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**OFFICIAL REPORT**
**(HANSARD)**

## Monday, April 18, 2005

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

**Monday, April 18, 2005**

The House met at 11 a.m.

*Prayers*

## PRIVATE MEMBERS' BUSINESS

● (1100)

[*Translation*]

### CHINESE CANADIAN RECOGNITION AND RESTITUTION ACT

The House resumed from February 21, 2005 consideration of the motion that Bill C-333, an act to recognize the injustices done to Chinese immigrants by head taxes and exclusion legislation, to provide for recognition of the extraordinary contribution they made to Canada, to provide for redress and to promote education on Chinese Canadian history and racial harmony, be now read the second time and referred to a committee.

**Mr. Roger Clavet (Louis-Hébert, BQ):** Mr. Speaker, I had a busy weekend, working for the development of Quebec in my riding, in the interest of this future country.

I am pleased to rise to speak to Bill C-333, to right a great injustice. I would like to start by thanking my hon. colleague from Durham for introducing this bill, as well as the other parliamentarians who have taken part in this debate so far.

For more than 60 years, the Chinese Canadian community has been the victim of racism, but not just any type of racism: legislative racism. This is a dark page in Canada's history. It is like a less than glorious heritage minute that went on for 60 years. Imagine the damage. Between 1885 and 1923, the Government of Canada imposed a head tax on Chinese immigrants. This was serious discrimination, which put the members of our treasured Chinese community at a terrible disadvantage.

Chinese workers wishing to emigrate to Canada had to pay a $500 tax, starting in 1903. At that time, it equaled two years' salary. It may seem paltry now but, back then, this was a considerable amount of money. This very House adopted the Chinese Immigration Act in 1923, thereby denying thousands of Chinese Canadians the right to vote and, above all, the possibility of being reunited with their families.

The Chinese community called it the Chinese Exclusion Act. As the title implies, their exclusion was total. The day the bill passed was even known as Humiliation Day. This is evidence of how the Chinese community must have felt that day. It was not until 1967, the centennial of Canada's Confederation, that this hateful humiliation was acknowledged. In 1967, Chinese immigrants obtained the same rights as immigrants from other countries. It took all those years for Chinese Canadians to be recognized as full-fledged citizens.

It goes without saying that these discriminatory measures were tied to strong anti-Asian sentiment in existence at that time. Despite everything, tens of thousands of Chinese people immigrated to Canada during that period and took part in its development, in particular helping to build the famous trans-Canada railway.

In supporting Bill C-333, the Bloc Québécois condemns the discrimination visited on the Chinese community by the Canadian government for 60 years. The Bloc Québécois salutes the contribution of the Chinese community to our economy and to Quebec and Canadian society, and it reiterates the importance of immigration and cultural communities to Quebec's future sovereignty.

A recent Ontario court ruling found that the Canadian government owes the Sino-Canadian community an apology. It must acknowledge this legacy and demonstrate good will. This ruling was corroborated and upheld in a recent resolution by the Montreal city council, which determined that the Canadian government must adopt reasonable measures to correct the injustices visited on Chinese Canadians.

Under Brian Mulroney, the Canadian government already offered an apology to Japanese Canadians for the unfair treatment they received during the second world war.

I wonder if this government could not build on that example and apologize to the Chinese community. That would be the least it could do for having exploited members of this community for 60 years while denying them the right to be full-fledged citizens. How insulting.

The last victims of this atrocity and of these discriminatory measures are still alive, but time is of the essence because, one by one, they are dying off. It is high time for the Canadian government to present them with a decent apology, to prove beyond a doubt that they are full fledged citizens and to promise that, although wrongs were committed in the past, nothing like this will ever happen again.

In 2003, a UN Special Rapporteur conducting a study of contemporary forms of racism in Canada also condemned the fact that the Chinese community in Canada still had not received an apology for being discriminated against during all those years.

● (1110)

In fact, some members of the Chinese community are considering turning to the UN in order to obtain justice. I have the following question. Is this the image Canada wants to project internationally—a lack of compassion toward these people, the Chinese community, who are still central to the larger society? Does it want this image of injustice to be spread throughout the world? In any event, that may suit Canada, but it does not suit Quebec.

The Bloc Québécois supports Bill C-333 in principle, for the reasons described by my colleague, the hon. member for Durham.

Two years ago, during a visit to Moose Jaw, Saskatchewan, I toured one of these tunnels or underground entries that had been recreated, bearing in mind that when the Chinese community was building the railway back then, they were literally hidden in a tunnel or an underground room. They were forbidden to step out into broad daylight. It was acceptable to use the Chinese for their labour in order to build the railway, but they had to be hidden away. It is outrageous when you consider the contribution this community has made to Canada and Quebec.

What is more, the worst part of this 60 year-long heritage minute is that there is a charge of $15 or $20 to visit the underground gallery where we are shown how the Chinese had to hide underground like rats. That is how they were treated. And if a person asked for a pamphlet on this shameful period in the history of Canada, there are none to give. The exploitation continues. I do not know whether this is a private or public operation, but I do know that there is still an opportunity to visit this underground gallery where the horrible memories of the mistreated Chinese community can be revisited.

This bill will remedy that situation. Let us go back to that time, 1923. If the Chinese were good enough to build a railway, they ought to have been good enough to deserve respect. The situation continued for years, and now the victims and the children of those victims are demanding compensation and justice.

As Bloc Québécois spokesperson for Asia-Pacific matters, I take these things very much to heart. There have been attempts made in the past to remedy this injustice toward the Chinese community in private members' bills by colleagues in the Conservative and other parties.

I am seeking the support of the members of this House for Bill C-333. We are in favour of it, although of course there is always room for improvement. We can look into ways of accommodating certain requests from Chinese community associations throughout the country. Time is of the essence, however, and this injustice must be remedied.

I will put myself in the shoes of Canadians for a few moments, even though I am proud to proclaim myself a Quebecker. I do not want people to read the history of Canada and conclude that the Chinese were mistreated and nothing was done to remedy this injustice. I feel strongly that such a thing must not be associated in people's minds with Canada.

The Chinese community has proven without any doubt whatsoever that it is capable of being a full-fledged member of this society. This black mark on its past must, however, be erased, because the Chinese community is worthy of contributing to the economy, and indeed does make a significant contribution.

Bill C-333 is about the humiliation of the Chinese community. I know this community very well, having lived in China for two years. This humiliation must be dealt with now. This is a unique opportunity as all members are aware. The injustice to Japanese Canadians has been dealt with and now it is the turn of the Chinese. Common sense and pure and simple justice demand this. Hon. members, this error must be corrected by supporting Bill C-333.

● (1115)

[*English*]

**Mr. Jim Prentice (Calgary Centre-North, CPC):** Mr. Speaker, it is my pleasure to rise today on behalf of the constituents of Calgary Centre-North and speak in favour of Bill C-333. In so doing, I would note that Calgary has a very large Asian and Chinese population. In fact, my riding has a very large community of Chinese Canadians. It is my honour to rise today and speak on their behalf, and I am very proud to do so.

I would like to acknowledge the hard work and dedication of two members of this House. First, the hon. member for Durham and, second, the hon. member for Dauphin—Swan River—Marquette.

