? You know well, Mr. Speaker, because you were amongst us in the 1993-95 period when we had to make the hard decisions.

● (1335)

The government and this party made those decisions so that we could be in this position today where we have choices, the choices I talked about in having a real, true Liberal budget that deals with the concerns of Canadians in their homes, communities, social programs, economic development, and research and development. That is the kind of progress we want to see. We should be congratulating all the backbenchers, cabinet ministers, and the whole party right to the grassroots in terms of the kinds of decisions and progress that we have made to get to where we are today.

Let me turn for a moment to the Solicitor General's portfolio. Specifically, I want to deal with the issue of public safety and national security because there are individuals out there who do not believe we are doing enough. I believe that this country has a lot to be proud of in terms of its national security and public safety position. We have done a tremendous amount in the last three years.

I want to speak about the public safety and anti-terrorism funding provided in budget 2001 because those moneys are still rolling out and we are still building on those initiatives. In terms of what is coming out of that PSAT funding, \$7.7 billion over five years, we funded the Canadian Association of Chiefs of Police workshops for communications and training so that police and law enforcement officials could do a better job on the ground in terms of policing.

Mr. Speaker, I neglected to inform the House that I will be splitting my time with the member for Kitchener Centre.

We have provided funding to the provinces on public key infrastructure for secure communications. We have implemented new legislation. Training is already being provided to police and prosecutors through Bill C-36, the Anti-Terrorism Act, and I have listed a number of entities under that act who we do not want operating or being supported by any individual in this country. We have also implemented Bill C-24 dealing with organized crime.

On policing and intelligence we have set up integrated border enforcement teams. I have had the opportunity to visit a few of those. In that area we are working together with our counterparts in the United States and doing a better job in terms of policing at our border where the RCMP, local jurisdiction police forces, CSIS, customs, and on the United States side the American coast guard and their local law enforcement agencies, sometimes the FBI or the CIA, are working together to provide better security for Canadians at our border. We are doing an excellent job there.

We have set up integrated national security enforcement teams. At the Canada-U.S. border security side, we have set up new technology at border crossings. We have put in place better equipment for detecting explosives. We have made infrastructure improvements in terms of highway and commercial vehicle processing centres. On critical infrastructure protection and emergency preparedness, we have improved our laboratories. We have put in place heavy urban search and rescue equipment and we are working, with training and equipment, on improving our ability to handle chemical, biological, radiological and nuclear problems.

In this budget specifically, building on our public safety and security aspects, we have put in place an additional \$50 million this fiscal year and \$25 million next year for security contingency reserves. We have put in place \$46.6 million over the next two years to continue the integrated proceeds of crime initiative. We expanded our first nations policing program by an additional \$42 million and put \$30 million a year toward a coordinated national enforcement approach to strengthen the investigation and prosecution of the most serious corporate frauds in market illegalities.

I also want to emphasize that we are continuing to adequately fund and improve the funding for the RCMP, CSIS, Correctional Service Canada and for the parole board.

● (1340)

We can all be proud of the job that the government is doing, in terms of public safety and national security for Canadians, so we remain at our place on top of the world.

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Solicitor General. He spoke of the \$50 million, I believe he called it a security contingency reserve. Would the Solicitor General, together with his colleague, the Minister of National Defence, be prepared to fund out of that \$50 million contingency reserve for security the request that has been made by the International Association of Fire Fighters here in Canada?

Government Orders

Firefighters are asking for \$500,000 to implement a program that would enable the education of Canadian firefighters, from coast to coast, precisely in the areas that the minister is talking about, in the areas of responding to biological, chemical, radiological and, let us hope it never happens, nuclear problems. In many cases firefighters are the first responders.

This program, which is already in place in the United States, should be expanded to Canada. The International Association of Fire Fighters has been attempting to get support from the Liberal government. A number of members on that side of the House have said that they support them, but firefighters will be back on the Hill at the end of next month.

Specifically, will the minister work with his colleague, the Minister of National Defence, who is responsible for OCIPEP, the office that is co-ordinating in this area, to ensure that the \$500,000 which is needed to enable this program to go ahead in Canada will in fact be allocated to the firefighters of Canada?

Hon. Wayne Easter: Mr. Speaker, that is a very sincere and legitimate question from the member opposite.

There is no question that first responders are extremely important in terms of biological, radiological, chemical, nuclear or any other emergency disaster. In fact in 95% of the cases, they are the first on the scene. They are an important element of our overall safety and security program.

We have been working with first responders in terms of training. There has been a fair bit of spending, under OCIPEP, for that area. I had the opportunity to attend a workshop in Calgary, Alberta, where first responders were talking about their needs and how they could better co-ordinate and operate together. We are doing a considerable amount.

In terms of the specific request of the member, the government, at an appropriate time, will respond to that question. One of the reasons we are in the shape we are as a government, being the only nation in the G-8 that has a surplus, is because we manage the financial aspects of the country well and we establish some priorities.

We will have a look at that proposal, in the context of all the other proposals that will come forward to the Government of Canada.

• (1345)

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, let me ask the minister about two areas that should be near and dear to his heart. One has to do with agriculture.

The minister will know that agricultural spending in the budget of \$2.7 billion over the next year does little to reverse the drop in support for agriculture over the next decade. In fact in 1991-92 federal spending in agriculture totalled \$4.3 billion, almost twice what the government is offering desperate farmers today. My question on that issue has to do with his intentions to work to change the situation and ensure adequate support for our farmers.

Second, with respect to the government's decision to cut the number of weather stations from 14 to 5, which certainly has an impact on his region, I would like to know what he is doing to try to reverse this cut and, as a minimum, get before the House the cost benefit analysis of the Minister of the Environment in making that

decision so Canadians can know how the government intends to ensure the safety and security of Canadians.

Hon. Wayne Easter: Mr. Speaker, I do not want to get into the portfolio of other ministers. However in terms of the agriculture spending, I happened to be a member of the Prime Minister's task force on future opportunities in farming. Out of the discussions with primary producers across the country, the discussions of the Minister of Agriculture and Agri-Food across the country in his work and the Prime Minister's work and all the members of this party's work, we were able to achieve an announcement in the spring of \$5.2 billion over the next six years for the agricultural community. The roll-out of that is still being worked on. The budget has \$483 million in it, additionally, for primary producers.

The government is fulfilling its commitment in that area. We see primary producers as the foundation of wealth in this country and we are continuing to work in that area.

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, it is a distinct pleasure to rise today. As the federal representative for Kitchener Centre, I have an ongoing challenge to bring the national focus and international issues to my constituents through a local lens. The recent budget was, in my view, good news for Canadians because of its focus on social needs and good news locally because it reflected the priorities that I have heard from my constituents.

Budget 2003 is built on the government's prudent approach to financial management as well as the stewardship of Canada's resources. At the same time, budget 2003 provides Canadians with the tools that are necessary to build a better nation.

Budget 2003 means building the society that Canadians value, building the economy that Canadians need, and building the accountability that Canadians deserve.

Specifically, enhanced funding for affordable housing and support for infrastructure development respond to specific concerns that have been expressed in Kitchener Centre. There is no doubt that dynamic cities like Kitchener are vital to our national well-being. That is why this budget presents opportunities to strengthen the quality of life in the city that I represent.

Infrastructure describes essential elements that enable a city to reach its full potential. In Kitchener, when I think of infrastructure, primarily I think of transportation, homelessness and air quality. I am pleased to see that this budget provides tools to address each of these challenges.

Canada's cities certainly need modern infrastructure to be healthy and prosperous. Since 1993, the federal government has invested \$4.45 billion in urban infrastructure. These investments are expected to leverage contributions of municipal, provincial and private sector partners to secure 21,000 projects and \$15 billion worth of investment in urban infrastructure.

The Waterloo region boasts a dynamic and vibrant economy with the potential for continued strong economic growth in the years ahead. All levels of government must be mindful of ensuring that growth is nurtured and supported rather than encumbered by the limits of an infrastructure program.

Government Orders

I have continued to advocate for federal funding to support the Waterloo region's light rail transit proposal. Public transit is the most viable alternative to reduced traffic congestion, ensure a cleaner environment and manage urban growth. Infrastructure is key to the prosperity of our cities as well as the health of our nation. This budget reinforces the federal assistance announced in previous budgets by investing an additional \$3 billion over the next 10 years. This includes \$2 billion for large projects and \$1 billion earmarked for small projects.

Additional initiatives have also been introduced to support Canada's urban centres. These measures impact on the environment, affordable housing, help for the homeless, help for aboriginal peoples in urban centres, as well as help for disadvantaged children.

We need more affordable housing in Kitchener. We need to continue to address the issue of homelessness. The supporting communities partnerships initiative has invested in excess of \$880,000 in Kitchener to support locally identified projects that address the problem of homelessness in our city. This budget extends that program for an additional three years. The affordable housing program will be enhanced in the coming years and the housing renovation program is also being renewed. This is good news for the City of Kitchener.

I am pleased with the support heard across the Waterloo region for budget initiatives. Dr. Larry Smith of the University of Waterloo's economic department, describes the federal budget as "a very typical Canadian budget". The moderate increase in spending is the benefit of the sacrifices Canadians have made in the past.

The Greater Kitchener-Waterloo Chamber of Commerce issued this statement on budget day:

We were also pleased to see restoration of the \$3 billion contingency fund, which should be applied to the debt at the end of the year. Lower EI premiums and an increase in RRSP contribution limits are welcomed by both large and small employers.

The chamber also stressed its support for the federal government's ongoing commitment to income tax reductions.

• (1350)

For myself, I was pleased with the commitments to the environment and health care that resounded throughout budget 2003. This budget is the greenest budget in Canadian history.

The ratification of the Kyoto protocol sparked a tremendous enthusiasm across Kitchener Centre, and the budget provides resources that will allow us to implement Canada's climate change action plan. The budget sets out three points that are critical to environmental preservation as well as sustainable development.

First, economic investments must support environmental objectives. Second, environmental action is essential to long term economic growth and sustainability. Third, environmental action achieves social objectives, such as good health and more liveable communities.

All of us in Ontario will remember the crippling effect of smog days in the summer past. Many people could not go outside. Any degree of physical labour was practically impossible. In many ways

our community ground to a halt, much in the same manner that it would if there was an ice storm or a severe snowstorm.

Air pollution costs lives. It creates an enormous burden on our health care system. That is why clean air is a priority for our government. The \$40 million announced in the budget builds on the previous announcement of \$120 million as part of our 10 year clean air agenda. There is a clear link between health and environment. With an investment of \$3 billion, we will promote sustainable development and a healthier environment.

Further, following through on the 2003 health care accord, the budget invests \$34.8 billion over the next five years to renew Canada's health care system.

Canada's governments recently reached an agreement on health care renewal that set out a firm commitment and a plan for change. The ultimate purpose of the accord is to ensure that all Canadians have access to health care providers 24 hours a day, seven days a week and have timely access to diagnostic procedures and to treatment.

Budget 2003 also improves access to quality home care and community care services. This investment will improve on the quality and the accessibility of health care services and ensure sustainability as its number one priority, which is what Canadians have told us they want, not only today but in the future.

Specifically for Ontario, budget 2003 invests \$11.5 billion over five years. There is \$967 million in a special Canada health and social transfer supplement. This fund can be drawn down over the next three years. There is \$3.7 billion over the next five years in Canada health and social transfer increases, \$6.3 billion over five years for the health care reform fund, and \$508 million for diagnostic medical equipment.

Reflecting their collective commitment to reform, Canada's first ministers have also agreed to pursue enhanced accountability for their health care expenditures through annual public reporting on the health care system performance. This will allow Canadians to monitor the progress toward reform, to track a level of access to health care services and to assess the overall efficiency of the health care system.

We have a lot to be proud of in Kitchener Centre. Our city enjoys diversity and culture, prosperity and innovation and compassion for our communal well-being. Indeed, with the initiatives announced in budget 2003, we will be able to be more supportive of our infrastructure and to allow our economy to continue to work and our society to prosper.

STATEMENTS BY MEMBERS

• (1355)

[English]

STATEMENT BY MEMBER

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, last week in a member's statement which I made on Thursday, March 20, I referred to the presence in the gallery of four young students from Norwich High School in my riding of Oxford.

These students were among the winners of a national video competition aimed at raising awareness about the harmful effects of racism in our society. After referring to these students, I then waved to them.

I do understand that such recognition of persons in the gallery is the exclusive prerogative of yourself, Mr. Speaker. Therefore, I want to offer my sincere apologies in this regard. I shall not repeat such a transgression.

* * *

MEMBER FOR LASALLE—ÉMARD

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, I was shocked and awed to see the member for LaSalle—Émard, the former finance minister, vote for another \$59 million for the firearms registry. That monument to government waste is already slated to go 50,000% over budget.

Surely, no one who aspires to be the prime minister of Canada would shovel more money into that black hole. Then it hit me. It was not the former finance minister at all; it was a double. Having a double is all the rage these days and I do not mean drinks.

That explains the member's erratic behaviour. While the member for LaSalle—Émard criss-crosses the country slapping backs, shaking hands and kissing babies, his irresponsible double is here in Ottawa voting to toss more money into that money-sucking hole called the gun registry.

I say to the real member to come back to Ottawa and depose this impostor before he forever and completely explodes the member's last shred of credibility.

* * *

FAMINE FOR WORLD VISION

Mr. Paul Bonwick (Simcoe—Grey, Lib.): Mr. Speaker, I would like to recognize a group of students from Stayner Collegiate Institute in my riding who will be taking part in a 30 hour famine for World Vision next month.

For the past six months these high school students have been raising funds and have been sponsoring a World Vision child who lives in Bangladesh. This young boy, Rubel, now has access to education, food, health care and fresh drinking water, necessities that we in Canada sometimes take for granted.

Last year during the 30 hour famine for World Vision, Canadian teenagers raised close to \$4 million. Hundreds of thousands of Canadian teens participated. I am proud to say that several schools in my riding participated as well.

S. O. 31

In Stayner on April 11 and 12, students will fast for 30 hours and collect pledges for their World Vision child. They will be making a remarkable difference for this youngster.

These young people are earnest in their compassion for others. I would like to recognize and commend these students from Stayner Collegiate Institute who have pledged support through World Vision.

* * *

• (1400)

DR. ROBERT HUGH CHALMERS

Hon. Andy Scott (Fredericton, Lib.): Mr. Speaker, I rise to pay tribute to Dr. Robert Hugh Chalmers, one of Fredericton's pioneering physicians who passed away on March 19 at the age of 90.

Dr. Bob was born and raised in Devon and he remained a good old Devon boy all his life. An athlete, he was a standout defenceman for the Fredericton High School hockey team, going on to play for and then coach the UNB Varsity Reds. In later life he took up the game of curling with gusto and was an avid golfer.

He served in the Royal Canadian Armed Forces Medical Corps and was a member of the Royal Canadian Legion for 56 years.

Dr. Bob was one of the original doctors at Fredericton's first medical clinic. For over 10 years he was the only gynecologist in the city. He thoroughly enjoyed his work and during his practice delivered over 10,000 babies, including yours truly.

I want to express my very personal appreciation for the life of Dr. Bob Chalmers and my sincere condolences to his family and friends.

* * *

KOREAN WAR VETERANS

Mr. Ivan Grose (Oshawa, Lib.): Mr. Speaker, I would like to remind my hon. colleagues that July 27 marks the 50th anniversary of the end of the Korean war. To commemorate this anniversary, last week Veterans Affairs Canada launched a year of remembrance entitled, "Canada Remembers the Korean War".

The Minister of Veterans Affairs together with the Korean Veterans Association, Manitoba Unit No. 17 unveiled and dedicated a stained glass window at Deer Lodge Centre. The window is a permanent memorial to Korean war veterans. The unveiling is the first of many events planned throughout 2003 to commemorate the 50th anniversary of the Korean war armistice.

Canada's veterans of the Korean war deserve our thanks and gratitude for their military service. I urge all members to share this message and to join with their fellow Canadians in commemorating their sacrifice. These veterans shall not be forgotten.

* * *

CHILD PORNOGRAPHY

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, it is sad but true that the government seems to side more with pedophiles and child pornographers than with the children who are their victims.

S. O. 31

Canadians asked the government to raise the age of consent for adult-child sex from 14 to at least 16, but the Liberal legislation only prohibits adult-child sex with minors over 14 if there is a so-called trust relationship. The courts must analyze each case to see if the adult is exploiting the child.

Canadians asked the government to remove the defence of artistic merit for child pornography. The Liberal legislation simply repackaged the old law and renamed it as the public good defence. The court is still entitled to consider artistic merit in determining whether a child pornographer should be acquitted. Furthermore, even if they are sentenced, child pornographers are still entitled to house arrest as an alternative to prison.

It defies all logic and decency, but the government refuses to side with our children in the war against abuse by pedophiles and child pornographers.

* * *

GEORGE KATSAROV

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, it is with great pleasure that I rise today in the House to inform my hon. colleagues of the outstanding work of one of my constituents in York South—Weston who is a volunteer in the Canadian Executive Service Overseas. Mr. George Katsarov went to Huludso, Liaoning, China, to assist a state owned company that produces cement and cement products.

Mr. Katsarov was asked to improve production of high quality cement using low grade limestone. Through discussions with staff and the performance of lab experiments, Mr. Katsarov was able to improve the operation. A second project with the company involved the reduction of kiln fuel consumption. Mr. Katsarov made recommendations to the staff that he hopes will not only improve the quality of the product, but will reduce pollution, save energy costs and gain new markets.

I call on the House to join with me in congratulating Mr. Katsarov for exemplary volunteer service and for serving as an example to other Canadians in demonstrating that one person can indeed make a difference.

* * *

• (1405)

[*Translation*]**FARMERS**

Mr. Sébastien Gagnon (Lac-Saint-Jean—Saguenay, BQ): Mr. Speaker, as I reported last week in the House, there has been a groundswell of opposition from milk producers in the Saguenay—Lac-Saint-Jean region that has spread rapidly throughout Quebec.

The aim was for our farmers to express their frustration with the federal government's inaction in relation to their serious profitability problems.

The Quebec government, for its part, quickly responded to their demand by suspending the net income stabilization account, thereby allowing farmers to breathe easier about their cash flow.

Much remains to be done. Our farmers expect the federal government to show as much sensitivity as the Quebec government has, and greater diligence so farmers can at least earn a decent living.

* * *

[*English*]**CITIZEN ENGAGEMENT CONTEST**

Ms. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, through the last federal election campaign, low voter turnout and apathy toward traditional politics among youth became the focus of considerable media attention.

To engage young Canadians it is essential that we involve young adults in a meaningful dialogue that resonates and encourages their ongoing interest and participation. In an attempt to do this, I established a civics award for all the grade 10 students in St. Paul's, requesting that they submit a 1,200 word essay outlining their vision for a citizen engagement process for Canadians of all ages.

I am pleased to announce that the winner of the contest, Maya Borooh, is visiting me today in Ottawa as her prize. Her winning essay can be viewed on my website at www.carolynbennett.com.

My congratulations to Maya for a sophisticated examination of the issues of voter apathy, cynicism and citizen engagement and for truly making a difference.

* * *

IRAQ

Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance): Mr. Speaker, I appreciate the views expressed by those who are genuinely opposed to war. They do not wish to see the deaths of innocents, nor do I. It was for this very reason I voted to support the coalition partners in their efforts to liberate Iraq.

I fear for the lives of those Iraqis who will be murdered by Saddam's regime in the future. We know that over a million people have perished on Saddam's orders and we know that economic sanctions have killed thousands of others.

Let us end the reign of terror of Saddam and the sanctions and let us rebuild a peaceful, democratic Iraq. This is the answer I give my brothers and sisters in the Islamic community who ask me how I could support a coalition in Iraq.

I speak to them of my own family's escape from Uganda when the UN refused to stop the genocide perpetrated by Idi Amin. I tell them that I will not refuse freedom and democracy to the Iraqi people.

War was never a favourite option, but now that it is upon us, let us hope for a swift conclusion and freedom for all Iraqis.

ST. BENEDICT CATHOLIC SECONDARY SCHOOL

Mr. Janko Peric (Cambridge, Lib.): Mr. Speaker, I am very pleased to join all members in welcoming Ms. Leslie MacKinnon's grades 11 and 12 class from St. Benedict Catholic Secondary School to our nation's capital. During their stay in Ottawa, these students, who are from my riding of Cambridge, will tour Parliament, attend question period, and meet with members, senators and even with the Prime Minister.

I encourage these young Canadians to take the opportunity to delve into and gain a deeper insight into the governance of our nation. I wish all of them a successful visit and an enjoyable stay in Ottawa.

* * *

[Translation]

MEMBER FOR ACADIE—BATHURST

Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, it is with great pride that the New Democratic caucus congratulates one of our own, the member for Acadie-Bathurst, who will become, this evening, a member of the Chevalier de l'Ordre de la Pléiade, Ordre de la Francophonie et du Dialogue des cultures.

Our dear Acadian colleague has won great respect from our caucus due to his leadership on issues related to defending the Francophonie in Canada. I can even say that his example is what led many of my hon. colleagues to decide to learn French.

His involvement in the Standing Committee on Official Languages and his commitment to the Francophonie make him a worthy recipient of this honour.

For these reasons, we want to tell him how proud the NDP caucus is of his work. We hope that he will continue to devote as much energy and passion to issues important to the Francophonie and social justice.

The Francophonie and the New Democratic Party are both lucky to have a "Jean Batailleur" like you.

* * *

● (1410)

SUPPLY MANAGEMENT

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, the supply management system—a development tool for Quebec's agricultural industry—is being jeopardized by the federal government's lack of leadership.

Supply management provides farmers with stable income from the market without government assistance. The fact that Canada is allowing into the market dairy ingredients and blends that are specifically created to get around the tariff barriers in place threatens the stability of the supply and therefore the income of Quebec's dairy farmers.

The federal government must make a clear commitment to protect the domestic egg, poultry and dairy product markets. The Minister for International Trade must adopt a clear negotiating position in order to protect the interests of farmers and consumers in Quebec.

S. O. 31

[English]

CANADA-U.S. DEFENCE RELATIONS

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, recently the defence committee has been working on a study of Canada-U.S. defence relations. We have heard from witnesses on the issues of North American security, Norad, national missile defence, interoperability, and industrial and scientific cooperation.

At a time when the Canada-U.S. relationship has suffered some severe strains, having Canadian MPs in Washington to talk with their American counterparts on security matters seems very timely and appropriate. Earlier this week I learned that the Canadian Alliance vetoed our travel to the United States scheduled for later this spring. How do we study Canada-U.S. defence relations without visiting the United States and speaking to American officials?

The actions of the Alliance are an affront to the defence committee, to the House and to our American allies who already have prepared for our visit. I hope that the Alliance will change its position on this important travel.

* * *

IRAQ

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, the Government of Canada is determined that we will not participate in a military offensive in Iraq, but that does not mean we cannot play a very important role. Canada has resources and connections that could help right now. We also have the ability to play a leadership role in any reconstruction effort at the end of the war.

First, Canada could immediately dispatch a field hospital unit to Iraq to help deal with the mounting casualties of war on all sides. Second, Canada could lobby hard to influence other countries to see that the United Nations is given the mandate to lead the reconstruction efforts in Iraq. Third, our ships in the Persian Gulf should be asked to provide a safe passage for the large number of ships containing humanitarian supplies just waiting to get into Iraqi ports.

Canada has been invisible until now. It is time that we got off the sidelines and made our contribution to ensure the best possible outcome and the least number of casualties in this conflict.

* * *

[Translation]

IRAQ

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, the British-American assault on Iraq is an unjustified war. It was unjustified before it began and nothing has changed. The UN Security Council did not support this war. Canada has not acknowledged the link between this war and the war on international terrorism. Weeks or months of systematic and tough inspections could have neutralized and disarmed the Iraqi regime, which is what we all want.

Oral Questions

Instead, this assault is going to galvanize Iraqi resistance and unfortunately, it may give rise to a fundamentalist and anti-American Islam throughout the world.

We are now talking about helping and rebuilding Iraq. I hope the UN and Canada will play a primary role in this. However, I think that the UN, Canada and other peaceful powers should devote their energies to the even more strategic task of rebuilding relationships of cooperation with all Arab and Muslim countries, where Canada enjoys undisputed respect and esteem.

Canada must take the initiative of building these bridges and expanding its circle of partnerships and friends around the world.

Democracy and respect for human rights will not come about through war and B-52s.

* * *

[English]

CANADA-U.S. RELATIONS

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, this Liberal government's smug anti-Americanism, as displayed so vividly by its members, ministers and senators, is already starting to have repercussions.

Not only is President Bush's planned state visit to Ottawa now in doubt, but the Americans are now contemplating a second layer of border security to register every Canadian's entry and exit into the United States.

Canada's massive auto parts sector claims that it is losing some of its U.S. business because of the government's deteriorating relationship with Americans and increased border delays. The Liberals' disastrous relationship with the Americans has already cost tens of thousands of Canadian jobs and this is only the beginning. What is truly amazing is that so many Liberals think that they can keep bad-mouthing the Americans and it will not have an impact on our \$94 billion trade surplus.

As the Prime Minister searches for his legacy in his last year of power, he may have found one: driving Canada-U.S. relations to their lowest point in almost 200 years.

* * *

• (1415)

[Translation]

MEMBER FOR REPENTIGNY

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, it is my great pleasure to pay tribute to my colleague, the member for Repentigny, who today will be made a member of the Ordre de la Pléiade by the Assemblée parlementaire de la Francophonie.

The Pléiade is awarded in recognition of those who have contributed to the vitality of French language and culture, which our colleague has done so well.

A dedicated teacher and history buff, he has always believed in defending the French fact in North America, a cherished goal of Quebecers which goes right to the heart of their identity.

As the Bloc Québécois' critic on official languages, he staunchly defends the interests of the francophone community outside Quebec.

On behalf of my colleagues from the Bloc Québécois, I would like to congratulate the member for Repentigny on his prestigious appointment as a chevalier de l'Ordre de la Pléiade.

ORAL QUESTION PERIOD

[English]

IRAQ

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, let me review the government's record on the war against Saddam.

The government has been for regime change, then against regime change, then maybe for regime change again. It claims to respect our U.S. friends, then subjects them to a systematic, gratuitous and unpunished campaign of insults. It said resolution 1441 was enough for action until action was taken. Then it said it was not. It says Saddam is a threat but it will not do anything except maintain relations with him during his war with our allies.

How can our American and British friends conclude anything other than that this government is unreliable and untrustworthy?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it was a year ago that we said very clearly to the American government that if it were to have a war in Iraq that Canadians would not be there if it were not to get a resolution approved by the Security Council. I repeated that in August, in September, in November, in December, in January, in February and in March. We cannot be more consistent than that. We were probably the only country that was so clear, so early, with the Americans and the British.

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CANADA-U.S. RELATIONS

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, the government never said anything other than that resolution 1441 was enough when the U.S. went and got that resolution, and then he made up this argument on the floor of the House that it needed a second vote, and it did not have one. That is the position the Prime Minister had.

Let me talk today about the news that President Bush may postpone or cancel his visit to Canada in May. I want to remind the House of what the Prime Minister said in the last gulf war. He said, "Mulroney has committed our troops there because he likes to be friends with George Bush...I don't want to be friends with George Bush".

Is bad relations with George Bush not what the Prime Minister really wanted all along?

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there are two George Bushes, at last news, and I had very good personal relations with the President of the United States.

They should have listened to him when I met with him in September in Detroit, when he said that I was very straightforward, that sometimes I can be funny, and he said I could be a good Texan.

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, a real friend of George Bush would be with George Bush and Tony Blair in the United States today.

Canadians are going to pay a price for this Prime Minister's and his party's anti-Americanism. A consumer survey by GPC International suggests that half of Americans could begin boycotts of Canadian products.

How could the government allow such a vital relationship to deteriorate this far?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I think that the Leader of the Opposition does not realize that we have good relations with the Americans. We disagree on that, but their friendship means that sometimes we can disagree. The Leader of the Opposition reminds me of the "ready, aye, ready" policy of another Leader of the Opposition of 80 years ago, Arthur Meighen. Ready, aye, ready was not the policy of the Government of Canada then and it is not the policy of the Government of Canada today.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, under the government's mismanagement, Canada-U.S. relations have reached their lowest level ever, evidenced by the possibility of a U.S. president threatening to cancel a visit to Canada for the first time. It is so bad that Liberal spin doctors are now blaming potential heckling from the NDP as a foil for this cancelled visit.

Will the Prime Minister not admit that this trip is in jeopardy not because of anybody in the opposition but because of anti-American heckling from his own members over the past several months?

• (1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, perhaps before I take the question from the hon. member he should get up and apologize to Senator Laurier LaPierre. Yesterday he accused him of having said something that was not true. He should offer his apology before asking his question.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I quoted from *Hansard*. He denounced it. Maybe he will apologize for that.

Now the U.S. is planning to set up a whole new second tier of border crossing regulations and checks for Canadians entering and leaving the United States. This will mean huge new line-ups and billions of dollars in additional costs in our bilateral trade.

But after having opposed U.S. efforts to implement UN resolutions on Iraq, after having tolerated anti-American diatribes from his own members, how will the Prime Minister have any credibility to fight these trade and job killing new U.S. border checks in Washington?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. member yesterday made an affirmation in the House that it

was true, and I said if it was true, it was unacceptable. The problem with this member of Parliament is that the truth has no relation to the reality, so when he is asking questions, if he does not apologize, I do not intend to answer his questions anymore.

* * *

[Translation]

IRAQ

Mr. Gilles Duceppe: Mr. Speaker, CBC Newsworld tells us that about half a dozen Canadian soldiers integrated with the British First Armoured Division are in southern Iraq at the present time.

That being the case, will the Prime Minister at last admit that Canada is taking part in the war against Iraq without UN approval?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are not at war with Iraq. There are Canadian soldiers with the American, Australian and British armies. It is possible that they might be on Iraqi soil at this time.

The Minister of National Defence has said they were in auxiliary services, not combatants. They had received instructions from their army to the effect that they could use their weapons only in self-defence. They are not combatants.

Between you and me, there is just a handful of them. Among the 300,000 soldiers, there are only a few Canadians performing duties for which they were requested months ago, with—

The Speaker: The hon. member for Laurier—Sainte-Marie.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, reporter Paul Hunter asked Lieutenant Colonel Ronnie McCourt of the British Army whether there were any Canadian soldiers at risk of death or injury and his reply was "Oh yes, they are in combat".

Can the Prime Minister tell the general public and these soldiers' families why he says Canada is not supporting the war against Iraq when, in actual fact, Canadian soldiers are engaged in it and are in danger of losing their lives in a war this Prime Minister calls unjustified?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, right from the start the Minister of National Defence has clearly indicated that the government's policy was that these soldiers, having accepted transfers to the armies of the United States, Australia or England, would have to continue to fulfill their duties. This does not mean that Canada is taking part in the war.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, for one week now we have been asking the government to tell us where the 31 Canadian soldiers on exchange with other armies are located. The government refuses to answer citing security as the reason. Apparently this would jeopardize the soldiers' safety.

Oral Questions

The Prime Minister must assume his responsibilities, stop covering up the fact that Canada is taking part in the war against Iraq and tell us, since it is our right to know, where are these Canadian soldiers at this time?

• (1425)

[English]

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, this is a slippery slope. They want to know the country where our soldiers are, next they will want to know the town, and next they will want to know the name, the rank and the serial number. We are not going to go down this slippery slope because they want us to reveal information which might put in jeopardy the lives of our soldiers, who are, as the Prime Minister and I have said, in a support function. We will not go down this slippery slope and risk the lives of the men and women of the Canadian Forces.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, there are limits to what can be said here. Every day, CNN explains where the American soldiers are, what they are doing, what their objectives are, what happened during the day and what is likely to happen in the next few hours.

Our soldiers supposedly have an auxiliary role and the government is trying to tell us that if we knew the whereabouts of our soldiers, who have an auxiliary role, it would threaten the safety of the entire army.

The minister should do his job and tell Canadians where these 31 soldiers are. It is his duty to do so, before journalists tell us.

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, I just answered this question.

[English]

I am not going to go down that slippery slope.

[Translation]

I will not tell the world precisely where all our soldiers are. If the media is broadcasting this information, it is beyond my control. However, for my part, I will not provide precise information.

In terms of what these soldiers are doing, as has been said several times already, they are providing support. They are not to use force except in self-defence.

Canada, I repeat once again, is not taking part in this war.

[English]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, it seems very clear that the government is well down the slippery slope into war. Parliament has been very clear: no involvement in Iraq. Yet we have three Canadian ships escorting Bush's ships of war into combat as far north as Kuwait. Today we learn of a new risk of being rammed by Iraqi boats.

Mr. Bush says that the Geneva convention applies to POWs in Iraq because it is a traditional war. Yet he says on the other hand it does not apply to prisoners of war on terror because it is not traditional.

I have a very simple question for the Prime Minister. If a Canadian sailor is captured by Iraq, escorting a ship in Bush's war does the Geneva—

The Speaker: Order, please. The right hon. Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have stated very clearly that the ships operating in this part of the world have been there for a year. They are there to help the people who are fighting terrorism in Afghanistan.

We have been there. We have served there. Our soldiers have done a great job. They have received compliments from everybody. Not only that, they were asked to take the lead of these ships long before the war. They are doing Canada proud, and they will keep doing their job because it is a fight against terrorism.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, it is very interesting that the Prime Minister refuses to answer this simple question. The government had an answer when it was American POWs, but no answer when it is a Canadian in the same war.

On March 20 the Prime Minister said that Canada had no troops in Iraq. On Monday that became no troops in combat. Yesterday he confirmed that Canadians were aboard AWACs, which are directing bomb runs.

Now we are getting calls from families of Canadians serving with British tanks in Iraq. Even defence officials are saying that Canadians are inside Iraq.

Again, my question is for the Prime Minister. If helping to select bombing targets and serving with tanks are not combat roles—

The Speaker: The hon. Minister of National Defence.

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, the hon. member referred to the will of the House. Indeed, the will of the House has been expressed clearly in response to a motion, which states:

—consequently the government [of Canada] repatriate all soldiers and military material in the region that could be used in a war effort in the conflict in Iraq.

This motion was soundly defeated by the House one week ago by a ratio of four to one. Indeed, in terms of the exchange soldiers and the ships, the House has spoken very clear.

• (1430)

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, Canada has decided not to send combat troops to Iraq. There are many other ways we could be showing our support for our allies and making a positive contribution to resolving the Iraqi crisis.

Could the Minister of National Defence inform the House whether he has considered sending a field hospital to Iraq to help deal with the mounting casualties of war? Has the cabinet discussed such options and, if not, will he inform us why not?

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, I do not think it is practical to send a field hospital under the United Nations banner into a war zone.

Oral Questions

However, as my colleague, the Minister for International Cooperation has explained, Canada is very much there for the post-war reconstruction phase in Iraq. As I have said several times in the House, we are making a very major contribution in Afghanistan in terms of the security operations. In addition, my colleague has already committed \$250 million to that venture.

In terms of post-war activities in both Iraq and Afghanistan, the Government of Canada is very much there.

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, sending a field hospital to Iraq would be a welcome contribution by our allies and a concrete, positive step to show Canada will not shy away from the difficult task of reconstructing Iraq.

Canada also has ships in the Persian Gulf to assist with the war on terrorism.

The Minister of National Defence has confirmed he would not engage offensively in the war in Iraq. Has Canada considered volunteering those ships as escorts to provide safe passage for ships carrying humanitarian supplies through the Persian Gulf to Iraqi ports?

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, I have absolutely no doubt that should the situation become such that humanitarian ships will pass through the Persian Gulf to bring relief to the people of Iraq, then absolutely our ships will be there to protect them from any potential attack.

We are there to protect the maritime traffic of our allies. We are proud of our role in an environment, as the opposition has indicated, that becomes increasingly risky with every passing day. We are there for our allies, not least humanitarian aid.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, from the front benches to the darkest corners of the caucus, Liberals are howling anti-American rhetoric and screaming for the expulsion of Ambassador Cellucci. Yet there has not been a murmur from the other side about Saddam's front man in North America being holed up in his embassy here in Ottawa, not one murmur.