I would note that the member for Dauphin—Swan River—Marquette first introduced this bill in the House on December 10, 2003. It was then called the Chinese Canadian recognition and restitution act. Since that time, the hon. member for Durham has brought this legislation forward in the House.

Both members have exemplified leadership in drawing the attention of the House and Canadians to this important issue and to this difficult part of our history. Both members are tireless workers on behalf of their constituents and a credit to this House. I am very proud to serve as their colleague.

Bill C-333 is described as:

> An Act to recognize the injustices done to Chinese immigrants by head taxes and exclusion legislation, to provide for recognition of the extraordinary contribution they made to Canada, to provide for redress and to promote education on Chinese Canadian history and racial harmony.

The purpose of the bill is to recognize the extraordinary contribution that Chinese Canadians have made to the building of this remarkable country that we call Canada. It is to acknowledge that they, more than any other group of Canadians, have done so in the face of many years of discrimination and adversity.

The contribution of Chinese Canadians to the building of the railways in this country is an important point of commencement in this discussion. Canada is a country that came to exist along a railway line, a thin ribbon of steel constructed against impossible odds. It was in fact at that time the largest construction project in history.

We know that this railway line could not have been built without the hard work and the determination, and the sacrifice of the Chinese labourers who came to build it. This was just the first of a rich legacy that Chinese immigrants have brought to our nation.

One would have thought that in the era of the construction of the Canadian Pacific Railway there would have been some measure of gratitude toward the migrants who were coming to Canada from China to work so tirelessly under primitive working conditions to build the CPR.

It is not so. One must return today to that part of Canadian history to fully understand the racism with which our Chinese ancestors struggled. Here is a quote from the daily British Columbia *Colonist* and the Victoria *Chronicle* of 1878, which at that time made a plea for restricted Chinese immigration. It said:

> The Chinese ulcer is eating into the prosperity of the country and sooner or later it must be cut out.

Here is another quote that the member for Dauphin—Swan River—Marquette may have referred to in his remarks from the Victoria newspaper of 1861:

> We have plenty of room for many thousands of Chinamen...There can be no shadow of a doubt but their industry enables them to add very largely to our own revenues.

In the time following the completion of the railway, Chinese Canadians were made even less welcome by a series of legislative measures which were designed to deter immigration. The Chinese Immigration Act of 1885 imposed a head tax, a capitation tax, of $50 per head as a fee to enter Canada, which was payable upon disembarkation.

In 1900, in response to political pressure at the time, the quantum of that head tax was increased to $100. In 1904 it was increased to $500. This was an astronomical sum which at that time equated to two years of labour. Of our ancestors, 82,000 paid the head tax as a fee to enter Canada. Most were men since the legislation and the price severely restricted the ability of women to enter Canada.

● (1120)

Ultimately in 1923, the Government of Canada went even further. It passed the Chinese Immigration Act which essentially prohibited the immigration of Chinese to our nation, with the exception of certain narrow classifications. The act remained in place until 1947. It is remarkable to reflect that only 50 Chinese immigrants were allowed to migrate to Canada during those years. The law was passed on Dominion Day in 1923, a day which Chinese-Canadians marked in some circles for many years as the ultimate humiliation, and in fact many called it humiliation day. Chinese-Canadians were only given the right to vote in the 1950s.

In doing my research for Bill C-333, I chanced upon this remarkable excerpt from the Parliament of Canada. As late as 1958, subsequent to my own birth, a senator rose in the Senate chamber of Canada and said the following about a Chinese member of Parliament, a Conservative member of Parliament at that time. The senator stated:

> I know that he is a Member of Parliament, and I know that he is the President of the Young Conservative Association, but he is over in Paris as, I presume, the head of this organization that is mentioned. Is he paid? Are there expenses paid by the Dominion Government? And just whom does he represent, and what right has this Chinaman to make these statements in Paris on behalf of the Canadian people?

This was a senator in this building talking about a duly elected Chinese-Canadian who was at that time a member of Parliament. The quote can be found in the Senate debates of July 10, 1958, at page 306.

Thankfully we have come a long way in the country since that time. I am proud to say that in my own riding of Calgary Centre-North, as an example, Chinese-Canadians are a proud part of our multicultural identity. The descendants of those who paid the Chinese head tax and fought racism for generations are today the community leaders, politicians and business leaders of our society. The commercial spine of my riding is Centre Street and it is so richly populated today by Asian and Chinese businesses that it is referred to affectionately as China Town North. I live only blocks from that street so for me it is very much my home.

The character and compassion of the Chinese community in my riding is exemplified by the work of Mr. Don Jeung and the Wing Kei senior citizens committee. The Chinese Christian Wing Kei nursing home, which is being constructed in my riding, is the largest senior citizen care facility under construction in our city. It is a private facility. It has been the dream of a dedicated group of Calgarians of Chinese ancestry. It is built of bricks and mortar, but it is constructed upon the bedrock of the values that they brought to this country: compassion, respect for the elderly, care and responsibility for one's own family members and individual initiative. On behalf of the House, I congratulate them and we await completion of construction this spring.

In researching for Bill C-333, I also reviewed a book written by a respected Canadian by the name of Denise Chong, entitled *The Concubines Children* of 1994. In it she talks about what it is like for her as a Canadian to reflect on the hardships that her ancestors undertook to come to Canada. She says:

> —Canadian citizenship recognizes differences. It praises diversity. It is what we as Canadians choose to have in common with each other. It is a bridge between those who left something to make a new home here and those born here. What keeps the bridge strong is tolerance, fairness and compassion.

Citizenship has rights and responsibilities. I believe one responsibility of citizenship is to use that tolerance, fairness, understanding and compassion to leaf through the Canadian family album together.

I am proud to speak today in support of Bill C-333 as a bill that will foster community restitution. Chinese-Canadians have contributed so much to the construction of the country. I hope the legislation will allow to explore our history together and to move beyond a difficult chapter in our history.

● (1125)

**Hon. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.):** Mr. Speaker, Canada is known around the world as a nation that embraces fairness, equality and respect for diversity as the very basic building blocks of our society. Those versed in Canadian history understand that this national strength is not an accident. It is a product of the deliberate collaborative work of the many Canadians who came before us. Our aboriginal, English and French ancestors laid the foundation of a diverse society. These roots have deepened with the arrival of generations of immigrants from around the world.

Our small population and vast geography dictated deliberate nation-building activities such as our pan-Canadian rail link. Our linguistic, ethnic and cultural diversity necessitated a value system based on tolerance and understanding, ultimately giving birth to our first Citizenship Act, the Multiculturalism Act, the Official Languages Act and our Canadian Charter of Rights and Freedoms.

Just yesterday, April 17, we celebrated the 20th anniversary of section 15 of the Canadian Charter of Rights and Freedoms. As members know, section 15 guarantees equality before and under the law and equal protection in the benefits of the law without freedom from discrimination because of race, ethnic or national origin, colour, religion, sex, age or mental or physical disability. In the 20 years since its enactment, the very notion of equality before the law has become entrenched in our Canadian psyche.

The 20th anniversary of its entry into force is the perfect opportunity for all Canadians to stop and reflect on how far we have come as a nation, how far we have come since the dark days in our history when racism and discrimination dominated our society and how much we have achieved in building the legal framework that safeguards the values we hold so dear today.