What is wrong with sending a signal to Saddam Hussein that Canada knows right from wrong, good from evil? When will the Prime Minister do the right thing and send the Iraqi front man home to Iraq?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, we did the right thing last December when we asked for the expulsion of an Iraqi diplomat long before this came to the attention of the opposition and made this a cause célèbre for them. I can assure the House that I have spoken to the American embassy here and I have its assurance that the American government is perfectly content with the way that Canada is handling this important issue.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, Saddam Hussein's regime is as evil as the world has ever seen. The Prime Minister wants to keep the lines of communications with him open. There is absolutely no way that we should be communicating with our enemy. The Prime Minister should be doing the right thing, which is what he was asked to do formally by Washington.

When will the Prime Minister communicate with the whole world and send a message that the Iraqi front man is being expelled because Canada knows what is right and what is evil?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, Canada also knows that we have to work toward finding a resolution to this terrible problem. We will continue to take the steps that are constructive and not merely politically expedient, as is constantly urged upon us by the opposition.

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, yesterday, we asked the Minister of Defence if Canadian soldiers seconded to foreign units had ever taken part in armed conflicts in the past while Canada was not at war.

The Minister of Defence admitted this was a good question. The problem is that the minister, his office or Defence officials have yet to answer our questions.

I am therefore directing my question to the Prime Minister. In the past, have Canadian soldiers seconded to foreign units participated in armed conflicts while Canada was not at war, as in the current context of the war in Iraq? Did it ever happen, yes or no?

• (1435)

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, I am inquiring about this matter involving events dating back some 30 years.

The hon. member should know that the United States remains Canada's greatest ally and friend. Exchanges are important to allow us to work alongside our American and British allies.

These are extremely important because Canada is never alone in military operations. It is therefore very important that we maintain our participation in such exchanges, and that is what we are doing.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I want to respond to the minister that, until proven otherwise, with the exception of the current war against Iraq, Canadian military on exchange programs did not participate in the Vietnam war or the American invasion of the Dominican Republic, Grenada and Panama, because Canada was not at war.

Is the Prime Minister not being two faced when he tells the public that Canada does not support the war against Iraq when in fact Canadian soldiers are fighting that war?

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, the government must always take into consideration a number of risks and factors, such as the importance of participating with our allies, the lives and well-being of our troops, and the risk to our allies' troops if we were to pull out. These are all considerations.

The government took them all into account and is comfortable with the position taken with respect to exchange programs.

[*English*]

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, Saddam Hussein's terror tactics include beheading women of families suspected of disloyalty. This terror tactic is done in public to maximize fear. Since this behaviour of Saddam Hussein is well known, why did the Liberal government not support our historic allies to stop Saddam Hussein dead in his tracks?

Oral Questions

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, that is exactly why from the very beginning we were very strong supporters of the efforts of the United States to deal with the disarmament of Saddam Hussein through resolution 1441, why we have always taken the point of view that the best way to approach this type of issue is through a multilateral coalition which will enable us to deal effectively with it and why we strongly support the idea of international criminal sanctions which can be applied by appropriate international means to ensure that the perpetrators of this type of crime are brought to justice.

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, let us talk about multilateral. On March 24, 1999, the Prime Minister stated in the House:

—the time has come to tell the leader of the Republic of Yugoslavia that we cannot tolerate the activities that he is imposing on the people of [Yugoslavia]...

Then, without a UN resolution, we entered a just war against tyranny.

With exactly the same logic, why are we tolerating the same activities that Saddam Hussein is perpetrating on the people of Iraq? Why are we not supporting our allies?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. member is aware there was an attack to stop the genocide and Milosevic was voted out by the people of Serbia. That is the process which exists. We do not go around the globe, replacing the leaders who we do not like. However, if they commit genocide, we have the obligation to intervene and we have done it, under the authority of NATO.

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[Translation]

AGRICULTURE

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Mr. Speaker, the Minister of Agriculture made known his intention to implement, come what may, his agricultural policy framework on April 1. However, we read in the newspapers that the minister has commissioned an independent study, the results of which will be known a few months from now.

What reasons can the minister give for implementing his framework before even examining the findings of the study that he himself commissioned?

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I would recommend that the hon. member get his facts straight before he asks a question.

The industry has asked to have an independent group look at the programs that are in place and the programs that are being proposed at the present time. I have indicated that we are prepared and willing to do that. It should take only two weeks to do that.

• (1440)

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the federal Minister of Agriculture is operating in total isolation. Farmers in Quebec, and in

eastern and western Canada oppose this. The opposition is against it, and even the members of the Liberal caucus are against it.

Before the minister destroys a perfectly good system that has proven itself, could he not show prudence, slow down and delay implementing this policy framework?

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, as I said in the House yesterday, the farmers in Canada have not had a disaster program since December 1 last year. With the encouragement of members of the opposition and members of the government party, we got the funding to do so and to develop a better plan than we have had in the past to get that money there on a permanent basis for a number of years ahead.

I have said all along that April 1 was not a deadline for that, that we had time to develop it this year so that it could be there for producers to use this year, and we will have that in place.

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GOVERNMENT CONTRACTS

Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance): Mr. Speaker, in the past 10 years the maritime helicopter replacement project has seen \$800 million in cancellation fees and increasing maintenance costs on our 40 year old Sea Kings. Today the government has embarked on a pre-qualification phase, something new, that it claims would speed things up.

Could the Public Works Minister explain how omitting best value and basing this pre-qualifier only on lowest price would get us the right helicopter?

Hon. Ralph Goodale (Minister of Public Works and Government Services, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, the procurement strategy for the maritime helicopter project is consistent with the Treasury Board best value contract policy. It ensures that all potential suppliers will be bidding on exactly what the military needs, allowing Canada to seek the best price among all the compliant bidders. It is based on clear, rigorous, mandatory requirements. It includes a requirement for long term, in-service support thereby acknowledging the importance of life cycle costs. It matches the needs of the Canadian forces, as identified in the statement of operational requirements, with the needs of Canadians for the responsible stewardship of public funds.

Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance): Mr. Speaker, the minister claims our military planners, he is blaming this on DND, requested a slower, smaller, lighter helicopter with less range and less capacity. Why would they want less than they have now? I am sure the Prime Minister can live with that but the forces deserve better.

The Minister of Public Works has never explained why the contract was split and re-bundled. Why was this unprecedented pre-qualification put in place? Will he clear the air now? Or is he prepared to spend his retirement in front of a judge, testifying in the next round of lawsuits?

Hon. Ralph Goodale (Minister of Public Works and Government Services, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, I think the Minister of National Defence took a very positive step in December when he addressed the bundling issue.

The purpose of the pre-qualification process, which has begun today, is to reduce the risk that equipment proposed by any of the bidders would be disqualified for technical non-compliance. The whole purpose is to make sure that the bidders know on what they are bidding.

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AGRICULTURE

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, the government is supportive of supply management, but dairy producers have expressed concern over unregulated imports of dairy products and subproducts, such as butteroil-sugar blends.

Can the Minister of Agriculture and Agri-Food tell the House what the report of the working group set up last summer recommended and how the ministers intend to follow up?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, first, I want to commend the strong support that the hon. member for Peterborough has, and continues to have, with the caucus and the government for supply management.

The working group that was set up has had a number of meetings with the dairy industry. We recognize the concern regarding the importation of butteroil-sugar blends. There have been a number of recommendations that have been made to ministers in the government. We are reviewing those recommendations thoroughly at the present time so that we can work with the industry to help solve the problem.

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FOREIGN AFFAIRS

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Minister of Foreign Affairs. In the fight against atypical pneumonia or SARS the World Health Organization plays an absolutely critical role. Yet, when Taiwan asked the World Health Organization for help to assist its 23 million people, the WHO said no since Taiwan is not a member.

Will the minister now listen to MPs on all sides of the House and support Taiwan's request for observer status at the upcoming meeting of the World Health Assembly in Geneva? With the lives of Taiwanese and Canadians at stake will he stop hiding behind the one China policy and support Taiwan at the World Health Organization?

• (1445)

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, what we will certainly do is take the practical steps which

will help Taiwan in this circumstance and help all of us in this terrible fight which is important for all of us.

The hon. member knows very well that Taiwan is not eligible for membership in the World Health Organization as it is not a member of the United Nations. Its observer status would require consensus from all members, including that of China.

The government has been active in working with Taiwan and all governments to ensure that the Taiwanese government receives help through all the possible channels. We will continue that constructive policy.

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FINANCIAL INSTITUTIONS

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, Canadian banks have quietly closed more than a thousand profitable branches since 1998 in anticipation of future merger opportunities—mergers the government now seems prepared to accept. In so doing, they have left many communities stranded. Some like Ailsa Craig, Ontario, now have no bank at all. In Winnipeg North we have lost nine branches since 1995 and there are more to come.

My question is for the Prime Minister. What strategy does the government have in place to stop this abuse of our communities by corporate bankers who put their bottom line ahead of the public interest?

Hon. Maurizio Bevilacqua (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I do not agree with the premise of the hon. member's question. The financial service sector is indeed a very important sector in the Canadian economy, providing valuable services for Canadians and small businesses from coast to coast to coast.

In reference to the issue of consumer protection, the hon. member should remember that one of the largest components of Bill C-8 dealt with consumer protection. There is no question about the fact that the government understands the needs of consumers and we do that quite well.

* * *

IRAQ

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, my question is for the Prime Minister.

The Prime Minister's rhetoric aside, he knows the United Nations cannot coordinate efforts to rebuild Iraq without a Security Council resolution that authorizes such actions.

Will he commit today to instructing Canada's diplomats to work toward the necessary international consensus that would allow the Security Council to draft and adopt that resolution?

He says he will answer if Canada's phone rings. Why will he not ensure Canada is the one making the calls?

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. member should know that yesterday we announced the allocation of \$100 million to help the United Nations organization provide humanitarian aid in the Iraq situation. We discussed that with the ambassador on Tuesday.

Perhaps he should talk to his own chief who yesterday criticized President Bush very harshly in a speech in Winnipeg.

* * *

NATIONAL DEFENCE

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, strangely the Department of Foreign Affairs and International Trade is advertising to hire a senior project officer for nuclear submarines.

Considering that all seven of our current submarines are tied up in Halifax and not one of them works, why is the Minister of Foreign Affairs advertising to hire a senior project officer for nuclear submarines?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, our department is engaged in a great many activities which relate to non-proliferation. This relates to an understanding of how the world works with nuclear submarines and every other facet.

We are very actively involved in the action of trying to find a way to one of the key questions in international relations today, that is, nuclear and other forms of disarmament. We will continue that work. This is just one small part of what we are trying to achieve.

* * *

FINANCIAL INSTITUTIONS

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, the Standing Committee on Finance tabled its report on bank mergers today. The Canadian public and the banking industry are waiting for the finance minister's reaction and response to this report.

Before the Minister of Finance gets too wrapped up in his Liberal leadership campaign, will he commit to an early response to the committee's recommendations?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we received the report a few hours ago. We will read it first and then we will study it. The Minister of Finance and the Secretary of State for International Financial Institutions will look at the document and make some recommendations in response to the document as soon as possible.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, unlike other industries, banks have been denied a proper road map or rule book on the merger issue. The bank merger issue has been on the table for five years, since 1998. Both the Senate bank committee and the Commons finance committee have now given the minister their views.

When can Canadians expect his?

• (1450)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I replied to that question a few minutes ago.

[Translation]

AGRICULTURE

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, despite numerous objections from farmers, the Minister of Agriculture and Agri-Food has been saying for a long time now that he intends to impose his policy framework. His plan is creating anger and panic among farmers, who have a hard time understanding what the rush is.

Will the Minister of Agriculture and Agri-Food get it into his head that what farmers are demanding is a one-year delay and nothing less?

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I will repeat again, as I did several times yesterday and already today. Since the first of January of this year there has not been a disaster program for Canadian primary producers. The funding was put in place last June.

We have been working on that since last June with the provinces and the industry. We still have time to develop that because the producers deserve it and there will be a program for farmers this year.

[Translation]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, farmers in Quebec and Canada are concerned about supply management. Tensions mounted again last month when the chair of the negotiating committee at the WTO, Stuart Harbinson, tabled a preliminary report proposing to reduce the tariff quota by half and increase access to markets.

Does the minister realize that if the Harbinson proposal were accepted, there would not be a single quotaed farmer in Canada who would be able to farm, and does he consequently intend to unequivocally reject said proposal?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I had the opportunity to speak with Mr. Harbinson last week. I was very clear that the document as it stands does not reflect a negotiating framework satisfactory to Canada. We are pleased with some of the progress made in eliminating export subsidies, which meets Canadian objectives, but in terms of access to markets and farmer subsidies, we did not agree with this document.

I would like to reassure the House and Canadians that this document is also not supported by the European Union or the United States. I think that for now, these terms are far from being approved for agriculture negotiations at the WTO.

Oral Questions

[English]

CORRECTIONAL SERVICE CANADA

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, a couple of weeks ago the Federation of Canadian Municipalities joined the Canadian Police Association, the National Association of Police Professionals, the Police Association of Ontario, the city of greater Sudbury, the Federation of Northern Ontario Municipalities and the Ontario government, demanding an external review of Correctional Service Canada because club fed prisons are threatening the safety of Canadians.

Will the Solicitor General finally admit that club fed prisons not only exist, but that he supports them?

Hon. Wayne Easter (Solicitor General of Canada, Lib.): Mr. Speaker, I answered this question quite clearly yesterday. In terms of the proposal that the member talks about, he should recall that there were parliamentary committee hearings into the Corrections and Conditional Release Act. The recommendations of that act were acted upon. The bottom line is that the system has been improved and there are no club feds in the federal penitentiary system.

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, why does the Solicitor General refuse to take the advice of the Canadian Police Association regarding potentially dangerous prisons, resort-style prisons, club fed prisons? Is the Solicitor General so confident that club feds do not exist? Will he immediately call for an independent review of our prison system to prove that he is right?

Hon. Wayne Easter (Solicitor General of Canada, Lib.): Mr. Speaker, as I mentioned yesterday, one of the greatest difficulties that the Canadian Police Association had when it was in town lobbying members of Parliament was trying to convince members of Parliament on that side that the gun control system that we are putting in place in this country is important. Members opposite do not want to support it.

What we tried to do through the CSC is encourage inmates to be responsible for their daily living activities. That means working with them within facilities so that they have greater responsibility when they go back out into the community later in life. That is using the system so that more Canadians can exercise their human potential to the fullest ability.

* * *

• (1455)

FINANCIAL INSTITUTIONS

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, the Prime Minister just said that the government will soon be responding to the report on bank mergers. In the meantime, could the Secretary of State for International Financial Institutions let the House know if he expects some proposals from banks in the near future regarding mergers?

Hon. Maurizio Bevilacqua (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I would like to thank both the Senate committee and the House finance committee for their work as well as individuals who participated in those hearings.

Given the fact that parliamentarians and Canadians have spent a lot of time on this important issue, it would be premature for anyone

to bring forward a merger proposal until the government has dealt with the issues raised in the committee's reports and hearings. We have just received the report and everyone needs time to review the recommendations and deliberations of the committee.

* * *

HEALTH

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, my question is for the health minister regarding the SARS outbreak in Ontario and in other parts of the country. The Ontario government has declared a health emergency and a quarantine has been invoked in at least one hospital.

Although the extent of the risk is unknown, under what conditions would the federal Quarantine Act be invoked to deal with the SARS outbreak?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, in fact, as the hon. member is probably aware, provinces have legislation like that invoked by the province of Ontario to deal with medical emergencies that come about in relation to the residents of their province.

The Quarantine Act, as I indicated in response to the hon. member's question yesterday, permits us, when we have suspicion in relation to a threat to the health or safety of Canadians as it relates to individuals, products or conveyances, to quarantine those things.

Our legislation relates to those things coming into our country and ensuring that those things are not released into our country in a way that would harm—

The Speaker: The hon. member for Yellowhead.

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, that is only partially true. It also extends to those going outside of our country.

Today, the World Health Organization recommended that all travellers boarding international flights from Toronto be screened for symptoms of SARS to ensure that the condition is not exported to other countries. What specific steps is the government taking to respond to that recommendation?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, in fact, the WHO has provided a number of draft recommendations, including the one referred to. We have implemented most of them. We are in the process of discussing with the WHO the one to which the hon. member refers, but I want to remind everybody in the House that Health Canada officials have reminded air carriers of the existing policy to screen and not board seriously ill passengers and refer those identified passengers to local health authorities.

* * *

[Translation]

AGRICULTURE

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, since 1995, egg producers have been asking the federal government to terminate the bilateral agreement with the United States and to apply WTO rules instead.

Privilege

When will the Minister of Agriculture decide to take this action, which he can take, which does not involve any costs and which would give a great boost to Canada's poultry industry?

[*English*]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I believe what the hon. member is referring to is a request from the broiler hatching egg producers in Canada. We have an agreement with the United States but before any agreement can be changed in any way we must look at all the trade implications as well as the economic implications of that. That has been and continues to be looked at by both the Minister for International Trade and my officials.

* * *

CANADA-U.S. RELATIONS

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, my question is for the Prime Minister.

I have been informed that the leader of the Conservative Party yesterday was sharply critical of the President of the United States, George Bush.

Could the Prime Minister say if he agrees with the leader of the Conservative Party and the comments he made yesterday?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Obviously no, Mr. Speaker, because yesterday the leader of the Tory Party said:

U.S. President George W. Bush and his administration could have done a better job of lining up allies before launching a war on Iraq.

He went on to say that in those situations we needed extreme care and that we must be very sensitive. He said that had not characterized what happened in the approach to potential allies taken by some members of the Bush administration, most noticeably, of course, Secretary Rumsfeld.

None of my ministers would have said that.

* * *

● (1500)

BILINGUALISM

Mr. Jim Pankiw (Saskatoon—Humboldt, Ind.): Mr. Speaker, former Prime Minister Pearson's pledge that forced bilingualism would not ruin public servants' careers was a lie and a fraud.