The Government of Canada understands the strong feelings underlying requests for redress for Chinese Canadians. They risked their lives to help build Canada's railroad in the 1880s. More than 15,000 Chinese came to build the most dangerous and difficult section of the Canadian Pacific Railway. As soon as their work was done, however, Canadians wanted them gone. It was the beginning of a difficult chapter in history for Chinese immigrants to Canada.

Chinese immigrants to Canada came seeking an escape from the poverty and war at home. What they encountered here was prejudice, personal attacks and discrimination, but the Chinese in Canada persevered. Many chose to pay the head tax for the opportunity to have a better life in Canada. Many took on the most dangerous jobs in sawmills and fish canneries. Many bravely endured separation from family members they could not bring to Canada.

When some 600 men and women served in the military during World War II, Chinese Canadians contributed more manpower to the war effort than any other ethnic group. However, the community's contributions went well beyond providing manpower. In addition to Red Cross and other service work, the community is said to have contributed $10 million to the victory loan drive, more per capita than any other group in Canada.

Over the years, an incredible number of Chinese Canadian individuals have made extraordinary contributions to Canada: community leaders like Dr. Joseph Wong, who chaired the United Way and was bestowed the Order of Canada; artists like Chan Hon Goh or Xiao Nan Yu, who have distinguished themselves as ballerinas at the National Ballet of Canada; and champions like Jean Lumb, the first Chinese Canadian woman to receive the Order of Canada for her work on Chinese family reunification in Canada and her fight to save and revitalize Chinatown in Toronto, Vancouver and Calgary.

There are also internationally recognized Chinese Canadian scientists like molecular geneticist Dr. Lap-Chee Tsui, who helped discover the gene responsible for cystic fibrosis. Dr. Tak Wah Mak discovered the gene for the t-cell receptor, a major key to the working of the human body's immune system. Dr. Victor Ling is world-renowned for his discovery of the existence and mechanisms of drug-resistant chemotherapy. Sports stars like Norman Kwong, also known as the China Clipper, is a three times Sports Hall of Famer and Order of Canada recipient who helped the Edmonton Eskimos win six Grey Cups.

● (1130)

Clearly, Chinese Canadians are making important contributions to every aspect of Canadian life, in arts and culture, in science and medicine, in business and education and the professions, and I might also add, in politics. Our own hon. member and Minister of State for Multiculturalism, Raymond Chan, is a Chinese Canadian.

The Governor General of Canada, Adrienne Clarkson, came to Canada as a Hong Kong refugee during the second world war, rose to international recognition as a Canadian journalist and then became the first Chinese Canadian Governor General of Canada in 1999.

One thing is very clear, Chinese Canadians have more than earned their place in Canadian history and society.

Canada's treatment of Chinese Canadians is one of those chapters in Canadian history that does not make us proud. However, we can be proud of the progress we have made since those days. We can and we must learn from our history.

The Government of Canada is committed to strengthening the fabric of Canada's multicultural society. We are committed to acknowledging and commemorating the significant contributions made by various ethnoracial and ethnocultural groups, including the Chinese.

Already the Department of Canadian Heritage and cultural agencies in the Canadian Heritage portfolio have made considerable efforts to ensure that the story of the Chinese in Canada is known to all Canadians.

Canada's public broadcaster, CBC/Radio-Canada, for example, offers a comprehensive look at the history and experience of Chinese Canadians in their online archives at cbc.ca.

The Royal Canadian Mint has struck a two coin set to commemorate the completion of the transcontinental track and to honour the significant contribution of Chinese workers.

Canada Post produced new stamps, commemorative coins and even a chequebook designed with Feng Shui elements in honour of the more than one million Chinese Canadians who were celebrating the 2004 year of the monkey.

The Minister of Canadian Heritage, on the advice of Historic Sites and Monuments Board of Canada, has designated two national historic sites and one national historic event to commemorate achievements directly related to the Chinese Canadian community. One of the sites is at Yale, British Columbia and commemorates the role of the Chinese construction workers on the Canadian Pacific Railway.

For more than 30 years, the Canadian Museum of Civilization has supported a full curatorial program on East Asian Canadians, including research, collecting and program development.

One of the opening exhibits at the Canadian Museum of Civilization in 1989 was "Beyond the Golden Mountain: the Chinese in Canada", at the time the most comprehensive museum exhibit on the Chinese Canadian experience ever mounted.

The multiculturalism program also has funded numerous research programs on the Chinese Canadian experience. In television and film, the National Film Board of Canada, the Canadian Broadcasting Corporation and the Department of Canadian Heritage have funded various films and television series which celebrate the history, heritage and contribution of the Chinese Canadian community. This is just the beginning.

In the October 2004 Speech from the Throne, the government pledged its objectives "in a manner that recognizes Canada's diversity as a source of strength and innovation". We also pledged "to be a steadfast advocate of inclusion" and "to demand equality of opportunity so that prosperity can be shared by all Canadians".

In line with these commitments, the government is now advancing a number of multicultural and anti-racism initiatives designed to cultivate an even more equitable and inclusive society.

In our 2005 budget we have provided $5 billion per year to the multiculturalism program to enhance its contributions to equality for all. In want to point out one thing as my time is running out. Budget 2005 also provides $25 million over the next three years for commemorative and educational initiatives that will highlight the contributions that the Chinese and other ethnocultural groups have made to Canadian society and it will help build a better understanding among all Canadians of the strength of Canadian diversity.

● (1135)

With this funding, the government is responding to demands from the community in a new way that respects both the concerns of the communities and the government's 1994 policy on this issue. We as a government are looking to the future of all Canadians.

Bill C-333 in its current form asks Parliament to apologize for actions taken by a previous government and to provide redress, but we have to move forward and control the future to ensure that the past never happens again.

To conclude, while the bill may not be perfect in its present form, and no bill is, I would ask all members to support second reading of this bill.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I am very pleased today to have an opportunity to speak to the private member's bill before us, Bill C-333, and to indicate that it is absolutely my position as the member of Parliament for Halifax and the position of the New Democratic Party caucus to support this bill going to committee. We will definitely be supporting the bill at second reading and absolutely supporting the objectives of it.

I want to congratulate the member for Durham for bringing forward this bill. As I am sure she would acknowledge, it is picking up where others have left off, others having done a great deal of groundwork over the years to try to get this government to move on taking the kinds of initiatives that are necessary to deal with the reconciliation and restitution owed to Chinese Canadians as a result of a very ugly chapter in Canadian history.

In congratulating the opposition member who has brought forward the bill, I think it is disappointing that the government has not already moved on this. I was listening closely to the comments of the member for Parkdale—High Park. I was hoping to hear that there is an intention on the part of the government to move on the restitution and reconciliation that have to be addressed if in fact we are going to accept collectively that an injury to one, in a society that claims to be committed to equality, justice, inclusion and compassion, is an injury to all. The way in which we can express that formally is to strengthen Bill C-333, which is before us now, and I hope that is what will happen at second reading, because it is needed and deserved.