On March 31, certain public servants who do not meet artificial bilingual restrictions will be transferred, demoted or replaced.

Why is the Minister of the Treasury Board expanding a discriminatory, divisive and costly bilingualism scheme that unfairly restricts employment and promotion in the public service?

[*Translation*]

Hon. Lucienne Robillard (President of the Treasury Board, Lib.): Mr. Speaker, once again, I would suggest that the hon. member listen to Canadians, who place a high value on linguistic duality.

This is why it is perfectly normal that the public service of Canada would promote this linguistic duality. I should point out that close to two thirds of all positions in the public service are unilingual.

The federal public service is open to all citizens of this country.

* * *

AGRICULTURE

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, farmers are criticizing the Minister for International Trade for his lack of firmness regarding supply management, for letting too many products come in.

However, at the Liberal caucus held in Chicoutimi, the minister pledged to farmers that he would take action to settle this issue. We know that a study was conducted and recently submitted to the minister, at the end of February.

Can the minister tell us when he intends to table the findings of that study here in the House?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, indeed, when we were in Chicoutimi, the Minister of Agriculture and I set up a working group with dairy producers and supply management officials.

Our officials worked together and, last week, they submitted to the Minister of Agriculture and myself a report which we have reviewed. A number of possibilities are being examined. These are rather complex issues, and we have to look at the legal impact of any scenario that we may adopt.

Therefore, we will follow up on this request in the coming weeks.

[*English*]

The Speaker: The Chair has notice of a question of privilege from the hon. member for Vancouver East.

* * *

PRIVILEGE

MILITARY INTERVENTION IN IRAQ

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I rise today on a question of privilege with respect to contempt of Parliament.

As you are aware, Mr. Speaker, on March 20 the House voted on the following supply motion moved by the member for Laurier—Sainte-Marie and seconded by the member for Laurentides:

That this House call upon the government not to participate in the military intervention initiated by the United States in Iraq.

That question was debated, put and passed on the following division: yeas, 153; nays, 50.

On many occasions leading up to and after the motion was passed, members have asserted that Canada will not and is not participating in the war. On March 20, for instance, the Prime Minister said "We don't have any troops and there will be no troops". However, since then it is clear from the Prime Minister's statements in the House that this is not the case.

Privilege

I would cite the following comment made by the Prime Minister in *Hansard* on March 26:

—of course we have ships in the ocean there....

He went on to say:

The people who are involved in flying in AWACS planes are covering many countries in their surveillance, not only one country. They are doing the job today that they have been doing for many months.

The AWACS to which the Prime Minister referred helped coordinate the bombing in Iraq. The ships he referred to are escorting American and British ships into war and which are now permitted to travel as far north as Kuwait for that purpose.

On March 25 the Prime Minister said:

They have been on loan for some time with the British and American armies.

Canadians are with British tank brigades outside Basra. Clearly this is combat.

On March 17 the Prime Minister said:

If military action proceeds without a new resolution of the Security Council, Canada will not participate.

As we know, there has been no second resolution to the Security Council, but there was a motion in this House that clearly compels Canada not to participate. The motion does not distinguish between participation in combat or non-combat. It simply deals with participation.

Nevertheless, not being in combat is being cited as an acceptable reason to be there, as the Minister of Defence has indicated. He does not deny participation, he merely tries to explain the type of participation. In his comments on March 18 he said:

As for these 31 persons, they are not in positions that involve direct combat.

On March 19 the Minister of Defence stated:

The reason there is a small number, some 30 personnel, in non-combat roles....

Yesterday, March 26, the Department of National Defence confirmed that Canadian troops were helping in the war on Iraq, that Canadians were aboard American AWACS radar planes flying command missions over Iraq, and that 31 soldiers were serving on exchange assignments with U.S. and British armies.

Today in question period in terms of the question I raised and the response from the government, clearly there was confirmation that our presence and our participation was there.

This is clearly participation but Parliament has explicitly said no participation.

As well, it is being reported today that six members of the Armed Forces are serving in logistical or support positions with combat troops on the ground.

I would say that there is a strong inconsistency between the claims that the government has made in the House and the vote that took place on March 20 which called upon the government not to participate in the war. I believe this has misled the House and that it is a contempt of this Parliament.

I would urge you, Mr. Speaker, to consider these facts and the issues and if you find a prima facie case of contempt of Parliament against the government, I would be prepared to move the appropriate

motion to have this referred to the Standing Committee on Procedure and House Affairs.

● (1505)

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the normal process around here, when one is dissatisfied with the answer to a question, is to fill out one of the forms that we have in our desk which says that we want to debate the item further during the adjournment at the end of the day. That is when we put the proposition again, give the government a second opportunity to respond, and that process was even improved under the first modernization committee report. In essence that is how we debate items of that nature.

The hon. member refers in her argument to the fact that there was a motion in the House which, in her view, because it called upon the government to take a specific course of action, specifically forbade any other course of action.

First, what she says was called upon did not exclude what our military is doing now; and second, even if it did, which clearly of course it does not, it does not specifically prevent the government from having that course of action in any case. However, as I indicated, it does not apply

More important perhaps, there was a motion from the Bloc Québécois, as was very clearly outlined by my colleague, the Minister of National Defence, under which, if adopted, not that it was binding either, was calling for the repatriating of those some 30-some soldiers in question, and that was clearly defeated by some three-quarters of the members of the House.

Either way, this sounds more like a point of debate. I am sure if the hon. member files the appropriate adjournment motion someone on our side will respond enthusiastically to what she has just referred.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, I will be very brief. I agree with my colleague, the government House leader. This is really a matter for the adjournment debate and, for my hon. colleague, I think, it is more a point of letting off steam than anything else. I think we should get on with the business of the House.

The Speaker: The hon. member for Vancouver East has raised what she suggests is a question of privilege with respect to the involvement, whatever it may be, of Canadian troops in activities in or about the gulf, and has referred to the motion of the hon. member for Laurier—Sainte-Marie that was put to the House which read:

That this House call upon the government not to participate in the military intervention initiated by the United States in Iraq.

She notes that the motion was carried. I note that it was a motion that called upon the government to do certain things. It was not a directive. Therefore it is very difficult, in my view, for her to suggest that it would be a contempt of Parliament if the government proceeded to do something other than not participate, since it was called upon to do this, and particularly so since decisions of declarations of war or involvement in conflict are executive matters under the Constitution of our country.

Business of the House

I also refer her to the amendment that was moved by the hon. member for Saint-Jean which suggested amending the original motion, which I read, by adding after the word "Iraq" the following:

and, consequently the government repatriate all soldiers and military material in the region that could be used in a war effort in the conflict in Iraq.

That particular amendment was defeated and it was also part of the call. Therefore, having been defeated, it is hard to imagine how there could be contempt of the House in respect of either given the wording of the motion and given the wording of the amendment that was defeated.

Accordingly, I must find there is no breach of privilege in the circumstances and I am unable to accede to her request that I find such a breach of privilege which would allow her to make the necessary.

* * *

● (1510)

POINTS OF ORDER

ORAL QUESTION PERIOD

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I have a point of order arising out of question period wherein the right hon. Prime Minister implied that I had misled the House in a question I had put to him yesterday regarding statements attributed to the hon. Senator Laurier LaPierre yesterday in the Senate.

Yesterday, at page 4713 of volume 138, number 078 of the official report of *Hansard* of the House of Commons debates I said:

...*Hansard* recorded that Liberal Senator LaPierre shouted "Screw the Americans" in the Senate yesterday.

This is the statement I made. I attributed it simply to the Senate *Hansard*. I have here the relevant Senate *Hansard* which confirms the absolute veracity of my remark in the House yesterday. I would be prepared to table that if there is unanimous consent. I wanted to clarify that.

Secondly, the Prime Minister indicated to the House that he would no longer accept questions from me given his misunderstanding of this matter. I believe that would be a breach of my privileges as a member and a violation of the convention of prime ministerial responsibility in question period.

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the hon. member may be correct in citing the preamble to his question of yesterday. However, beyond the preamble of course there was the question itself.

I do believe that when the Prime Minister states that a direct accusation against the senator was made in the question, that is not factually inaccurate. That is in fact quite accurate given what the hon. member has just said. He might be quite correct in saying that he did in a preamble to a question yesterday make his statement, but when he referred to continued anti-American slurs on the part of which the hon. senator was, in his view, guilty, that is not correct and that should be withdrawn. Everyone recognizes now that the senator, and we all know him for being a man of unimpeachable integrity, made no such statement and that has now been confirmed. I do think

it would be appropriate to withdraw that remark now as the right hon. Prime Minister suggested.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, there is no question that since yesterday when the question was asked and the Prime Minister made an answer that he agreed it was put wrong that the senator in the other place has corrected the version of *Hansard*. We all accept his change without any debate in this House at all as we normally do. I do not think anybody has to apologize any further. We accept what the senator said, and there is no question about that.

The Speaker: I think hon. members see we have a debate about what was said or not said. Things obviously have changed and are changing as time goes on. I do not think there is a need for intervention on the part of the Chair in respect of this matter. While the hon. member for Calgary Southeast feels he has a grievance, I am not sure that the Chair can do anything to compel any minister or even the Prime Minister to answer questions despite my considerable powers.

I thank the hon. member for Calgary Southeast for raising the matter, but I can only wish him well as he continues his quest for the truth and the accuracy in all respects that I know he likes to pursue in the House.

● (1515)

Mr. Loyola Hearn: Mr. Speaker, I rise on a point of order.

I would like to give you notice that at the earliest possible opportunity I will be raising a question of privilege based on comments made today by the Prime Minister. I maintain that the Prime Minister gave deceiving information to the House and had it done in an underhanded way. When we get a chance to research *Hansard*, I will be raising the appropriate question of privilege.

The Speaker: The hon. member for St. John's West is very experienced and knows the rules of the House. He can send a written notice to the Speaker as required by the rules. Naturally, the Speaker will be delighted to hear the hon. member's point of order in due course.

* * *

BUSINESS OF THE HOUSE

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, in the modernization committee we will get some new rules about the Thursday question and make sure it is first on Thursday after question period. We thought it was already, but we will make sure it gets in the rules anyway.

I wonder if the government House leader could tell us the business for the rest of this week and for next week. We noticed at the House leader's meeting that Bill C-10A is on the agenda again. I wonder if he could tell us whether, on the day it is put on the agenda, he will use the time allocation motion that is sitting on the Order Paper right now.

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, as you know there is no time allocation motion on the agenda. There is however a notice, should that notice need to be exercised.

It is the intention of the government to continue this afternoon and tomorrow with Bill C-28, the budget implementation legislation. I wish to confirm to the House that it is my intention to continue to do so notwithstanding the opposition's dilatory motion to stop the bill from proceeding which was introduced in the House earlier this day.

If and when the bill is completed, we will then turn to Bill C-20, the child protection bill, either tomorrow if the budget bill is completed, or if not, on Monday. This will be followed by Bill C-23, the sex offender bill.

I then propose to bring back to the House for third reading Bill C-13 on reproductive technologies, which was concurred in by the House yesterday. That would probably bring us at least some way into next week and there will be further consultations at that point.

There have been discussions among parties and it has been agreed that the House shall not sit next Friday, April 4. Given that is the case, I now seek the consent of the House pursuant to that consultation to move the following motion. I move:

That when the House adjourns on April 3, 2003, it shall stand adjourned until Monday, April 7, 2003.

[Translation]

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

Some hon. members: Agreed.

(Motion agreed to)

[English]

The Speaker: If the Chair may intervene for a moment to say to the hon. member for West Vancouver—Sunshine Coast, his desire for changes in the rules to ensure his question is put first, having had notice of one point of order and a question of privilege, I deliberately waited so I could have the benefit and advice of the hon. member and of course the hon. government House leader on these matters, appreciating as the Chair does, the great wisdom that comes from the two hon. members on matters of this kind.

GOVERNMENT ORDERS

[Translation]

BUDGET IMPLEMENTATION ACT, 2003

The House resumed consideration of the motion that Bill C-28, An Act to implement certain provisions of the budget tabled in Parliament on February 18, 2003 be now read a second time and referred to a committee, and of the amendment.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, I will begin by saying that I will be splitting my time with my colleague from Rosemont—Petite-Patrie.

I am pleased to have this opportunity to speak to the 2003 budget implementation bill so that those listening to us can have a proper grasp of the implications of this budget.

Among the points I will address will be two of great importance to the Bloc Québécois. First, the famous air security tax that is still being imposed upon airline passengers. It has been reduced from \$12

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to \$7, or from \$24 to \$14 for round trips. Nevertheless, this tax is evidence of a very serious syndrome from which the government suffers in the way it decides to deal with the problems being faced by Quebec and Canadian society.

Since September 11, 2001 there has been a major crisis in the airline industry. Not a week goes by that we do not hear something about the problems of the regional carriers, which are disappearing or having restructuring or financial problems. Then there is the war situation. At the present time, Air Canada is the one having problems. There is always a good reason, but there is also always a good reason for the Liberal government not to help the airlines.

Worse still, is that since September 11, a tax was added to air travel. Once again, they are taking from the pockets of air travellers, Quebecers and Canadians, by charging them another tax to pay for airline security.

The industry informed the government of the effects this tax was having. Their request was simple. They said, "Abolish the air transportation tax because it is making us less competitive than other types of transportation. Also, it is having a major impact on the industry". The government decided to lower the tax, to give itself more time to rake in a surplus. In fact, when the request was made, no one in the House believed the government was not going to have a budget surplus. Everyone knew that the government would rake in a whopping surplus yet again this year. Next year, according to the Bloc Québécois' calculations, the surplus will be even greater than last year's surplus.

So, it is not a matter of money. It is a matter of the Liberal government wanting to take more money from taxpayers' wallets, and in this case, the wallets of air travellers. What for? Not to put it back into the airline industry, but to put it into the consolidated revenue fund for who knows what. Obviously the opposition parties denounced the goodies handed out to Liberal cronies last year. Members will recall, the sponsorship program. That is the reality. The program was modified, adapted and a new program has been announced, the results of which we have yet to see. Money is being collected from Quebec and Canadian taxpayers for purposes that do not really meet their needs.

In the case I referred to, the airline industry is in dire need of help from the federal government. However, the 2003 budget does nothing to help the industry. The government decided to continue collecting the security tax. It has been reduced, but the fact remains that the airline industry is the only type of transportation where a special tax is levied for security. It was levied because there were plane crashes and because of the events of September 11. However, it could very well have been any other means of transportation.

Once again, the decision was made to apply this tax to one industry. And the effect on that industry? Canada 3000 went bankrupt. This made the papers again recently. Quebecers and Canadians had bought plane tickets. They did not get refunds and lost their money. Not once did this government, in the budget just passed, decide to announce an assistance fund for those who put their trust in the Canadian airline industry and lost money because of a bankruptcy that had nothing to do with poor company management and everything to do with a terrible catastrophe in a neighbouring country.

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September 11, 2001, was a catastrophe. But only one industry suffered the consequences. Once again, the users have paid the price. In the case of Canada 3000, ticket holders who had paid in advance were the ones penalized, and they have never been fully reimbursed nor will they be.

● (1520)

Ministers have stated that perhaps thought could be given to creating an insurance system or fund. But this will not help those who lost money when Canada 3000 went bankrupt. The fund does not exist yet. If anything ever happened to other airlines, there is still no fund to guarantee refunds to travellers with plane tickets.

The budget which we just passed and which we are discussing today will not resolve this situation. The security tax still exists, although it has been reduced, despite the fact the industry unanimously demanded its elimination to kickstart the industry.

Once again, the government has turned a deaf ear; it has decided to wait. How many other airlines will have to fold before it decides to stop penalizing this industry? By penalizing air transportation, we are penalizing regional economic development.

Finally, it is not the routes between Canadian cities that have been subject to cuts, but the regions in Canada and Quebec, which clearly have lost services because it is less profitable and airlines are disappearing.

So they try to keep the profitable routes, which means that once again the regions are poorly served as far as air travel goes.

Ms. Jocelyne Girard-Bujold: And it costs an awful lot.

Mr. Mario Laframboise: And the costs have become excessive, virtually unaffordable for users.

Everyone tries to find alternate means, but air is the fastest. When there is no air service to a region, businesses tend not to locate there. In fact, today speed is everything. Businesses operate in “just in time” mode.

My colleague from Jonquière tells me that a round trip Bagotville-Ottawa costs \$948. That is what she has just paid. For one round trip. It costs more to travel to Bagotville than to France nowadays. That is the reality.

She is lucky to still have air service, although barely affordable. What happens? There are fewer flights. The companies wait until they have a plane load. After that, what do the airlines say—and I have heard this from a number of them—“Well, there is no service because there are no passengers”.

The fares have got so high that as a result the number of travellers has dropped. And the famous security tax has been slammed not only by the airlines but also by tourism associations in all regions of Quebec and Canada.

People came before the committee to tell this to the government. Once again, the government turned a deaf ear and decided to let the airlines fend for themselves. That was not long ago. The budget is not very old, and we are in the process of discussing it. Air Canada has announced a major restructuring in recent weeks. The minister

got up in this House and said that if Air Canada wanted to be more profitable, it would have to go and negotiate with its unions.

Clearly it is the employees who will help Air Canada. It is not the government that decided to help restructure Air Canada. It is not up to the government to do that. It will be the employees, once again, who will take a salary cut to try to get Air Canada back on its feet. Finally the minister had to admit that if the company ever had problems, he would not allow it to founder. If he wants to save the airline industry, he may want to sit down with them now before it is too late. That is the reality. But it is not the reality of the Liberal government.

What will the Liberal government do? It will let the company die, just as it did with Canada 3000. Afterward, it will see what it can do for the airline industry throughout Canada.

Once again, there are countless examples, from budget to budget. The 2003 budget is a good example of deciding not to help the airline industry. On the contrary, the government has decided to continue squeezing money out of this industry, by collecting revenues and taking money from the consumer; from those who could help the industry, but who instead are seeing fares go up. Again, I repeat: my colleague from Jonquière had to pay \$948 for a return ticket Bagotville-Ottawa.

It is a harsh reality because central governments should take an interest in the problems of communities. Air transportation is a significant problem in all regions of Quebec and Canada.

● (1525)

The Liberal government should be concerned about this but it is not. Why not? Because it thinks this industry has not suffered enough yet.

In conclusion, I would like to say that the United States has decided to re-inject money into the airline industry, especially in the regional airlines. It is a choice the U.S. government made. Canada may make the opposite choice. The problem is that the area that needs to be served has not shrunk since September 11, 2001. It is still as vast and cities are still just as far apart.

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We would have liked to see this tax disappear. Once again, we oppose this budget. The Bloc Québécois stands in solidarity with the regions of Quebec and is against a budget that dips into the pockets of the airline industry.

• (1530)

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, I am very happy today to speak to this budget implementation bill, which will give me an opportunity to share my opinion and my assessment of the budget that was tabled by this government, particularly when it comes to the environment. Over the next ten minutes, I will emphasize this aspect in particular.

The government tried to convince us that this was an environment budget, that the first priority was to completely reinvest in the environment in order to solve a number of issues that are related to environmental problems.

Whether it was the issue of climate change, contaminated federal sites and lands, sewer systems, or improving national parks, the government tried to convince us that the environment was important and a priority.

I will remind the House that this budget only provided for \$3 billion over five years to deal with issues related to the environment and sustainable development. For some, this is an impressive amount, and testifies to the government's willingness to commit itself to a real reinvestment in the environment. Some members on the government side might even claim that this is a green budget.

But it is important to compare figures, to put them into perspective and to examine the government's commitments against what was done in the past.

In this budget, the government announced \$3 billion over five years for the environment and sustainable development, but it has spent \$2.3 billion on this item since 1997. We are therefore looking at \$700 million more over five years for environmental protection and sustainable development.

That is \$700 million over five years, while the government often comes up with new legislation to provide an environmental framework or establish Canadian environmental standards for environmental protection.

The government is giving itself new legislative tools, be it the Species at Risk Act, the Canadian Environmental Protection Act or the changes to the Canadian Environmental Assessment Act. In light of this budget however, it seems clear to me that the government's financial commitments are not commensurate with the legislative action taken.

There is no point passing a species at risk act in this Parliament without providing the means to implement it.

So, the amount announced is a relative amount and a very small one compared to the size of the environmental challenges Canada will be facing and is currently facing.

For climatic changes alone, the government has announced \$2 billion over five years in order to be able to achieve the Kyoto objective which, I remind hon. members, is a 6% reduction in

greenhouse gases below the 1990 level by the period between 2008 and 2010.

Two billion dollars is a mere \$300 million more than what the government had announced since 1997. That is \$300 million more to achieve the Kyoto objective.

• (1535)

How can the government now claim that an additional \$300 million will allow it to achieve the international objectives set for Canada, considering that the moneys allocated since 1997 have not resulted in a reduction of greenhouse gas emissions in Canada but, on the contrary, in an increase in such emissions? Over a five year period, this additional \$300 million over the amount earmarked in 1997, represents only \$60 million more per year.

Of the \$2 billion, \$250 million will go to Sustainable Development Technology Canada, and \$50 million to the Canadian Foundation for Climate and the Atmospheric Sciences. Improved tax incentives for renewable energies have also been announced.

Finally, and this is important, funding will be provided for other measures relating to climate change. These targeted measures are estimated at \$1.7 billion, but over a five year period.

The important thing about this \$1.7 billion for climate change is that Quebec is asking the federal government for a quick bilateral agreement, so as to have the financial means to reduce its greenhouse gas emissions. Instead of a Canada-wide program to reduce greenhouse gas emissions, why is the federal government not providing Quebec, and the other provinces, with the financial means to achieve the action plans aimed at reducing greenhouse gas emissions?

Quebec is one of the very few provinces, along with Manitoba, to have its own action plan on climate change. As we know, in Quebec, 95% of the electricity is hydro power; it is produced by using renewable energy. So, efforts should not be primarily focused on the energy and industrial levels, because industries in Quebec have managed to reduce greenhouse gas emissions. Instead, efforts should focus on the transport sector. Indeed, this is where efforts should be made.

If we compare that to the west, the people there have seen a dizzying rise in sectorial and industrial emissions. Emissions in certain sectors, such as the tar sands and the oil industry, may increase by as much as 200% to 300%.

We need a Quebec action plan on climate change, allowing Quebec to attain its objective for reduction based on effective optimal efforts to be achieved by sector. Only Quebec can determine these efforts, through an action plan.

Another aspect is the decontamination of federal sites. The government is announcing \$340 million over two years, which is very little.

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I will remind hon. members that around that same date, March 26, 2001, the Bloc Québécois obtained documents under the Access to Information Act indicating that there were a considerable number of contaminated sites in Quebec that fell under federal jurisdiction.

Some were in my riding of Jonquière, and others in the riding of my colleague from Charlesbourg—Jacques-Cartier. There must be more funding available for decontamination. This is a major issue. It is not true that, with the funding announced in the recent budget, we will be able to reduce the number of contaminated sites in the medium term. No point in talking about the short term; we must be realistic. Even in the very medium term, we will not manage.

● (1540)

I am opposed to this budget, precisely because it does not provide the funds to attain the environmental and sustainable development objectives we have set for ourselves.

My congratulations to all colleagues who will be speaking in the next few minutes in connection with this budget.

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, I thank you for allowing me to put a question to the hon. member for Rosemont—Petite-Patrie, whom I congratulate.

I know how important the environment is to him. It is to us as well, because the environment is our legacy to future generations and something we can share with the current generation.

Many people in my riding are seriously wondering about that what kind of the bilateral agreement the Canadian government should sign with the provinces, and Quebec in particular, with respect to the Kyoto protocol.

I know that, a few months ago, in our region, the Alcan Aluminum Corporation signed with the Government of Quebec an agreement providing that, within the next two years, it will have reduced its greenhouse gas emissions.

Following the hon. member's statement, I would like to know what the government would agree to include in this bilateral agreement with Quebec to allow action to be taken wherever it is needed.

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Madam Speaker, what this bilateral agreement between the Government of Quebec and the federal government would do is provide Quebec with realistic objectives in terms of greenhouse gas emissions reduction. In addition, it would be a bilateral agreement with respect to funding, providing fair funding that would enable Quebec to implement measures consistent with its own action plan.

This is not only a fundamental agreement but also an essential one. It is about fairness. I will give just one example to illustrate how the federal government's current approach, which is a sectoral approach and not a territorial one, as we requested, could promote the polluter pays principle.

Before the holiday season, we learned that the Minister of Natural Resources had reached an agreement with the oil industry to reduce their percentage of greenhouse gas emissions. After the holiday season, we learned that, after having reached an agreement with the oil industry, which is pivotal to western Canada's economy, the

minister had just exempted the automotive industry, which is pivotal to Ontario's economy.

Yet to this day, the federal government is still refusing to reach an agreement with the manufacturing industry, which is pivotal to Quebec's economy. Through this approach, it is isolating Quebec by negotiating agreements behind closed doors with certain industries for the regional economic development of Canada. That is totally unacceptable, and in bad faith.

There are industries in Quebec, such as manufacturing, that have managed to reduce their greenhouse gas emissions because they adopted plans and reached bilateral agreements with the Quebec government. I am thinking, for example, of Canada's forestry industry, which cut its greenhouse gas emissions from 18% to 14%.

Today, the government wants to tell these industries that their previous efforts will not count. There is now an agreement with the oil and gas industry, which has projected a significant increase in emissions, and the Ontario automotive industry, which is the foundation of Ontario's economy, has gotten an exemption. This is totally unacceptable.

In my opinion, this is a clear example of how inequitable Canadian federalism is. I say this in all honesty: it demonstrates the ineffectiveness and inequity of Canadian federalism which, once again, is working with Western Canada in a fundamental economic sector, which is working with Ontario in the automotive industry, but which is refusing to work with the manufacturing industry, the foundation of Quebec's economy, which has made an effort in the past. This is totally unacceptable.

This is just one more reason for Quebeckers to work toward sovereignty. I am saying this because I believe it. Once again, in the past year, I have been given another reason, here in Parliament, to be a sovereignist. If an equitable agreement is not reached with Quebec, Quebeckers will see that the "polluter pays" principle is not being respected.

● (1545)

[English]

Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.): Madam Speaker, this debate on the budget gives me opportunity to make comment on the deplorable conduct of the Canadian Alliance in accusing the Liberals of anti-Americanism and, in so doing, causing incredible damage to our U.S.-Canada trade relations. I point out that the budget, on page 167, deals with the government's anticipated attempts to enhance trade relations with the United States. I submit that the Canadian Alliance's constant attacks on the government for anti-Americanism are damaging that trade. They are doing the very thing that the Canadian Alliance should deplore.

In only the last two days the leader of the Canadian Alliance called the Liberals and their attitude to the Americans a campaign of insults. The Alliance has used these phrases just in the last two days: anti-American remarks, anti-American potshots, anti-American heckling, anti-American bigotry, anti-American verbal insults, anti-American sentiment and anti-American attacks. That is the type of language it is using against the Liberals based solely on an incidental remark picked up at a press conference made by only 1 of 168 Liberal members. This is doing incredible damage because it is sending out a message that is simply not true.

The government, this Parliament, these Liberals on this side are not anti-American. We are simply on the side of a government that has decided to take a principled stance on the attack on Iraq and has decided that Canada's interests, Canada's adherence to principles, shall we say, are better served by staying out of an attack on another country that is not sanctioned by the United Nations.

These attacks by the Canadian Alliance have kept the issue of anti-Americanism alive in the press. There has been story after story after story. The *National Post* has huge headlines and it goes down to the United States. What it does is it creates hostility and anger in the United States and it damages our trade relations. The very people in this House who claim that we should be doing everything in our power to enhance those trade relations are doing the most damage. The reality is that our American cousins are bigger than what the Canadian Alliance would have them be. Of course they can accept that there is criticism of the administration in the war on Iraq. Of course they can accept that. Americans themselves criticize the American administration's position on Iraq.

Madam Speaker, I should inform you that I will be splitting my time with the member for Fredericton.

It is deplorable, because what I am getting in my riding are these hostile letters. What has happened is this has gone to talk shows in the United States. Canadians crossing the border encounter this hostility in the United States and it is terribly damaging to our relations, whereas in fact, at the highest level, at the level of the administration, I really do submit that there is not genuinely a problem, because the President of the United States is very certain in his moral justification for the war. I believe he is a moral man. We can respect that he has undertaken what we on this side of the border feel is a dangerous adventure, but he has attempted that adventure for what he sees are very good reasons.

If we disagree on principle, I am confident that the U.S. administration, while it may be disappointed because of course it would like to have the moral authority of Canada on the same side as the administration's decision, but if it cannot have it, surely it would respect the position taken by the sovereign nation, Canada, particularly as our position reflects 50 years of defending multi-lateralism in the world forum and insisting that conflict, war, should only be begun if a country is attacked first by another nation, or under the auspices of the UN Security Council.

• (1550)

Madam Speaker, the damage is tremendous. The damage is significant because, I remind the House, 80% of our exports go to the United States. This is not trivial. This is very, very dangerous to create this type of climate, to suggest there is animosity to the

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Americans on this side when it is simply not true. It is done purely for political gain to try to get some kind of political advantage. What they are doing on the other side is they are damaging the interests of Canada and they should be ashamed to do that, because for every job lost because of the charges of anti-Americanism made by the Canadian Alliance, it should be on their conscience.

It is absolutely deplorable. One member made an anti-American remark in a press conference and she was overheard accidentally. The two other remarks that were so terrible were a criticism of the president. Madam Speaker, if you look at the *Los Angeles Times* of earlier this week, you will see Arthur Schlesinger Jr. criticizing the President of the United States. If a distinguished American can criticize the President of the United States for his tactics in Iraq, then surely so too can a Canadian or two.

Madam Speaker, I am glad to have had this opportunity because I think Canadians have to know that when they take cheap political advantage and damage this country in the process, then I think they should be ashamed of themselves. They do not even understand Americans because Americans are far more generous than what they are giving them credit for.

[*Translation*]

Ms. Jocelyne Girard-Bujold: Madam Speaker, I rise on a point of order. I am tired of hearing the Liberal member—

The Acting Speaker (Ms. Bakopanos): I am sorry, but this is not a point of order. It is an issue relating to the debate.

Ms. Jocelyne Girard-Bujold: Madam Speaker, the hon. member should get back to the issue being debated.

The Acting Speaker (Ms. Bakopanos): I would ask the hon. member for Jonquière to please sit down. It is not for the Chair to comment on the content of the debates. This is not the place to do so.

The hon. member for Sackville—Musquodoboit Valley—Eastern Shore, on a point of order.

[*English*]

Mr. Peter Stoffer: Madam Speaker, I rise on a point of order. I would like to seek unanimous consent to re-introduce Bill C-206, the compassionate care leave bill, for a vote in the House of Commons to move the bill to committee.

The Acting Speaker (Ms. Bakopanos): The House has heard the terms of the motion. Does the hon. member have unanimous consent?

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Some hon. members: Agreed.

Some hon. members: No.

Mr. John Bryden: Madam Speaker, I thank the member for Jonquière for her intervention because of course I feel very strongly about this and I think I was probably being too impassioned, but it is so worrisome because these cheap attacks against the Liberals do not pay attention to the collateral damage they must be doing.

I live in a riding that is close to the United States and I have people crossing the border. Ordinary people listen to this because it gets picked up by the talk shows on the Canadian side and it is beamed over to New York State or to North Dakota or wherever else in the country, and ordinary Americans think that these attacks really do represent the position of the governing Liberals and it is simply not true. It is so unfair to base all of this kind of rhetoric about anti-Americanism on one remark, one sole remark by one Liberal caught at a press conference.

The other remarks were criticisms of the president, perhaps, but I suggest that distinguished Americans can pass far more severe criticism of their President than has certainly been uttered by anyone here, and so it is. I would wish Canadians who are following this debate and the debate about Iraq to take note that if there is damage to trade, then the guilt and the fault are mainly with those politicians in this room, in this chamber, who take cheap political advantage of a principled position by this government and this country on the situation in Iraq in order to drive a wedge between two great peoples, between the Americans and the Canadians. I think it is deplorable.

I could say much more, Madam Speaker, but I really feel this is a place where we should try to be very calm and respectful of one another. But I have been extremely disappointed by the behaviour of the Canadian Alliance in this debate on Iraq. It has not served the national interest.

• (1555)

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Madam Speaker, I have never heard a speech like the member on the other side has made, trying to defend what his government has been doing since the war started. When we talk about spinning, this is the best spinning that I have ever heard in my life. The member is trying to put what his colleagues have said on to this side of the House. That is typical Liberal, speaking from both sides of the mouth.

It was the hon. member's colleagues who were speaking anti-Americanism, not the members on this side. It started with the press secretary of the Prime Minister and went right down to the PMO people, who were putting down a legitimate voice on Canada: that of the Premier of Alberta, Ralph Klein. They said nothing about the Minister of Natural Resources. Yet they talk about the Premier of Alberta and put him down.

Let us tell the people on the other side that if they think they have freedom of speech, so do the Premier of Alberta and other Canadians who will stand up to what these people are talking about. For Christ's sake, the hon. member should not blame members on the this side when his government is responsible for the strain on the relationship between America and Canada.

Why does he not feel that the Premier of Alberta can speak and other Canadians can speak? Why does he not keep the blame on his side of the House?

Mr. John Bryden: Madam Speaker, the member opposite makes precisely my point. He makes some huge thing about something that is so small and so trivial and creates a climate of anger, hostility and anti-Americanism. Of course Mr. Klein can say what he pleases. No one is stopping him. He has his whole legislature. He has his own forum.

However to suggest that somehow the House could muzzle another legislature is absolutely silly and the member should know better. This is the kind of rhetoric that is leading to this climate of sending the wrong message to the Americans.

The member opposite should consider carefully the kind of damage he is doing by this talk, because he is not serving the interests of Canadians and he is definitely not serving the interests of Albertans.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Madam Speaker, I was asked by my party whip to come to the House to debate the budget. I thought that was what we were doing.

I do want to at least allow the opportunity for the Liberal member to say that in terms of the economic argument, there is no question that this was long before September 11. The United States is one of the most protectionist societies when it comes to protecting its farmers with generous subsidies, looking after softwood lumber concerns and the PEI potato battles. The Americans started all that long before September 11. The fear for most Canadian is that by not supporting the efforts of President Bush on the war, it will exacerbate the damages.

The other day we had a vote on Bill C-206, the compassionate care leave bill, which would allow individuals who care for a dying child or a dying relative the opportunity to leave their place of employment and collect unemployment benefits and job security while they care for that individual. It is exactly the same for two people who are married and have child. They can collect maternity benefits for up to one year. We have a program at the beginning of a person's life, but we do not have a program at the end of a person's life.

We have proved again to government that for every dollar on the EI system we would save \$4 to \$6 on the health care system. This is why we had support from people like Gary Marr, the Alberta provincial health minister, and people throughout Atlantic Canada. Over 84 national groups across Canada supported the bill. All I asked was that it would go to committee. Unfortunately, half the Alliance, the family value party, and half the Liberals voted against that very reasonable request.

Why does the hon. members think that the majority of MPs voted against that reasonable request to help the caregiver—

• (1600)

The Acting Speaker (Ms. Bakopanos): The hon. member for Ancaster—Dundas—Flamborough—Aldershot.

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Mr. John Bryden: Madam Speaker, I thank the member for his intervention. It gives me the opportunity to say that, certainly, there is a lot of fear among Canadian businessmen that there will be some reaction in the United States against our trade relations because we did not get on side with the Americans.

However, I would point out that we are not accusing the President of going to war for oil. I would never suggest that is what the war is about. He is going to war for higher moral reasons, even though I do not agree with the way he is going to war.

Having said that, we would not expect Canadians to go to war for economic reasons, solely to protect our jobs and our trade. We would only expect to send our soldiers to war if it was for a reason of high principle. In this case, we could not agree that the high principle was there.

I thank the member for his intervention. I am sorry I do not have time to answer the second half of his question.