I want to take a moment to pay tribute to others who have worked very hard over the years on this issue. They are Margaret Mitchell, who was a colleague of mine, and the former leader of the New Democratic Party, the member for Ottawa Centre. Margaret Mitchell was the member for Vancouver East. She was very much in tune with her own community, which included a large number of Chinese Canadians. She began fighting to have this issue addressed to realize the deep injury and out-and-out racist practices that we do not like to think are part of our history but in fact were, and they will remain part of a history that has yet to be corrected until we deal in a more effective way than this bill does with restitution and reconciliation.

I want to also pay tribute to my colleague, the current member for Vancouver East, who, in two previous motions that she tabled in the House, put forward a more stringent program, a more concrete and effective set of measures to outline what we need to do as a nation so that we can heal those wounds, and that means heal ourselves.

I have heard others stand and say, "I have a large number of Chinese Canadians in my riding. I know they are concerned and affected by this, so I am going to be supporting it". Let me say that I have a small number of Chinese Canadians in my riding, but this issue matters to all Canadians and of course has particular impact and import for Chinese Canadians.

One of the flaws that I think exists in the private member's bill before us is that it singles out one particular organization that represents the interests of some Chinese Canadians and says this is the organization with which the government should negotiate. It is clear that we have more than one organization that represents Chinese Canadians. There are several. It is our view that this bill should be amended to provide for a more inclusive process involving duly constituted organizations that represent a variety of perspectives of Chinese Canadians in order to take those into account, engage in a good faith process and move on.

● (1140)

I think we know who we want to be as Canadians and I think we know how we want the world to think of who we are as Canadians, that is, an inclusive society, one that is free of racism and free of the ugly forms of hatred that can exist. The reality is that the chapter during which Chinese Canadians were actively and aggressively discriminated against is one that is very ugly. It speaks to who we do not want to be.

To put that behind us, to learn the lessons of the past and to keep reminding ourselves of how important it is that we not repeat the mistakes of the past, we cannot confidently and honestly say we are a society that does not tolerate the kind of hatred and injustice that was embedded in the treatment for 62 years of legislated racism in this country, from 1885 to 1947, when Chinese Canadians had to pay the head tax. It does not sound like a lot of money, but a $50 head tax at that time was a hugely onerous penalty and an ugly symbol of racism. Then, of course, between the period of 1923 to 1947, when Chinese Canadians were actually prohibited from immigrating to Canada, we are talking about a very ugly past.

We do not have a lot to be proud about in terms of not yet having redressed some of the other ugly chapters. We do not have it right yet in terms of the treatment of aboriginal Canadians. This government is still dragging its heels on dealing with the reconciliation around the hateful chapter of residential schools, which damaged a whole population, the founding nations of this country.

We have the ugliest of histories to live down in terms of what happened to European Jews who could not find their way into a supposedly compassionate Canada when they were fleeing as refugees from Nazi Germany, from extermination, from the Holocaust. One of the truly shocking chronicles about Canadian history is found in the book that was so brilliantly written by Irving Abella in order to share this chapter of our history. The title, *None is Too Many*, is taken from the statement made by the Prime Minister of the day, meaning that we would not be welcoming to our shores Jews who were facing extermination. In fact, we turned people back.

Today we have racial profiling going on in this country. It injures all of us. It tears at the fabric of our society when we have the kind of racial profiling that is going on, affecting particularly members of the Islamic faith and those with Arab and Middle East backgrounds.

We need to heal ourselves. It would be very much in keeping with the rhetoric we hear from the government about how concerned it is that we eliminate racism and religious bigotry from our midst if in fact the government would see fit not just to support Bill C-333 but to support a strengthening of the bill. We must do it, because until it is done we cannot hold up our heads and say that we have taken this seriously and taken our responsibilities seriously.

It was my privilege to introduce a motion in the House in 2003. I want to finish my speech by briefly quoting from it because it does give an indication of why the bill needs to be stronger. It stated that the Government of Canada should:

> —(a) formally apologize to the Chinese community for the injustice imposed on Chinese immigrants by the government's Chinese Immigration Act of 1885 and the Chinese Exclusion Act of 1923; (b) negotiate with members of the Chinese community, financial compensation to surviving [Chinese] who paid the tax....

That does not mean just one organization but the legitimate bona fide organizations representing the diversity of Chinese Canadians, because they are not of one mind and they do not exist in just one organization. The motion continued:

> —and (c) financially support educational and cultural initiatives developed in concert with the Canadian-Chinese communities to prevent such injustices from happening again.

I note that the member for Parkdale—High Park talked about these kinds of initiatives in general, but I think we are dealing with a very specific ugly chapter in our own history which needs to be redressed. The victims need to be acknowledged and compensated appropriately as well as our ensuring that today's and tomorrow's generations are fully aware of this history and that we move toward the anti-racism kinds of measures which will indeed ensure that it does not happen again.

● (1145)

I want to finish by saying that we have in this country not just those we have already mentioned. We have Acadians, who were the victims of ethnic cleansing. We have Afro Canadians, who still in my own province, I can tell members, are the victims of racism, which is very embedded in our system and needs to be addressed. I hope that with this bill being strengthened we can move on to deal with some of those other issues as well. Prevention is the order of the day.

**Mr. Colin Carrie (Oshawa, CPC):** Mr. Speaker, I rise in the House today in support of Bill C-333, the Chinese Canadian recognition and redress act, brought forth by the member for Durham, a riding neighbouring mine.

I am honoured to offer my support for a bill that acknowledges the astounding contribution of the Chinese to the creation of our nation and the strength that our country derives from our multicultural heritage.

Between 1885 and 1947, Chinese immigrants to Canada experienced a period of extreme racial discrimination which had an irreversible impact on a community of ethnic minorities that contributed significantly to the construction of the Canadian Pacific Railway and, consequently, the development of our nation.

Despite the discrimination they faced, they came to Canada for economic survival, many leaving their families behind. A total of 17,000 Chinese labourers helped build the CPR, utilized by the government because they were reliable, hard-working and willing to work at half the wages of white Canadians.

They were also willing to take on dangerous jobs, which resulted in an estimated four Chinese deaths for every mile of track laid. Many Chinese workers died from exhaustion, while others perished in rock explosions or under collapsed tunnels. Some drowned due to the collapse of unfinished bridges, while many others died of scurvy.

On May 12, 1882, Sir John A. Macdonald stood in the House of Commons and argued against bowing to the pressure of labour groups. He credited the successful and timely completion of the Canadian Pacific railroad to the work of Chinese labourers, stating:

> —if you wish to have the railway finished within any reasonable time, there must be no such step against Chinese labour. At present it is simply a question of alternatives—either you must have this labour or you cannot have the railway.

The head tax was imposed by the Canadian government in 1885 immediately following the completion of the CPR, when the demand for Chinese labour ceased. It was originally set at $50, an amount determined by the maximum amount that a Chinese labourer was able to save per year after living expenses were paid.

By 1904 it had jumped to $500, an amount equivalent to two years of labour. The head tax was accompanied by other discriminatory policies such as a rice tax, special taxes on laundries, segregation of schools, and the refusal to give Chinese immigrants adequate social welfare during the Depression. These were the first of many policies put in place by the Canadian government with the sole purpose of deterring Chinese immigration, eventually destroying the Chinese community here in Canada.