Hon. Andy Scott (Fredericton, Lib.): Madam Speaker, I am sure I will not be able to keep up with the passion of the previous member but I want to speak a little about the budget. I see the budget process as planning for the budget, debating in advance in whatever way we can, receiving the budget and responding, the response being the first day of the planning for the next budget.

First, I want to say that I was quite pleased. The reason I say that is because of this. After the throne speech, I took quite a bit of time to try to make the links between the throne speech and what I thought might happen or should happen in February when the budget came around. I identified things in the throne speech that I wanted to see financed and identified things that were not in the throne speech with which I hoped the budget would deal. Specifically, I identified health care, a significant increase to buy change, the health council, which we are discussing now, and guaranteeing the sustainability of the health care system.

I spoke of increased funding for disabilities, in particular around the disability tax credit. I talked about the innovation agenda and increased funding for the granting agencies, more money for SSHRC, indirect costs made permanent, aboriginal issues, particularly in terms of infrastructure and opportunity, Kyoto and other environmental issues, a national infrastructure program that was more predictable, developmental funds, an increase in national defence and so on. I also spoke of my disappointment in the fact that I did not think the CBC got just treatment in the throne speech.

To take that to what we got in the budget, I am pleased with the significant increase in funding for health. I think it was the issue to which Canadians were looking to the government the most. In my case I had two forums in Fredericton on health care, once in advance of Romanow and once following Romanow but before the premiers and the Prime Minister met, and I had one in the fall on the budget itself. In all three of those forums they pretty much said the same thing. They wanted a significant increase in funding with an emphasis on primary health care and home care, catastrophic drug care, human resource issues and the need for this to be accountable.

The money is there. Certainly we could always use more money but I do not think anyone can deny that it is a significant increase in funding. It is important the way we structure the third party audit, if I

could call it that, so the federal government and the provinces will not be constantly fighting over who is doing what and who is holding up their end. The Canadian public frankly is tired of that.

The second issue of which I spoke had to do with disabilities, an issue quite important to me. I was pleased to see the \$80 million around the disability tax credit and the establishment of an advisory group of concerned Canadians. I also was pleased to see the \$50 million child disability benefit for low and modest income families.

I was also pleased to see the employment insurance change to allow for people to attend to their disabled children and so on, but I would like to see the disability tax credit made refundable. That is critically important because the people who were shut out of the program now are the ones who can afford to be shut out the least.

I would welcome the motion from the member for Sackville—Musquodoboit Valley—Eastern Shore. The member did not hear a denial of consent from this corner.

On the innovation agenda, I was very impressed with the \$1.7 billion in new money over three years. I live in an IT university, knowledge based community of Fredericton, with a wonderful municipal council that is doing a great job for the citizens of Fredericton.

There were items in the budget that were particularly important to us, such as more money for Genome Canada. We have a potato research centre in Fredericton with perhaps up to \$12 million in potato based research through Halifax and in Fredericton. The \$225 million a year in indirect costs are very important to the small universities throughout Atlantic Canada and across Canada because the formula that is used to determine how much money goes to the universities is based on a sliding scale, so the smaller the university, the greater percentage of indirect costs are covered. That is very welcome news to Atlantic Canada. I hear my friend from Musquodoboit cheering now.

• (1605)

In addition to that, 60% of graduate student scholarships would go to SSHRC, which again is a significant contribution to the well-being of social science research in Canada. The secondary benefit of the split of the CHST to a health and non-health transfer would give us the opportunity to seriously look at the possibility of a post-secondary education act, like the Canada Health Act, that would establish a national vision for post-secondary education and transfer funding to the universities appropriately.

I also called for increased spending for the Department of National Defence and welcome the \$270 million set aside for Operation Apollo. I have a large military base in my constituency and I have occasion to meet with the families of military personnel all the time. I welcome the foreign policy defence review, but I believe we needed to make an immediate cash injection to recognize the kind of commitment these people have to our country as they make us proud in peacekeeping roles that have become synonymous with Canada.

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The budget also deals with the reduction of child poverty; new spending in the aboriginal community in terms of infrastructure, water and opportunities; and the climate change initiative.

I want to mention the pension accrual rate for firefighters. My colleague from Ontario, and I forget his riding, has fought so hard for this. I must say how pleased I am for the firefighters of Fredericton that their pensions have been enhanced in that way.

The removal of the equalization ceiling is critically important to Atlantic Canada.

I still remain somewhat disappointed that there is some confusion around the investment in the CBC. As I said during the throne speech debate, as a nation we need those institutions to hold us together and the CBC is an important contributor in that exercise.

This country cannot claim the kind of prosperity that it should rightfully be able to claim unless that prosperity is shared. I think of the aboriginal community, the disability community, and I think of regions in Canada that do not share in that prosperity. I would hope that, for the next budget, we take a view of Canada that would recognize that as a nation it is not achieving its full potential if any part of the country is not achieving its full potential.

•(1610)

[*Translation*]

Mr. Marcel Gagnon (Champlain, BQ): Madam Speaker, I would like to thank the member for Fredericton, who just spoke. He spoke about the budget. It is interesting. He said that for him, the budget addressed health, the Kyoto protocol, defence and poverty.

I have a question for him, because this budget contains one incredible oversight, in my opinion. Last year, I took part in a tour of Quebec to discuss, among other things, the guaranteed income supplement. Thousands of poor and vulnerable seniors were forgotten by this government in connection with the guaranteed income supplement.

The scope of the problem was such that the tour and the work of the Bloc Quebecois and others resulted in finding more than 20,000 seniors in Quebec alone who are now receiving the guaranteed income supplement, an annual supplement to which they were entitled before, but did not receive. The minister, and I commend her, improved the situation by providing more information and making it more accessible.

However, there is one thing that needs to be mentioned. I am not saying that all seniors are poor, but the government is now acknowledging that for at least eight years, the poorest seniors have been denied what they needed. They were denied the minimum they needed, the vital minimum.

It seems to me that in terms of poverty, it would have been possible to find the money in this budget to give to these seniors, out of honesty. This is money that was taken from them, immorally, or that they were deprived of, immorally.

I would like to ask the member for Fredericton if he agrees with me that this budget should have included measures to reimburse these amounts owed to seniors.

[*English*]

Hon. Andy Scott: Madam Speaker, I thank my colleague from the Bloc for his question. I would certainly join with him in urging the government to enhance the income supplement for seniors. It speaks specifically to a targeted group and it is critically important.

The fact is that many people who are eligible have not claimed this supplement. In my own case, when this was brought to my attention, I began a massive outreach program in the community. I did two or three television programs and used my franking privileges to bring attention to this matter. I would commend that the government do anything it can in addition to what has already been done. If we find ourselves inadequate in terms of what we have done in the past then compensation should be made.

I would like to take this opportunity, because this place never ceases to amaze me in terms of being able to bring to my attention answers to outstanding questions, to identify the member that did so much good work in terms of firefighters. It was the member for Dufferin—Peel—Wellington—Grey.

•(1615)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Madam Speaker, sometimes we wonder why members of Parliament keep being elected all the time. We have the fine member for Fredericton who has one of the finest Picasso's in the country hanging right in the beautiful gallery in Fredericton.

I have three questions. First, I have a large military base as well, as the member knows, and he talked about his base in Gagetown. A few years ago he fought very hard to prevent alternate service delivery from happening in his riding, which happened in Goose Bay. Does he think the funding is enough for the military, especially after the recent announcement about Afghanistan with close to a thousand troops?

There is also the Coast Guard. The member comes from Atlantic Canada and he knows the value of the Coast Guard. It did not receive as much funding as we were hoping. In fact, the estimates show there was actually a decrease in funding to the Coast Guard.

My third question, could he explain why half of his party, not him personally because he supported it, but half of his party and half of the official opposition voted against Bill C-206, one of the finest pieces of legislation ever to grace the halls of Parliament?

Hon. Andy Scott: Madam Speaker, on national defence, the member is correct. Obviously, circumstances now make the needs even greater. I cannot speak with a lot of authority in terms of the Coast Guard. Fredericton is a distance away from the water. I do not understand why half of my colleagues did not support the member and I also do not understand why half of his did.

Government Orders

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Madam Speaker, it is a pleasure to rise and speak on the budget bill. However, before I speak on the topic of the budget I would like to talk about something which is extremely important that happened yesterday and I would like to bring it to the attention of the House, to the Canadian public, and to the Solicitor General.

Yesterday evening I was in a grocery store shopping. As I was walking down the aisle a gentleman walked by. That is incorrect. He was not a gentleman. He walked by and said to me, "Muhammad, you bloody" something. He walked away mumbling these words. For a second I was stunned and shocked. I turned around and walked over to him and said, "Exactly what did you say. Did you abuse me? Did you use racist remarks?" He was a little stunned that I had stopped him and wanted to talk to him. I told him that this kind of behaviour was not acceptable. He then tried to say that he did not say it, but the next words that came out of his mouth were "September 11". I asked him what he was trying to say.

In light of the fact that there is war going on in Iraq, the fact that there is tension among communities, and that there are those who are against something, this should be totally unacceptable.

I want to say to people of visible minorities and others who are targets of these kinds of racist remarks to challenge the people who make these racist remarks, ask them to repeat it, and tell them that there are hate crime laws in this country that will hold them accountable. We should not tolerate this kind of comment or insult against the dignity of Canadians. Every Canadian, irrespective of race, religion or creed, has the right to walk down the street with dignity and respect. We should tell these people who make these comments, especially now, that in Canada this is unacceptable. I hope and I am sure every member of the House will send that message out that it is unacceptable.

I will now go back to my speech on the budget. The finance minister talked about the prosperity of Canada, and how that would lead Canada down the road. If I recall correctly the Minister of Finance talked about how great the budget was and that it would put Canada on the road to prosperity.

My colleague from the other side who spoke about five or ten minutes ago talked about the strain in the relationship that is now being experienced between our country and our greatest trading partner. He was trying to blame this side of the House but because his riding is next to the U.S.A. he could feel the pressure coming on.

This strain is a cause of concern, as he rightly mentioned, although putting the blame on this side of the House is something that only somebody who has his head in the sand could think about. I do not understand why he could not make that speech to his own members of Parliament to refrain from doing that.

Business leaders and other political leaders across the country are now sounding the alarm. Fine. I buy the argument that there are those who will support the war and there are those who may be opposed to the war. That is acceptable; that is democracy. It is everybody's right to make a judgment with their conscience.

• (1620)

It is absolutely wrong to abuse somebody for that, to call someone names, to get down to the level of personal insults. This is not an argument. A person loses an argument when he or she makes personal insults. If someone has an argument to make against a cause, then that person should stand up and make it, but when it gets to the abuse level, the person has lost the argument.

If someone wants somebody else to respect his or her argument, then he or she should learn to respect other people's arguments. There may be dissent over it. It could be a different argument, but an individual must learn to respect other people's arguments if he or she wants people to listen to his or her arguments. As far as I am concerned, certain members of the governing party have lost their marbles.

Today two witnesses appeared before the foreign affairs committee. One gentleman was from Carleton University and the other was from IRDC. The committee is dealing with a review of foreign affairs as requested by the foreign affairs minister. Both gentlemen outlined the danger of what is happening in our relationship with our greatest trading partner, which in turn will have financial consequences for Canada.

The budget presented by the finance minister should be chucked out the window because it has no relevance. What he projected will not happen. Over 40% of our economy is tied to overseas trade, out of which over 80% is tied to one country. This decision was not made by the government but was made by Canadian business people about where they are going to trade. They made the decision to trade with the U.S.A.

With those numbers, external factors play a major role whether we like it or not. Our economy is tied to the U.S.A. Over 40% of our GDP is in exports. Naturally outside influence has a major impact on our living standards. This is something that members on that side need to understand. They need to understand that if they strain this kind of relationship it will come back to haunt us on the level of prosperity.

The have provinces of Alberta and Ontario are already raising flags. It is not an issue of being for or against the war. It is an issue of whether we are insulting them because we are not with them. Could we not give them a hand? That is the issue and the government has failed.

I do not know what those members are afraid of considering that the Prime Minister has been in politics for 40 years and considering that our trade has been tied to that country for a long period of time. He should have known because he has had so many cabinet positions. It is all right to stand up and say that we are independent. That is good because we are independent. That is what this House is for. That is why we are standing and talking here. By having a close and good relationship with our friends does not mean that we cannot be independent.

Government Orders

Every time we talk about an issue with our friends in the U.S.A. or other allies, we bring up the issue of our sovereignty. The United Kingdom is sovereign, as is Spain. Why does it have to be here in Canada that we lose our trade relations? Britain does not have a strong trade relationship with the U.S. and neither does Spain. We have to make a judgment of strategic interest to Canada.

• (1625)

The budget that was presented is now irrelevant. There are going to be strains and the budget will go out the window. It may be a good budget according to the Minister of Fisheries and Oceans, but I can tell him that with the events taking place elsewhere, it will go out the window. It is just a good budget that will remain on paper and there is a debate about whether it is a good budget. We do not agree, but it is going to remain on the paper. There are serious flaws that do not address the issues.

Of course the Liberal member on the other side is now saying that the Americans are great people, that the Americans will understand our childish actions and they will forgive us. It is not a question of forgiving anyone. Canada has to look at its own strategic interests.

We go out and trade. We have team Canada. The Prime Minister trots around the world with the 10 premiers trying to sell Canadian goods. We know our prosperity is tied with exports at over 40% of the GDP. It is quite an impressive figure. We need that. Money was spent on social services, on health care of which we are very proud in this country and rightly so, because our defence expenditures are very low. We rely on somebody else for our defence needs.

It is important that we look at our strategic interests, act accordingly. It is important that we do not act with emotions, do not pound our chests saying that we are sovereign and that we want to make a point, and in the process create a situation for which we will pay for many, many years.

I hope the Prime Minister does not leave a legacy for which Canadians will pay for generations in higher taxes, higher unemployment and a lower standard of living. I hope that is not the legacy of the Prime Minister because of events that are taking place outside the country. I do not even know why, because of a dictator who has never given democratic rights to his own people, we are jeopardizing our own future. It is beyond my understanding.

The government announced yesterday \$100 million in aid to Iraq. We need to provide aid to Iraq. It is important that we provide aid to Iraq because the people of Iraq, as we have seen on television, are paying a heavy price. The country is being bombed. Innocent people are dying. Coalition soldiers are dying and Iraqi soldiers are dying because of a dictator. A unanimous decision was passed by the Security Council that he had to be brought into compliance with the request for disarmament, which he did not.

Naturally the \$100 million which the Government of Canada has contributed to Iraq is extremely welcome. Our only concern, which we have expressed, is how effective it is going to be. We do not have our own presence there so we are relying on others to provide aid. How effective is that going to be? We have given money for this but we are not there. It is like giving it at a distance.

In the budget the Prime Minister has committed for the next 10 years an 8% increase in foreign aid. This will increase the foreign aid

budget to close to \$4.6 billion by 2010. Again, the irony of the situation is that he is not going to be in power. I do not know how it can be said that foreign aid is going to be increased until 2010 when the Prime Minister is about to leave. By February of next year he will no longer be the Prime Minister of Canada, so how that will work is beyond understanding. In talking to some of my Liberal colleagues, they expect it to carry on through pressure. The numbers that have been given are not going to tie the government down but they are hanging out there to make Canadians feel good that they are doing something.

• (1630)

Let us talk about doing something. Let us talk about real effective dollars that are being spent now. Let us talk about what CIDA's budget is now. Forget about 10 years down the road.

CIDA needs to re-prioritize its expenditures. Yesterday, the human rights subcommittee listened to the ambassador from Zimbabwe and talked about the dictator living in that country who has no regard for his own citizens. An extremely bleak picture presented by our ambassador on Zimbabwe. Yet sitting on the other side were CIDA officials talking about giving aid.

I understand it is not the people of Zimbabwe who are responsible for what their leader is doing. There are NGOs over there. We need to send to send a message. I am calling for CIDA officials to get out of Zimbabwe and to not give any legitimacy to that government. It is time to leave. The NGOs will carry on with human assistance. A strong message needs to be sent.

Today we are at war with Iraq because we need to send a strong message to a dictator. That is the reason we went over there. So why are we stepping back and saying that we will not send a strong message to the dictator in Zimbabwe? I am not saying we are going to invade the country. I am not saying we have to attack him. We have to tell him that he will get no legitimacy by our presence there. We need to remove our officials.

Will that stop humanitarian assistance? No. Sometimes we need to give responsibility to the other side. We seem not to do that. What we seem to do is say that we will take their travel rights away. Who cares? If we take travel rights away from this Mugabe fellow, it is not a big deal. The next minute, we see a big picture in the *Globe and Mail* showing the guy in France, with the president of France giving him a red carpet welcome. Imagine that. What travel did we stop? What kind of games are we playing with the poor people over there?

In wrapping up my debate, this is a budget only on paper. Events have taken it. I hope the government will realize the damage it is doing. Pretty soon the government may have to present a new budget, but hopefully by that time the Prime Minister will be gone.

Government Orders

●(1635)

MESSAGE FROM THE SENATE

The Acting Speaker (Ms. Bakopanos): I have the honour to inform the House that a message has been received from the Senate informing the House that the Senate has passed certain bills.

ROYAL ASSENT[*Translation*]

The Acting Speaker (Ms. Bakopanos): Order, please. I have the honour to inform the House that a communication has been received as follows:

Rideau Hall
Ottawa

March 27, 2003

Mr. Speaker,

I have the honour to inform you that the Honourable Louise Arbour, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy of the Governor General, will proceed to the Senate Chamber today, the 27th day of March, 2003, at 5:00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Barbara Uteck,
Secretary to the Governor General

GOVERNMENT ORDERS[*English*]**BUDGET IMPLEMENTATION ACT, 2003**

The House resumed consideration of the motion that Bill C-28, an act to implement certain provisions of the budget tabled in Parliament on February 18, 2003, be read the second time and referred to a committee, and of the amendment.

The Acting Speaker (Ms. Bakopanos): Before we resume debate, it is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Saskatoon—Humboldt, Public Service.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Madam Speaker, I listened to the hon. member and I must say that although he raised some very important issues regarding foreign affairs, I would have to say I understand why he did not spend a lot of time on the budget. He did not want to talk about the fact that the debt has gone from 71.5% five and a half years ago down to 44.5%. He did not want to talk about five consecutive surpluses or better. He did not want to talk about economic growth of 3.2% this year and projected growth of 3.5% for next year, or the fact that we contributed in a health care accord with the provinces \$34.8 billion over five years, or the fact that the \$100 billion tax cuts over five years are still going on.

Obviously there is the fact that with the finances of the nation Canada is the only G-7 state paying down the national debt. While our national debt is going down, Japan's is up to 130% of GDP, for example, so I can understand why, with all this good news, the hon. member did not want to talk too much about the budget.

But the reality is that the budget affects the lives of each and every Canadian here. It impacts on cities. It impacts on families. That, I think, is important.

The member talks about our commitment. Internationally, it is \$2.2 billion over 26 months for the Canadian armed forces, our commitment in Afghanistan to help our American allies, to relieve them in the war on international terrorism.

The fact is that the government does not need to take second place to anyone when it comes to strong fiscal management and when it comes to prudence. The fact is, and I would point this out again, that the minister has dealt with a number of issues and particularly in terms of transparency and accountability in the budget. These are things that Canadians want.

If we want to have a debate on foreign policy I would suggest that it may be for another time. I would certainly like to engage on that in particular, and I would agree with his comments about Mr. Mugabe of Zimbabwe or Kim Jong-il of North Korea. I think the question, though, on that one would have to be that since all countries are governed by their national interests, in this case I would have to say that for the hon. member to suggest a policy of removal of anyone by any state, that is an issue which I think needs to be debated in the House.

Since we have outlined to the hon. member very carefully the good work that is going on and the positive things that have been happening in the budget, I expect that hon. member to stand in his place and support this budget, because it has helped his community and other communities across the country. I would appreciate his comments.

●(1640)

Mr. Deepak Obhrai: Madam Speaker, I would like to say to the parliamentary secretary that he took quite a long time to get his government's propaganda out and that it was very good propaganda. I can argue each and every point of his propaganda, the good times and the good things that the government is talking about. We can counter argue and ask how many times he has increased the budget. The spending has increased, with a 22% increase in program spending. The member will not talk about all these things.

He talks about tax cuts. What tax cuts? Ask Canadians. He is the one who has refused to bring down EI premiums. His government enriches itself on the backs on Canadian workers. There is the Canada pension plan. It is his government that increased the Canada pension plan too.

What the hon. member did not mention is the fact that I alluded to in my speech. If his members continue putting a strain on our relationship with our largest trading partner, then his budget will have no wealth. The government will not be able to implement anything that it has stated because it will be facing a major crisis.

It is time that his Prime Minister and his people who are opening up their mouths see that it is not right for somebody else to jeopardize our prosperity. Otherwise he will have nothing to brag about in what the government is trying to do right now.

Government Orders

[Translation]

Mr. Marcel Gagnon (Champlain, BQ): Madam Speaker, the parliamentary secretary had some friendly criticism for the previous speaker, pointing out that he had forgotten to talk about various things in this budget. For example, he forgot to mention the alleged 7% reduction of the debt.

However, I could add that the hon. member forgot to say in his speech where the money to pay down the national debt came from. He forgot to say that some \$40 billion came from the employment insurance fund. This money did not belong to the government but to the workers, including those from the forestry industry in our region, which is grappling with a system where the mills are closing due to the government's neglect and the agreement with the Americans.

He also forgot to say that, in terms of the money taken to pay down the debt, over \$3 billion belongs to seniors, who are among the poorest members of our society and who were entitled to the guaranteed income supplement that the government deprived them of for eight years. In fact, \$3 billion of the amount used to pay down the national debt did not come from the wealthiest members of our society but from the poorest; they are owed this money.

I would like the member who had the floor to answer my question. Could he elaborate, for example, on these two subjects?

[English]

Mr. Deepak Obhrai: Madam Speaker, I would like to thank my colleague from the Bloc for bringing up a very good point. After listening to the government propaganda, what the government forgot to say was that a billion dollars went down with the gun registry. Let us talk about the GST fraud. Let us talk about the softwood lumber dispute that is going on where my colleague comes from and about the forestry workers who are facing this massive problem. These are situations the government will not talk about. My colleague is absolutely right. I have had seniors come into my office who have had piddly little increases in their Canada pension plan.

Let us talk about GST fraud for a second. Revenue Canada will go looking for seniors for \$10 or \$50, which may have been an overpayment or something, and yet GST fraud is going on through the back door. There is an old saying, "Don't let an ant go in the front but an elephant can pass in the back". That is what the government talks about when it allows the gun registry to cost a billion dollars. Like the Prime Minister said, "What is a billion dollars? It is loose change". Let us ask our seniors. It is not loose change. It is hard earned money for people who have to make ends meet.

• (1645)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I want to thank the hon. member who just spoke and of course his colleague from Elk Island, two Alliance members who are from the family values party, which we have heard about from that party many times, and who supported Bill C-206, a bill to offer compassionate care leave for caregivers in our country.

I know that one good thing about the Alliance is that it allows free thought and free votes in its party and I support that. We have heard the words family values many times from the Alliance Party. I would like to ask the member to comment, if he could, as to how the leader and the former leader of that party could vote against the bill. Half

the Liberals voted against it too, but I am just working on the Alliance right now.

How were Alliance members able to stand up in the House and purport to be a party of family values when all I asked was that this bill, which would offer assistance to caregivers, at least be debated in a committee? They did not have to agree with the bill. The member supported it and so did his colleague, but his front bench and the official opposition leader said no. All we asked was that it go to committee.

I know why the Liberals did not go for it, which is despicable in itself for half of them, but why did the leader of the Alliance Party and his colleagues vote against that great recommendation in regard to, again, one of the finest bills ever to enter this great hall?

Mr. Ken Epp: Madam Speaker, I rise on a point of order. I regret interrupting my colleague because I am sure he has a good answer to the question, but it seems to me there is a standing order which does not allow us to reflect on a vote that has been taken in the House.

The Acting Speaker (Ms. Bakopanos): The hon. member raises a point of order on something that is new for the Chair. I will get back to the hon. member, if he will allow me a few minutes so I can check the Standing Orders. However, I will allow the hon. member for Calgary East to answer the question.

Mr. Deepak Obhrai: Madam Speaker, it was my understanding that the leader of the NDP had appointed another critic to look after Alliance affairs. I see that my other colleague has taken up that responsibility, which is very good.

However, I will say this. As far as I am concerned, I voted with the member's bill because I felt it had merit. As far as I am concerned I voted for his bill and he is more than welcome to ask the rest of the question when my leader is speaking. Let me tell him that my leader made it a free vote. He gave an opportunity for the caucus to address that issue. That is an excellent step, which he should appreciate.

Mr. Roy Cullen (Etobicoke North, Lib.): Madam Speaker, I am pleased to participate in the debate today on the budget implementation act 2003. This bill, once enacted, will implement the measures of the budget that was delivered by the finance minister in this chamber on February 18. That budget built on the very fine work of the former finance minister, the member for LaSalle—Émard, as he built the economy into a sound footing. We got our government books back in order and eliminated the deficit. This budget builds on those successes and the contribution of all Canadians in dealing with a very serious fiscal situation which we encountered when our government came into office in 1993.

For example, by paying down roughly \$46 billion or \$47 billion on the debt, our debt to GDP ratio has fallen to 46.5% from a high of roughly 71% not too long ago. This will go to 40% within the next two to three years. That is saving Canadians \$3 billion a year in terms of interest costs. The \$3 billion is an annual annuity and those moneys can be reinvested in other priorities.

Government Orders

This budget does just that, \$3 billion for example in sustainable development initiatives and in the environment. It also builds on the \$100 billion tax cut that was brought in the budget 2000 and the mini budget of the same year. It also introduces some new tax measures which I will touch on later.

Economic growth in Canada is the best in the G-7 and is predicted to be the best in the G-7 again next year. Of course, it depends to some extent on the economy in the United States and the war in Iraq. We wish our American friends the very best of luck and the very best in terms of results in the war on Iraq. That will have economic consequences as well but so far the Canadian economy is predicted to grow at a very fine rate again this coming year.

I should have said at the outset, Madam Speaker, I am splitting my time with the member for Ottawa Centre.

We have made major investments in health care, \$34.8 billion over five years. Our economy has created 564,000 jobs in the last year, the best again in the G-7. Unemployment, although we never like any unemployment, is at 7.4%. Although there are inflationary pressures, and inflation has risen somewhat, we still have a relatively low inflation rate. We also have good monetary policy that will manage that situation going forward.

One thing that the proposed budget implementation act will implement is the new Canada health transfer and Canada social transfer which will replace the existing CHST. The existing CHST was introduced by our government and it replaced established programs financing and the old CAP program. Now we are making another change. This is to ensure that the health funds are segregated, that there is a greater accountability in what the provinces do with the moneys that are transferred to them for health care.

As part of this transfer this new money for the provinces, the \$34.8 billion over five years, there will be a greater accountability to Canadians on what the provinces do with that money. Frankly, I think we are moving to the day perhaps, and there have been pressures already from the post-secondary education stakeholders, to have segregated funds of that new transfer for post-secondary education. We have seen a deterioration there as well in terms of rising tuition fees and students with increasing debt. The provision that starts the process where the funds are segregated in the first cut. The health care funds will be separate and then the social funds will include post-secondary education and other social transfers.

We cannot forget also the tax points and the direct delivery that the government provides through Health Canada and other agencies and foundations.

• (1650)

The value of this most recent initiative is that the Government of Canada has said it wants to target certain health care initiatives like home care and prescription drugs. These are two areas that are growing considerably and need to be managed better. Home care can be a very effective, lower cost alternative to institutional care. To this point in time, the provinces have been slow to put the community care into the system. This targets those funds and says that we want to have more home care. It is a lower cost alternative and actually has a better patient care result as well.

We have also indicated that we are going to be putting more funding into equipment. This budget would implement \$1.5 billion that would go into a trust to be used for acquiring diagnostic and medical equipment. I am assured by the government that this time around this fund will have a greater sense of accountability. We heard stories about lawn mowers being acquired under the previous \$1 billion fund. In any large organization or fund there will be the odd story and the odd case of mismanagement. I am assured that this time around there is a much stronger regime to ensure that those accountabilities and funds are targeted and will go to the right places. I am very encouraged by that.

This proposed budget implementation act also implements important changes to the Canada Student Financial Assistance Act. One particular aspect is very relevant in my riding, where I have a large number of convention refugees, many from Somalia. A lot of the young people are now at an age when they need to go to college or university. They were unable to access the Canada student loan program. This budget and this act would change that so those who had the convention refugee designation would be eligible to apply for Canada student loans. This is a major step because many of the refugees in my riding and their children were unable to receive a decent education, and this deals directly with that. I am very happy that is part of the budget implementation.

The budget implementation act also would implement a number of very important changes in the Employment Insurance Act. One particular aspect is the introduction of compassionate care benefits. These new provisions pay up to six weeks of special benefits to claimants who provide care or support to a gravely ill family member. Many of us in the chamber and many people across Canada have faced the situation of someone being gravely ill, either dying or in a very precarious position, who seek the support of their family members. Many family members work and this provides an opportunity for family members to support the ailing member of the family. That is a very positive thing.

The budget also sets the premium rate for the year 2004 at \$1.98. Since the government launched this program, every year for the last seven or eight years it has reduced the employment insurance rate. That has saved employers and employees about \$9 billion since we started this program. The Minister of Finance has also indicated his intent to come up with a new rate setting process, one that is more transparent and reflects the true cost of insurance. That has to be looked at over a business cycle because we do not want to be in a situation where we have to go back and increase the rate if the economy moves into a slower pace of growth.

Royal Assent

That is a very important announcement and one that I think helps to clarify for many Canadians the fact that there is no employment insurance fund. I believe it was in 1984 or thereabouts when there was an employment insurance fund and it was in a deficit. At that time, under the previous administration, the government was in deficit. The auditor general said that the unemployment insurance fund, as it then was called, needed to be consolidated with the consolidated deficit of the government to paint a truer picture. Therefore the fund at the time was consolidated in with the consolidated accounts of the government.

• (1655)

That fund does not exist any more. In fact seven out of the last ten years or thereabouts that the employment insurance notional fund has actually been in deficit. The Canadian taxpayers have subsidized or supported that deficit in the notional employment insurance fund. It is true that over the last few years the surplus has grown quite considerably.

However I notice there is some business in the Senate and presumably I will be able to finish my remarks when we get back.

• (1700)

The Acting Speaker (Ms. Bakopanos): Unfortunately, I must tell the hon. member that he was at the end of his debate one minute ago. There is no time.

On the point of order raised by the member for Elk Island I would like to thank him. He has raised this point of order before. It is Standing Order 18 to which he was referring. For the benefit of most members, I will read Standing Order 18, which states:

No Member shall speak disrespectfully of the Sovereign, nor of any of the Royal Family, nor use offensive words...No Member may reflect upon any vote of the House, except for the purpose of moving that such vote be rescinded.

Furthermore it is stated in Marleau and Montpetit, *House of Commons Procedure and Practice* at page 495:

It is not in order for Members to "reflect" on (i.e., to reconsider or go back upon) votes of the House, and when this has occurred, the Chair has been quick to call attention to it.

The Chair unfortunately was not quick enough but I thank the member for Elk Island for bringing that to my attention. I caution members, especially the member for Sackville—Musquodoboit Valley—Eastern Shore, to please not mention the votes of members in the House. I thank the member for Elk Island.

[*Translation*]

Mr. Marcel Gagnon (Champlain, BQ): Madam Speaker, we really hear it all in this House. I just heard the previous speaker say that the government had invested in health. He failed to mention that the provinces suffered cuts in health care. The government eventually gave part of the money back, but not all of it. This is money that belongs to the provinces, and health is an area of provincial jurisdiction.

Moreover, he said they had made sure that the money would be properly spent. A system had been put in place to ensure accountability in how the provinces spend their health care dollars.

I think he forgot to say that the federal government is probably the last one who should offer advice on how to spend money properly.

I would like to hear him briefly on the sponsorship scandal, where money was paid for services that were never provided. I would also like to hear him on gun control, and the 11% or 12% increase over the initial budget.

Is this the example the federal government is setting the provinces. It wants to control the provinces and show them how to spend in health. I would like him to comment on that because I find that not only insulting but also completely wrong.

I think—and I take Quebec as an illustration—that we could give the federal government a few examples of proper spending. One good way, and the hon. member could address that as well in his comments, would be to withdraw from areas of provincial jurisdiction and stop this systematic duplication. I would like him to comment on these issues.

Mr. Roy Cullen: Mr. Speaker, I thank the member from the other side of the House very much for his comments.

[*English*]

With regard to the amount that was transferred to the provinces under the Canada health and social transfer, when our government faced a deficit in 1993 of \$42 billion, everything was on the table. Everything had to be reduced or the government was faced with a very serious dilemma. In fact the amount that was cut from direct government programs, forgetting the transfers to the provinces, was significantly more than the cuts that were made to the provinces. The provinces were also given much lead time so they could adapt to those changes.

Once we returned to surplus, the Canada health and social transfer was increased significantly. As I said earlier, it is \$35.8 billion in this budget over the next five years.

The other point I should highlight is that the Province of Quebec for example receives equalization. The equalization that the government pays to the provinces is approximately \$10 billion a year. Of that \$5, billion goes to the province of Quebec.

ROYAL ASSENT

• (1705)

[*Translation*]

A message was delivered by the Usher of the Black Rod as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, the Speaker with the House went up to the Senate chamber.

Government Orders

And being returned:

● (1715)

The Speaker: I have the honour to inform the House that when the House went up to the Senate chamber the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-29, An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2003—Chapter 3, 2003.

Bill C-30, An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2004—Chapter 4, 2003.

GOVERNMENT ORDERS

[English]

BUDGET IMPLEMENTATION ACT, 2003

The House resumed consideration of the motion that Bill C-28, an act to implement certain provisions of the budget tabled in Parliament on February 18, 2003, be read the second time and referred to a committee, and of the amendment.

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I had addressed the issue with respect to the CHST, I am sure not to the satisfaction of the member opposite, but he also talked about the sponsorship program.

Everyone in the Chamber is very concerned about that particular situation. The Minister of Public Works and Government Services has taken some very aggressive and assertive action to change that program, to bring more of the program in-house and to make sure taxpayer dollars are spent more wisely. That was a case of where the money had not been spent wisely. Unfortunately, that happened. The government has addressed it and we will have a very sound program moving into the future.

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, it gives me great pleasure to speak to this extremely important bill. It is historic in the sense that it could be the last budget over which the Prime Minister of Canada will preside. As such, I want to tell all Canadians how fortunate we are to have a Prime Minister who has done what no other Prime Minister in the history of Canada has done in the period of time that he has presided over government affairs.

The budget would not have taken place if it had not been for the team effort of all the cabinet ministers collectively, as well as the excellent work of the administrations in the Department of Finance and in every other department across government. It also would not have taken place if it had not been for the total co-operation and support of the public across the country.

As my colleague from Etobicoke North stated a little earlier, we went through a very difficult time 10 years ago when we formed the government. The affairs of government were such that the vast majority of our revenues went to pay down the deficit and the debt to keep our house in order. We were in a situation where 70% of our revenues went to pay the deficit, which was quite unfortunate.

The government had to take some drastic measures to deal with that issue. As a result, a number of cuts took place. Nevertheless, we

are in positive territory now. For the past few years the government has been able to turn a surplus. In fact, we have reduced the national debt by close to \$45 billion.

I am quite happy with the budget for a lot of reasons. It not only addresses the sins of the past and past governments, but it also builds on and invests in the future.

A little earlier my colleague from the Canadian Alliance spoke about the CPP. That is one case in point where previous governments did not have the guts to stand up and take note of the fact that our pension plan was in deep trouble and that something needed to take place if we were to have the money in place for people, baby boomers today and young children in the future, to support their retirement.

The government, yes, through an increase in contributions, addressed that issue and managed it in such a way that we now have one of the most solid funds internationally in terms of pension funds for our people. That was a strong measure the government took in order to address the issue.