In 1923, the Chinese exclusion act was passed, the final chapter in a period of state-sanctioned racism that was aimed at preventing an oriental invasion while allowing the government to profit from Chinese immigration.

Bill C-333 calls for a formal acknowledgement of the harm done to Chinese labourers and recognition of the commitment and contribution of the Chinese to the development of Canada. Unlike the 1996 redress agreement between the government and the Chinese Canadian National Council, Bill C-333 does not seek restitution on an individual basis, as it will do little to rectify the racial intolerance that characterized the turn of the century. It instead seeks to address harm done generations ago by developing a framework to ensure a future free of racism and intolerance.

Chinese Canadians deserve formal recognition by the government that the immigration policies of the late 19th and early 20th centuries were unjust and violated human rights as they are understood today. They deserve recognition of their commitment to Canada and their contribution to the development of Canada.

In response to the 2001 UN world conference against racism and related intolerance, Canada made a commitment to engage in a healing process as part of a strategy to combat racial discrimination in Canada. The failure to recognize the inhumane treatment of Chinese Canadians by the Canadian government is to fail in that healing process.

Canada's strategy following the conference also included a commitment to admit past wrongs in order to move forward in the pursuit of inclusive goals. The failure of this government to act in accordance with its own vow to admit past wrongs would weaken its commitment to social justice and cohesion. For the Canadian government to effectively celebrate our diversity today, it must properly address mistakes of the past.

● (1150)

Bill C-333 calls for restitution devoted to educational materials on Chinese Canadian history and the promotion of racial harmony through various projects. A formal acknowledgement of government policies of the past and restitution in the form of educational and promotional material will significantly advance and assist ongoing efforts to eliminate racism and racial intolerance in Canada.

The Canadian Race Relations Foundation is a great example of what can be accomplished when an organization has been given a mandate to build a national framework committed to creating a harmonious future based on equality, fairness and social justice. This organization has accomplished great things, and has done a tremendous job advancing the cause of racial harmony.

However, Chinese Canadians have received little in the way of grants from the Canadian Race Relations Foundation. The establishment of a foundation in honour of the Chinese victims of Canada's immigration policies would bring this country one step closer to achieving racial tolerance and one step closer to securing a better future. In the process, younger generations would have the opportunity to learn about the contribution of the Chinese to Canada, past and present.

I ask that all members support Bill C-333 at second reading and that the government affirm its commitment to a healing process whereby past wrongs are addressed in order for us to move forward as a country, proud of its diversity, and the strength that results from our multiculturalism.

● (1155)

**Mr. Alan Tonks (York South—Weston, Lib.):** Mr. Speaker, it would be an understatement to say that the Government of Canada understands the strong feelings underlying requests for redress from the Chinese community. The circumstances surrounding the Chinese Canadian claim are not proud moments in our past, nor are they the actions that Canadians today would consider acceptable. That is because Canada today is a far different kind of Canada than that which it was when those events took place.

Canada today values fairness, inclusion, equality, and respect for diversity. Canada today actively shuns racism and discrimination of any kind. Canada today embraces multiculturalism as a source of its strength. For Canada, multiculturalism is a conscious policy of accepting, respecting and yes, celebrating differences. This is what defines us as Canadians. Our multicultural policy encourages us to maintain our ancestral, ethnic and cultural ties, while simultaneously being a part of Canada is one of the reasons why Canadians have been able to live in peace and successfully address their internal tensions.

A quick look back over the past decades reveals just how we have achieved this, and how we have together built a Canada that embraces cultural diversity as a source of strength to be celebrated and not merely tolerated.

From as early as 1950 our cultural diversity has come to be understood as an essential ingredient of Canadian identity. In 1960 the Canadian Bill of Rights recognized and declared that certain human rights and fundamental freedoms existed without discrimination on the grounds of race, national origin, colour, religion or sex.

In 1970 Canada ratified the international convention on the elimination of all forms of racial discrimination. In 1977 the Canadian Human Rights Act proclaimed that all individuals have equal opportunity before the law and with others. In 1982 the Canadian Charter of Rights and Freedoms recognized every individual as equal before the law. The multicultural character of Canada also gained constitutional recognition in the charter. In 1988 the Canadian Multiculturalism Act affirmed multiculturalism as a fundamental characteristic of our society.

To suggest that we have not already learned from our past is to discount the importance of these changes and the present debate must be seen in this broader context. I would suggest that it is because of the Chinese experience that modern day Canada has a myriad of safeguards in place to prevent history from repeating itself.

However, we all know that more can be done to ensure everyone has a voice in society and a chance to shape the future direction of this country. We have the responsibility to help individuals and groups to speak out and be heard, and in order to participate in national debates we need programs that equip communities and organizations to tell their stories, commemorate their experience, and then advance their interests, so that all Canadians in perpetuity understand the total context of their experience.

For this and all generations, we must focus our efforts in areas where abuse and discrimination can be prevented. As my colleague from Parkdale has eloquently pointed out, the government is taking concrete measures to strengthen the fabric of Canadian life by combating racism, prejudice and discrimination. These are forward looking measures. They are positive and they build on the success Canada has achieved in managing the tensions that can undermine our values and goals of society, and they are important in the unique model of Canadian citizenship. While they provide us with an understanding of our past, they will take us further along the path that will take us into our future.

Chinese Canadians have helped build this country in the same tradition that wave after wave of immigrants have and we know how much Chinese Canadians have given despite the treatment they have received.

As with many issues, while there are no simple solutions, Bill C-333 provides us the spirit to take a step toward moving forward on this issue and deserves the collective wisdom that a committee can provide. I believe it is critical to keep the doors open for a more comprehensive and forward looking bill.

● (1200)

For that reason, while we cannot change the past, we can as a government commit to changing the future. I would urge my fellow members of this House to support sending Bill C-333 to committee where we could work toward a more comprehensive, forward looking approach, while recognizing the injustice inflicted on Chinese Canadians, and produce a positive report, conducive to a cohesive Canadian society.

**Ms. Bev Oda (Durham, CPC):** Mr. Speaker, I would like to begin by thanking my colleague, the member for Dauphin—Swan River—Marquette, for his work over many years on this bill. Without his commitment to this issue and to the Chinese community, we would not have reached this important step in the legislative process. I am honoured to carry this bill forward.

I would also like to thank the many members of all parties who have spoken so eloquently in support of Bill C-333.

Canada has grown and prospered by welcoming the rich diversity of the globe. We have much to be proud of; however, we have at times in our history, faced with our human frailties, succumbed, and taken action that has tarnished our history.

During this debate we have been told of the hardships brought upon the Chinese through the head tax and the exclusionary legislation adopted by previous governments.

There are those who might say that we cannot go back in history and address every wrong done to every group who at one time or another faced challenges in Canada. To them I say Bill C-333 does not advocate going back. I believe it will enable us to go forward as a country. Before we go forward, we must acknowledge that the Chinese were targeted and recognize the racially motivated acts undertaken by our country.

The head tax and the exclusionary legislation were directly intended to limit the Chinese from entering Canada. We cannot go back and undo these acts. We cannot go back and reunite families that were separated over decades. We cannot go back and change the racist attitudes of the times. We cannot go back, but we can go forward and look to the future of our country.

I believe that there is no price that can be paid to make amends. The scars of racism cannot be healed monetarily. We can however acknowledge our actions and provide the Chinese community with the recognition it deserves. Then we can make every effort to invest in our future and future generations. By learning from the past we can make the future of Canada even better and with greater pride.

Currently, we cannot take pride in the fact that the contribution of the Chinese community to Canada and our history, their work and the lives given to build this country, beginning with the railway in the west and serving in our armed forces in both world wars was missing from the history books that I grew up with. That is why Bill C-333 proposes to focus on education and racial harmony.

We can do much to ensure that government and individual acts based on race alone, acts that disadvantage one group over another in our country, will never happen again.

Bill C-333 will not eliminate racism, but for the Chinese community it will acknowledge that Canada and Canadians today do not condone acts taken by a Canadian government, even a past government, based on racism.

Bill C-333 will demonstrate that we, currently in this House, are willing to take that step and further steps to ensure that Canada, today and in the future, welcomes its diversity and the contribution of every community regardless of one's race.

● (1205)

**The Acting Speaker (Mr. Marcel Proulx):** The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Marcel Proulx):** Accordingly, the bill stands referred to the Standing Committee on Canadian Heritage.

(Motion agreed to, bill read the second time and referred to a committee)

# GOVERNMENT ORDERS

[*English*]

## CANADA GRAIN ACT

**Hon. Mauril Bélanger (for the Minister of Agriculture and Agri-Food)** moved that Bill C-40, an act to amend the Canada Grain Act and the Canada Transportation Act, be read the second time and referred to a committee.

**Hon. Carolyn Bennett (Minister of State (Public Health), Lib.):** Mr. Speaker, I am pleased to rise in support of Bill C-40, an act to amend the Canada Grain Act and the Canada Transportation Act.

[*Translation*]

This bill amends the Canada Grain Act and the Canada Transportation Act in order to bring them in line with a decision by a special panel of the World Trade Organization, whereby certain practices of grain handling and transfer in Canada do not comply with Canada's obligations of national treatment under the 1994 General Agreement on Tariffs and Trade.

[*English*]

When we look at all the tremendous accomplishments of the Canadian agriculture and agri-food industry over the past 100 years, the Canadian grain sector stands out as a great success story in its own right. Today Canadian wheat, barley and other grains are known by our customers all over the world for their outstanding quality, consistency, cleanliness and innovation.

Each and every year Canada's grain industry does $10 billion worth of business here in Canada and around the world. Those dollars create jobs and prosperity for Canadians here at home. They support our rural communities, which are the lifeblood of Canada's economy. Canada's grain growers sustain our health and well-being as Canadians by putting the very bread on our tables. We must never forget that; to quote the old saying, "If you ate today, thank a farmer".

Canadian grain is about much more than bread. It is about a large number of products, such as durum wheat in pasta, oats in porridge, barley in beer, and so on.



Whatever the product in question, when Canada's global customers purchase Canadian grain for processing, they can count on getting the same high levels of quality and cleanliness that they have come to expect, load after load. They can count on knowing exactly how that grain will perform during processing, load after load.

This world class reputation that our Canadian grains enjoy around the globe has been earned. It has been earned in large part through the hard work first and foremost by our farmers. It has also been earned by grain handling companies, by research scientists, and by organizations such as the Canadian Grain Commission, the Canadian International Grains Institute, the Canadian Wheat Board and others.

Today and for the future the Government of Canada will continue to stand behind both the Canadian grains and the Canadian oilseeds sectors. In March we announced a $1 billion farm income payment program of which we estimate about $480 million will help grains and oilseeds producers with immediate cash flow pressures brought about by a number of factors, including weather losses, low market prices and unfavourable exchange rates. These funds will help our producers as a long term strategy is put in place to help the sector deal with a projected continuing decline in grains and oilseeds commodity prices.

Part of the strategy is growing and expanding our export markets for grains. We are working in partnership with the Canadian grain sector to do that. We are also working to secure and maintain the world class grain quality assurance systems that continue to open new doors in marketplaces around the world.

As members of the House will know, Canada's marketing system for wheat has been challenged by the United States on a number of occasions in recent years. Each time the major issue has been the Canadian Wheat Board, and each time the ruling has gone in Canada's favour. Both at NAFTA and the World Trade Organization, panels have consistently upheld Canada's position that the Canadian Wheat Board is a fair trader and that its mandate, structure and activities are consistent with our international trading obligations.

In April 2004 a WTO dispute settlement panel ruled that the Canadian Wheat Board was consistent with Canada's international trade obligations. The U.S. immediately appealed. In August 2004 the appellate body of the WTO upheld the original ruling, namely, that the U.S. had not provided any evidence whatsoever that the Canadian Wheat Board had acted contrary to Canada's international trade obligations.

Once again that ruling confirmed that the Canadian Wheat Board operates within the rules. It further supports Canada's position at the WTO negotiating table, namely, the Canadian Wheat Board is a fair trader.

The WTO did find against Canada regarding certain grain handling and transportation policies. In response to those findings, Canada decided that changes to Canadian legislation could be made that would both serve to meet our international trade responsibilities and at the same time maintain our world-leading grain quality assurance systems.

To summarize briefly, the WTO ruling requires action by Canada on three particular grain policies currently in force under the auspices of the Canadian Grain Commission and Transport Canada.

● (1210)

The first is entry authorization requirements. Under the Canada Grain Act, permission must be sought from the Canadian Grain Commission before foreign grain can enter licensed Canadian elevators.

The second is mixing of foreign grain. Under the Canada Grain Act, permission must be sought from the Canadian Grain Commission before a foreign grain can be mixed with domestic grain.

The third is the rail revenue cap program. Under the Canada Transportation Act, a maximum is imposed on the revenues that railroads may receive on certain shipments of Canadian domestic grain.

To comply with the WTO rulings in these areas, the government is proposing amendments to the Canada Grain Act and the Canada Transportation Act. First, to address the issue of entry authorization requirements, the amendments to the Canada Grain Act remove the requirement that Canadian Grain Commission permission must be sought before foreign grain can enter licensed Canadian elevators. Instead, a regulation will be added requiring licensees operating grain elevators to report to the CGC the origin of all grain.

Second, to address the issue of mixing of foreign grain, the amendments remove the requirement that CGC permission must be sought before foreign grain can be mixed with eastern Canadian grain. The new regulation will also stipulate that if licensees operating elevators mix Canadian and foreign grain, they must identify that grain as mixed.

Further, all licensed elevator operators will be required to maintain the origin of grains at all times to ensure that grain is never misrepresented. It is essential that Canada continue to have the capacity to assure our buyers that they are getting what they pay for, namely, the consistent high quality they have come to expect from Canadian grain. The Canadian Grain Commission is confident that these changes in no way compromise our ability to do this.

In addition to the amendments to the CGA, amendments are required to the revenue cap provisions of the Canada Transportation Act in order to bring the cap into compliance with the WTO decision. One option would be to simply repeal the revenue cap provisions. Let me assure western Canadian grain farmers that the government has no intention of repealing the cap. It will function as usual for Canadian grain industry stakeholders.

Instead, the revenue cap will be extended to foreign grain that is imported into Canada. It will not apply to foreign grain that is in transit through Canada to some other destination. The government believes this change will not have a significant impact on the grain handling and transportation system.