Another very important issue for which many of my colleagues may not be aware is that this government, for the first time ever in the history of Canada, introduced what perhaps no other government has introduced in terms of a system of management of government affairs, and that is the financial information system, for which I think we should all take note. For the first time ever we can easily access information from any government department. All we have to do is key in a program, key in some of the required information and we will be able to access it.

As a result of the tremendous work by Treasury Board, the persistence and tremendous amount of work by the Auditor General, as well as the administration of the government as a whole, we were able to introduce a management system that will improve not only the administration of government programs but also accountability and transparency.

As a result of that, the government, under the leadership of this Prime Minister, was able to address an issue that is very dear to Canadians, the issue of accountability and proper administration of government affairs.

● (1720)

There is a third thing that is worth taking note. For the first time in a long time there is an administration of transfer payments to the provinces in the area of health care. I wish my colleague had said it would have been extended to also include education. For the first time we can demand that our provincial governments be accountable for the amount of money given to them by the federal government in the area of health care.

Private Members' Business

As was stated earlier, the provinces can no longer take money that is dedicated for health care and spend it on roads, bridges or other things. The government has given the provinces the ability to plan ahead. Over and over again the provinces and territories have complained about the fact that we did not have in place a proper budgeting plan that would allow them to plan three or five years ahead. The government has now put a plan in place that will allow them to do this. We gave them the money. They know what will be coming down the pipes three or five years down the road. That was an extremely important measure. It is my hope that we will move into other areas such as post-secondary education and do exactly the same thing.

One issue which the Minister of Finance has spoken about and which the government has shown tremendous leadership and commitment to is investment in the area of infrastructure. Members know that for every dollar the government puts into the area of infrastructure, it generates \$3 of investment in total. That is because the provincial government as well as municipalities are putting in matching funds. That money is going toward building bridges, roads and institutions in our communities. To that extent, it would also go toward creating jobs and generate economic activities in the country.

I am counting on the Minister of Finance to come through and make some federal commitments in the national capital region, particularly light rail and the Congress Centre which is a very important facility in our region. I know we will see some positive response from the government.

There are other important elements, such as investment in the lives of our children, families on low and middle incomes, cost reductions in terms of the government asking all departments to come up with close to \$1 billion in savings, and the list goes on.

The government has been extremely creative in the area of housing. Previously, we put federal money into the area of housing for homeless people or individuals who needed housing, but it was conditional upon provincial governments and municipalities matching the funds. Now the federal government has come up with a creative way of cutting through the nonsense and bureaucracies. If an organization in my community or in any community has a creative proposal that addresses the issue of homelessness, it can apply for matching funds from the federal government. To that extent, we are taking the government back to the people.

Another issue that is very dear to the hearts of my constituents is primary health care. As part of the package that was signed off by the provincial ministers of health, there is one important thing for many constituents in my riding and that is primary health care. We will be able to see a cohesive plan in the area of health care. Now I can walk to a health facility in my riding and ask for a consult, nursing support or doctor's advice and assistance. I can get all of that under one roof.

• (1725)

That is another clear indication that the system works. The government has done a marvellous job on the budget, as on all of the previous budgets. I will be supporting the bill and I call on my colleagues to do the same.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I cannot say the words as they are unparliamentary. The member said a whole bunch of things that are just totally wrong.

First, he said that we had spent, when the Liberals took over, up to 70% of the money on interest. That is not true. At maximum, it was around 30%, which is still way too high, that the interest payments were taking, but it was not 70%. His numbers are all whacky. He talked about the debt and how wonderful the government is in tackling the debt and reducing it. The fact of the matter is that when the Liberals came to power the debt was \$508 billion. Under their watch it grew to \$583 billion. It is true that since then it has come down a bit, but it is still higher than when they took office. If it were not for their free-spending ways, we would have reduced it much more.

I have much more to say, Mr. Speaker. Could I ask for unanimous consent for another two minutes?

• (1730)

The Deputy Speaker: Is there unanimous consent?

Some hon. members: No.

The Deputy Speaker: It being 5:30 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

USER FEES ACT

The House resumed from February 14 consideration of the motion that Bill C-212, an act respecting user fees, be read the second time and referred to a committee.

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, it is my pleasure to rise and address Bill C-212 today, an act that deals with user fees.

I want to compliment the member across the way from Etobicoke North for bringing this forward. This is an issue that my party has been concerned about in the past. In fact, I brought forward a private member's bill on this very issue a number of years ago which was similar if not the same as this private member's bill. Right from the start I will state my sympathies.

It is important for people watching this debate on television to understand a bit of the background behind why this is an important issue and why it is important to have some way to govern the exploding use of user fees by the government. Right now there are about 50 different departments bringing in about \$4 billion a year in user fees. There is something like 500 different fees that are in place right now.

The idea behind user fees is actually quite laudatory. The idea is to ensure that if a government service is provided for the benefit of a particular business or individual, then in that case it makes sense to charge a fee for that as opposed to taking the money out of general revenue because the benefits accrue to only one person or one business. Therefore it makes sense to have something like user fees.

Private Members' Business

Having said that, the concern is that the government does not have in place proper rules to ensure that the fees which are charged are actually what is necessary to cover the costs. Sometimes we find they exceed the costs. We also find very often, because we are talking about government monopolies, when these fees come in, they do not bring about the benefits which they are supposed to bring.

There is a famous example. Fees were brought in to deal with the approval of new medications for the veterinary industry, dealing with animal husbandry and that kind of thing. If I remember right, in 1996 there was a whole new regimen of user fees that came into place. The result is that since 1996 the cost of the fees have exploded and at the same time it now takes twice as long to get approval to use various medications that veterinarians need to practise their discipline. There is that case and there are many other cases.

Another example is the Pest Management Regulatory Agency. This is a famous, almost poster child, example of what happens when agencies become unregulated but on the other hand also have the power to charge user fees. In that case exactly the same thing happened. All these fees started pouring in but the agency actually became less efficient and was unable to approve pesticide use in anywhere near the time that it had previously. In fact it became slower and slower.

As a result of that, a number of people became quite concerned. I brought forward a private member's bill a number of years ago. The Auditor General has looked into this. A large coalition of industry people got together to bring this to the government's attention. The coalition included the Canadian Federation of Independent Business, the chamber of commerce, Canadian Manufacturers and Exporters and a number of others all jumped on board and said that it was ridiculous and it was costing them a tremendous amount of money. Representatives came before the finance committee, testified, brought forward their own report, if I recall correctly, and made a number of recommendations.

My friend from Etobicoke North has adopted a number of those recommendations. I think he has adopted some ideas from the Auditor General's report and has included them in Bill C-212.

When I brought this forward, the government had all kinds of reasons why my bill should not go forward. That was a number of years ago now. I think my friend across the way has a number of his own colleagues interested in this issue now, and I hope he will find on his side a majority of people who will support the bill because it really is important.

● (1735)

I will not belabour this. I know there is an interest on a lot of sides to push the bill forward. I support it and I am sure that my colleagues in general support the drift and direction of the legislation. It is a good step. It is about time we brought forward something like this.

There is nothing worse than taxation without representation. In effect, that is what we have because agencies and departments bring these forward with really no discussion and really no representation. There is no parliamentary oversight at present to ensure that these fees are reasonable, that they are somehow tied to the benefits that are accruing to the businesses.

The last thing we want is taxation without representation. User fees yes, but taxation as just another way of bringing additional revenue into the government, no, we do not want that. That is not what this is about, just some way to ensure that costs are recovered when the government provides some kind of a legitimate service for a business or individual and they are the ones who solely benefit.

I have not used a lot of time, but suffice it to say that this is a step in the right direction. I will recommend to my colleagues on this side of the House that we support the member for Etobicoke North in his desire to bring forward this legislation and rein in that uncontrollable beast, the bureaucracy, that sometimes misunderstands the purpose of its powers. In this case, we have many examples of that so I will recommend to my colleagues that we support the bill.

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, I wanted to rise for a minute or two to endorse the private member's bill also. I had a personal interest from the standpoint that I had one example of a new set of user fees that had been applied in Pacific Rim National Park, a park which the member from Etobicoke would be familiar with, as am I.

I did some forensic work, or the best forensic work I knew how to do, not being an accountant, in terms of putting together park revenues and expenditures prior to and after the imposition of a whole new set of user fees that increased revenues considerably. The interesting fact was that expenditures rose to the same level as the new user fees and the government subsidy or non-user fee part of its budget remained the same, and there were no major projects undertaken.

What was clear to me is we, the taxpayers, were paying more, receiving the same, and we have added a whole bunch of non-accountable new activities which have created inefficiencies. It simply would not have occurred if there had been some form of oversight. I know that organizations were starting to mobilize. They were seeing this kind of ramification exhibit itself under all kinds of different user fee schedules.

This is an important initiative. It is too bad that it did not get here a lot earlier because there have certainly been initiatives in this place to make it happen. I endorse the member's bill as well and good luck with it.

● (1740)

Mr. Chuck Strahl (Fraser Valley, Canadian Alliance): Mr. Speaker, I too would like to add some comments on my support for the bill.

Companies sometimes worry that user fees are just a tax in another form and sometimes they have been used and abused in that way. In my experience, when companies see that a benefit comes to their part of the world or their organization, they do not mind paying the user fees. However they do get their knickers in a knot when they pay the fees and they do not get anything in return.

There is an example in my riding with which I am dealing right now with the Minister of Agriculture. A fairly small company is importing products from the United States which have been approved for use in the United States. It is a niche market for golf course fertilizer products. They have been used successfully for years.

Adjournment Debate

The people at that company made an application to the agriculture department. They do not mind paying the fees for approval. They understand that fees are a part of it and are happy to do that. However the application has been with the Department of Agriculture for 10 years. They have waited 10 years for approval for this product. Finally a couple of months ago the Department of Agriculture told them that it cannot give approval because it lost the file. After 10 years, it just lost file. All the work that has been done for 10 years in trying to get the product approved is gone.

They do not mind paying the fees. They do not mind helping out by covering the costs of doing the research, the medical tests and so on, but the department lost the file. I think somebody just finally retired with the file. They waited 10 years to get approval. This company is trying to do business.

They have another application before the minister, and the minister and I are dealing with that right now. It is the same sort of thing. It has now been two years. They are going to miss another growing season. They do not mind paying the fees. They are happy to pay the fees. They just want a yes or no on the product. They are stocking retailers' shelves right now to see if they can get their business going.

By all means, let us have a look at this. Let us find ways to make sure that user fees are used properly and are not just a way to collect money. Let us make sure that we get value for corporations and individuals that are just trying to get ahead.

The people at the company in my riding, considering what has happened, are really very understanding. All they are asking is, "Are we doing something wrong? We will pay the fees. Is there more paperwork we need to do? Is there somebody else we could talk to?" It has taken so long now that it is not a matter of money, they just cannot get approval, even a yes or no.

Again the fees are not the issue, although they are sometimes seen as a tax grab. The issue is making sure that the fees are used for the purposes for which they are collected, that they just do not go into a black hole where approval processes, as in the case of the company in my constituency, just dragged on for so long that it got lost.

We want to make sure that user fees actually are used to help expedite the process. By all means let us send the bill to committee. Let us see if we can get this examined and see where we can help businesses get the job done. User fees certainly can be a productive part of that. Companies understand that. As long as they see cause and effect for fees and services, they are happy to be part of it and I think they should be.

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

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

Some hon. members: Agreed.

The Deputy Speaker: Accordingly, the bill stands referred to the Standing Committee on Finance.

(Bill read the second time and referred to a committee)

● (1745)

SUSPENSION OF SITTING

(The sitting of the House was suspended at 5:45 p.m.)

The Deputy Speaker: The House will suspend to the call of the Chair. The adjournment debate would have taken place at 6:15 p.m., so as soon as we are able to get the parties involved here in the House, then we will proceed.

* * *

● (1800)

SITTING RESUMED

The House resumed at 6.02 p.m.

The Deputy Speaker: The Chair needs a motion to see the clock as 6:30 p.m.

Mr. Tony Tirabassi: So moved, Mr. Speaker.

The Deputy Speaker: Is there consent that we see the clock as 6:30 p.m.?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*English*]

PUBLIC SERVICE

Mr. Jim Pankiw (Saskatoon—Humboldt, Ind.): Mr. Speaker, I will begin by putting the issue into context by way of statistics.

Francophones hold 78% of all federal jobs designated bilingual throughout Canada. Last year they received 68% of promotions and 71% of all bilingual positions. What this amounts to is systemic language discrimination. In fact, Canada's bilingual policy is really a divisive affirmative action program for francophones that discriminates against anglophones. Not only that, it violates the merit principle with respect to hiring, which states that people should be judged solely on their qualifications, experience and ability and not superfluous or irrelevant considerations. It also violates the quality of opportunity because it puts in place an artificial language requirement which denies people the opportunity to be fairly considered for a job and therefore denies equal opportunity.

The result of the government's policy is that since 1978 in the national capital region the number of federal civil service jobs designated bilingual has increased 12% and we have seen a near corresponding decline in the participation rate of anglophones of 10%.

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It begs the question of why the government is forcing through these policies. In fact, effective March 31 it will have even stricter and more rigid artificial language requirements. The reason is that enforced bilingualism is a federal initiative to appease francophones and Quebec separatists.

The reality, however, is that enforced bilingualism is discriminatory and divisive and reveals the anti-English sentiment and agenda of the Liberal government.

Former Liberal Prime Minister Pearson promised that the careers of public servants would not be negatively affected by enforced bilingualism, but that was a lie and a fraud.

First, a study conducted by the Professional Institute of the Public Service of Canada found that an overwhelming majority of respondents who indicated that bilingualism negatively impacted their careers were English. This March 31 deadline to which I referred will see some public servants demoted or replaced simply because they are not bilingual, even though speaking a second language is not a legitimate requirement of their job.

The government's recent announcement of an additional \$750 million to be spent on more bilingual programs begs the further question of why. The reason is that the government is now shifting from the initial purpose of bilingualism in the sense that unilingual Canadians, be they French or English, could access government services in either language. It is moving away from that toward a system in which the objective is not to provide frontline bilingual services but to ensure that French is spoken in the workplace.

The cost aspect, therefore, is twofold: first, hundreds of millions of dollars to taxpayers and private industry and, second, an incalculable social cost of lost opportunity or opportunity denied by unilingual Canadians, mostly anglophones.

• (1805)

Mr. Tony Tirabassi (Parliamentary Secretary to the President of the Treasury Board, Lib.): Mr. Speaker, we should remember that bilingualism is rooted in Canadians' deeply held values of inclusiveness, tolerance and respect for others. Bilingualism is part of our heritage. It is what this country was founded on and it is what we continue to evolve toward.

The respect we show to our colleagues, public servants and fellow citizens must bear witness to this fact.

It is a principle that is widely recognized and accepted by Canadians, who expect bilingual services from public servants where bilingual services are mandated in regions designated bilingual.

Serving the public in both official languages comes down to a matter of respect for the public, a principle that the Public Service of Canada upholds. This is shown in the study entitled "Attitudes Towards the Use of Both Official Languages Within the Public Service of Canada", which was carried out last year among more than 5,000 federal employees. Of these 5,000 federal employees, 92% of these public servants consider that it is important for them to serve the Canadian public in both official languages.

The results of this study not only confirm that official language are strongly anchored in public servants' day to day working lives, but

also show that most federal employees are prepared to make an effort to encourage bilingualism.

The Public Service of Canada reflects the Canadian population and conveys Canadian values. In this perspective, the federal government endeavours to promote bilingualism in the public service.

What the government is promoting is not radical, but a progressive approach to ensure, as a first step, that Canadians in regions designated bilingual can exercise their right to receive federal services and communicate with the federal government in the official language of their choice.

To this end, the government must start by making sure that all federal employees who provide services to the public in these regions can do so in both official languages; in other words, that they are bilingual. Second, the government must ensure that these employees can communicate with their managers in the official language of their choice; in other words, that these managers too are bilingual.

This is how bilingualism has become one criterion among others for appointment to bilingual positions in the Public Service of Canada in bilingual regions. These positions account for only 37% of all positions in the federal public service.

The Official Languages Act nevertheless emphasizes that the language requirements of a position must be established in a spirit of objectivity. Consequently, no federal institution may arbitrarily establish language requirements, and language requirements that are established must be truly necessary for the performance of the duties of that position. Moreover, all federal government staffing policies with official language implications are rooted in the Official Languages Act.

The statistics clearly show that overall the government has been successful in fulfilling its commitment on this issue. The workforce of the various federal institutions does tend to reflect the respective presence of the two official language communities in the population as a whole without resorting to filling positions by the quota system or reserving positions for one language group in preference to another.

We must recognize success where it occurs. Where bilingualism is concerned, the government's practices are exemplary. Let us acknowledge and appreciate that fact.

Mr. Jim Pankiw: Mr. Speaker, the hon. member mentioned Canadian values of inclusiveness, tolerance and respect. I could not agree more, but when government policies do not respect the merit principle or equality of opportunity, then those principles of inclusiveness, tolerance and respect are thrown out the window.

The hon. member mentioned a couple of things: serving the public in both official languages and allowing members of the Canadian public to communicate with the federal government in the official language of their choice. That was supposedly the initial concept behind bilingualism, but what is taking place is that the government is shifting away from providing front line bilingual services to requiring that both languages be spoken in the workplace.

Adjournment Debate

He said that it is not a quota system. In fact, it is a de facto quota system because what it does is put unilingual Canadians, and anglophones in particular, at a disadvantage. They are not being treated fairly or equally.

• (1810)

Mr. Tony Tirabassi: Mr. Speaker, as the hon. member I am sure is aware, this country was really founded on two distinct cultures and languages and it has evolved with two official languages. If we are to be just that, then for the services that we provide to Canadians, that is, the federal public service, which provides a multitude of government services to the public, we have to establish certain criteria. In regions where there is bilingualism, then obviously the service that is provided to Canadians in those regions must be in the two official languages, but there are certain regions where the numbers just do not justify offering services in two languages.

I can tell the House that the official languages commissioner appeared in front of the government operations committee and attested to the fact that indeed that is not the case; that there are opportunities in the English language or in the French language within the public service.

[*Translation*]

The Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24 (1).

(The House adjourned at 6:11 p.m.)

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