At the same time, by implementing these changes, Canada will comply with our obligations under the WTO in the same way as we would expect other WTO member nations to do were they in our position.

The deadline for Canada to act in these matters has been negotiated with the U.S. It has been agreed that changes to the acts and associated regulations will need to be implemented by August 1, 2005.

Canada's grain quality assurance system is designed to ensure that the varieties of grain produced in Canada meet the strict quality specifications that customers have come to rely on.

We are confident that the amendments we are proposing today in no way compromise Canada's ability to fully protect and safeguard the integrity of this system, which has won and continues to win so many loyal customers the world over. We believe that Canada can conform with the WTO panel findings in a way that will have little practical impact on the Canadian grain handling and transportation system.

I can assure everyone that the grain sector is on side in the course of action we are taking. In fact, in January the parliamentary secretary for rural affairs held extensive consultations in western Canada with a wide range of stakeholders, including farmers, producer organizations, general farm groups, elevator operators and private grain companies. Overall, stakeholders were broadly supportive of the government's proposed approach and believed that the changes would have little or no impact on the current system.

There was also strong support for Canada to meet its WTO obligations. It is important to note that while indicating areas of non-compliance, the WTO panel nonetheless recognized Canada's fundamental right to maintain our own quality systems.

● (1215)

The WTO panel in no way ruled against grain quality assurance. In fact, the panel clearly articulated Canada's right to segregate grain to ensure the quality of grain shipments. Nothing in the ruling changes, compromises or dilutes Canada's fundamental right to safeguard the integrity of our world class grain quality systems.

The panel rulings back up Canada's position in the WTO negotiations, namely, that no disciplines on state trading enterprises, like the CWB, are needed beyond those agreed to by the WTO members in the July 2004 framework on agriculture.

It also supports our position that CWB is a fair trader, that its mandate, structure and activities are fully consistent with commercial considerations. It is Canada's hope that the decision by the WTO and our compliance in the areas I have outlined will lead other nations to turn the page and put our collective focus where it should be, namely on levelling the international playing field so our producers and processors can compete fairly and effectively in the global marketplace.

As the Doha round proceeds, Canada will continue to work closely with the Canadian grain sector and the entire range of agrifood stakeholders to achieve an outcome that is positive for the entire agrifood sector. We will continue to defend the ability of our producers to choose how to market their products, including through orderly marketing structures such as the CWB.

The whole of the agrifood sector and of the Canadian economy stand to gain from these negotiations. We are seeking prosperity for Canadians through secure access to markets around the world and we are seeking a stable and predictable business environment and a level playing field that will allow Canada's grain industry to leverage its competitive strengths to the maximum.

I am confident that the amendments to the Canada Grain Act and to the Canada Transportation Act which we are introducing today support those goals. That is why I support it and urge other members of the House to do the same.

● (1220)

**Mr. Gerry Ritz (Battlefords—Lloydminster, CPC):** Mr. Speaker, it was interesting to hear the Minister of State for Public Health from Toronto talk about changes to the WTO requirements that basically will affect western Canada alone. She talked glowingly about the parliamentary secretary doing his cross-Canada farcical, whimsical tour. She talked about all the groups that were in favour of this motion.

This morning my phone has been ringing off the hook from those very people who are not in favour of these recommendations. They do not want to see this fast-tracked through, which the minister has outlined the government is prepared to do that. I am here to tell her that those associations are waiting for their time before the agriculture committee to outline exactly what needs to be done, and not rush this bill through.

The minister also talked about the billion dollar payout that her government announced a couple of weeks ago. The cheques were to be flow in April. It is now less than 10 working days until the end of April. Could the minister stand and tell us how much of that money has been dispersed to date?

**Hon. Carolyn Bennett:** Mr. Speaker, I am unable to tell the member that. I know the minister will be happy to tell the House as soon as he is able.

The issue for all farmers, even for those of us in downtown Toronto, is that we want fair trading across the planet. What is very unfair is when countries do not change in compliance with WTO rulings. It weakens the whole system and it weakens the playing field for all farmers, particularly in Canada. We must honour our WTO obligations, in the same way we expect our partners around the world to honour them.

We have had every assurance that this will in effect make very little change if no change in terms of grain farmers. This is a matter of coming into line with our trade obligations, both out trade and in trade, and ensuring that it is okay.

We also are confident that this in no way changes the grain quality system or the integrity of the system in Canada. The parliamentary secretary's tour on this was during the week of January 17. A wide range of stakeholders were consulted, as I said in my remarks. There were some general concerns in terms of the impact of the changes. I think assurance was given that there would be huge support for Canada to meet its WTO obligations. For us not to meet our WTO obligations, puts us with no moral authority to insist on other countries honouring theirs.

A number of core groups were consulted directly by Transport Canada or the Canadian Grain Commission. They included the Western Grain Elevator Association, the Inland Terminal Association, Canadian Special Crops Association, Transfer Elevator Operators, Canadian National and Canadian Pacific Railway.

The parliamentary secretary in his groups met with Agricore United, Alberta Grain Commission, Alberta Soft Wheat Producers Commission, Canadian Pacific Railway, Canadian Wheat Board, Canola Council of Canada, Inland Terminal Association, Prairie Oat Growers Association, Saskatchewan Flax Development Commission, the Saskatchewan Wheat Pool, the Western Barley Growers Association, the Western Grain Elevators Association, Weyburn Inland Terminal, Agricultural Producers Association of Saskatchewan, Canadian Federation of Agriculture, Wild Rose Agricultural Producers, Grain Growers of Canada, Manitoba Corn Growers Association, Canadian Canola Growers Association, Western Canadian Wheat Growers Association, Alberta Barley Commission, BC Grain Producers Association, Keystone Agricultural Producers, National Farmers Union and the Saskatchewan Association of Rural Municipalities.

That is an extensive consultation. We believe overall that meeting our obligations of the WTO is in Canada's best interest for the whole agricultural sector.

● (1225)

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Mr. Speaker, as the minister has stated, one thing we can learn in the House is that any time a department puts forward amendments, changes in regulations, legislation, project development or whatever it might be, the quality of that program reflects directly on the amount of consultation that takes place.

I know in my own constituency, where we have a great number of coastal communities, the fisheries drive the economies in those communities. It is great to develop a plan in the office space in Ottawa between senior departmental officials or whatever, but how will that play out on the waters and on the wharves?

We speak about the groups that have been consulted, and the provinces play a significant role in this, which was mentioned by my colleague as well. With the consultation that has taken place, what has the response been from those groups? Could the minister give us some kind of indication as to just how that has been received?

**Hon. Carolyn Bennett:** Mr. Speaker, the Parliamentary Secretary to the Minister of Agriculture and Agri-Food conducted extensive consultations in the week of January 17 in western Canada on the government's proposed implementation.

As I outlined, a wide range of stakeholders were consulted. They included farmers, producer organization, the general farm groups, elevator operators, the railways and the private grain companies. Some stakeholders were broadly supportive of the government's proposed approach. While some concerns were heard in regard to the impact of these changes on grain handling systems, stakeholders seemed assured that the changes would have little or no impact on the current system in the short term.

The Parliamentary Secretary for the Minister of Agriculture and Agri-Food is well known for his frankness and he has responded extraordinarily well. He has been able to say that what he heard was unbelievably strong support for Canada to meet its WTO obligations.

Transport Canada consulted with the Canadian Pacific Railway and Canadian National on the proposed changes to the revenue cap provision. CPR has expressed concern about the potential impact on the proposed changes on its revenues from the U.S. operations and on its capacity during peak movement periods. CN officials indicated they did not have any concerns with the proposed changes. The officials have let me know that they really do not anticipate any big changes in terms of U.S. imported grain.

The province of British Columbia has reiterated its concern that the revenue cap is discriminatory and should be changed since it applies to domestic movements at Thunder Bay, but not to domestic movements of feedlots in the B.C. Lower Mainland. The government resisted previous pressures from B.C. in 1995 and 2000 to extend the coverage to domestic movements due to its objective of reducing, not increasing, regulation.

The CGC consulted the Western Grain Elevator Association, representing the major licensed primary elevators and terminals of western Canada, the Inland Terminal Association of Canada, representing the producer owned primary elevators of western Canada, the Canadian Special Crops Association and the transfer elevator operators.

Terminal and transfer elevator operators had expressed concern about the potential comingling of non-registered varieties. They feel the grain producers should not be penalized by the CGC for misrepresenting varieties. The CGC does not have the legislative authority to penalize producers, but I think there is a feeling that as long as the grain is labelled mixed, this will meet the obligation.

● (1230)

**Ms. Diane Finley (Haldimand—Norfolk, CPC):** Mr. Speaker, I rise in the House today on Bill C-40, an act to amend the Canada Grain Act and the Canada Transportation Act. Before I continue, I would seek the unanimous consent of the House to split my time with the hon. member for Macleod.

**The Acting Speaker (Mr. Marcel Proulx):** This being in the first round, the hon. member has requested unanimous consent to share her time. Is that agreed?

**Some hon. members:** Agreed.

**Ms. Diane Finley:** Mr. Speaker, last summer a World Trade Organization panel ruled against Canadian policies affecting the importation of grain from the United States. The panel ruled that Canada should not treat imported grain differently from Canadian grain when it is mixed or authorized for entry into the system. The panel also found that the rail revenue cap treated imported grain less favourably than western Canadian grain.

The Conservative Party recognizes that implementing the WTO's decision is critical if we are to respect our international trade obligations. We understand it is important to treat foreign products the way we would want Canadian products to be treated in foreign countries. We recognize that there is a tight timeline regarding passage of this bill. However, if the Canada Grain Act is going to be amended, then the concerns of farmers and others in the grain industry should be formally recognized.

The Canadian Grain Commission is integral to our country's system of grain handling, but unfortunately the commission has been unable to keep up with changes in the industry both in Canada and abroad. The result has been a restrictive approach to regulating Canada's grain industry, an industry that demands that it has influence in establishing and maintaining a seamless grain handling system.

The Western Grain Elevator Association, an organization that represents major grain handling companies, has described in detail to the Standing Committee on Agriculture and Agri-Food how the grain commission is not enhancing the international position of Canada's producers; rather, it has become an obstacle to growth. In order to put the commission back on track to keep pace with the industry, simple amendments to its governing legislation, the Canada Grain Act, are no longer a viable option.

The obvious place to start would be to focus on the single barrier to realizing change, that being the governance structure of the grain commission. It is obvious that the role of the chief commissioner and the entire governing board must be looked at. The current governance structure of the grain commission has created a reporting relationship of commissioners that does not take into account the best interests of the industry. We would like to see the commission led by a more accountable body whose objective would be to serve the industry.

Those of us on this side of the House care about accountability. We recognize that a democratic process requires accountability to ensure that those who are subject to the decisions of a governing body are treated fairly.

This may be shocking to hear, but the regulatory decisions of the Canadian Grain Commission are not subject to appeal. These decisions can and do have far-reaching consequences for producers as well as for the entire grain sector. Nearly all commercially oriented transactions have dispute resolution mechanisms, so why does the Canadian Grain Commission leave industry participants without recourse? The answer is to amend the act to give members of the industry the ability to appeal decisions of the grain commission in a quick and cost effective manner.

The mandate of the Canadian Grain Commission must also be addressed. The principal objective of the commission is clearly stated in the Canada Grain Act. Clearly, it leaves out the interests of participants that handle grain after it has entered the system.

A key role of the grain commission is to protect primary producers from the risks of industry participants going belly up. The commission requires that all elevators post a bond to the commission, an amount equal to the value of the grain they are handling, but a frequent complaint in this regard has been a lack of enforcement on the part of the grain commission. Rather than address the lack of enforcement, the commission instead warns producers that the onus is on them, that they should only deal with licensed grain dealers.

Unfortunately we have seen that despite the licensing regime, the bonding system does not necessarily protect producers from the financial failure of grain elevators. Even if an elevator is bonded, the security held by the grain commission is occasionally not sufficient, and producers are still left with the loss if a company goes under. A requirement that results in such a major lack of operating capital within the industry should at least work.

● (1235)

Last but not least is a serious concern which the minister is well aware of but has not corrected. The issue is surrounding the certificate finals which are issued by the Canadian Grain Commission. These certificates are issued to grain companies identifying the grade of grain stocks that are destined for port. They are not so final. In some instances the grain commission has carried out tests of grain stocks after they have left for port, or even after they have left port. At that point certificates have actually been withdrawn and revised certificates have been issued. As the Western Grain Elevator Association puts it, this is like making an offside call in a hockey game and adjusting the score once the game is over.

Companies cannot manage their risk nor their business under such a system. The issue is so serious that it ended up in a federal court. The court recommended that either testing be done on a timely basis, or that a system of insurance be implemented so that grain handlers are not exposed to unreasonable liability due to no fault of their own.

Unfortunately, the court also pointed out that the commission can simply enact new regulations that allow it to cancel inspection certificates and issue new ones. That is exactly what the Canadian Grain Commission intends to do. This will not fix the problem though. It will simply allow this unacceptable situation to continue. This is indicative of the government's approach to agriculture policy. It is a top down approach with a certain disregard, if not outright contempt, for Canadian agricultural producers.

As previously mentioned, we recognize that there is a tight timeline regarding passage of this bill, but the current state of the Canada Grain Act must be formally recognized. The concerns of producers and others in the grain industry cannot continue to be ignored.

That being said, opening up the Canada Grain Act would be like opening up a can of worms. The worms are the concerns of primary producers and elevator operators, disgruntled participants in Canada's grain handling system. Opening up this legislation would present an opportunity to address many needed changes to the Canadian Grain Commission which is mandated by this act.

From a pragmatic point of view, the reforms needed cannot be made within the timeframe allotted to pass Bill C-40. That is why the Conservative Party of Canada will, among other things, propose an amendment that upon passage of this legislation the government initiate a mandatory comprehensive review of the Canada Grain Act and all organizations mandated by the act to be completed within one year of the bill coming into force.

Our amendment would draw attention to concerns raised both by primary producers and the grain industry. It would ensure that the concerns of the industry were formally recognized in a timely manner, paving the way for a comprehensive bill that would legislate much needed reform for the Canadian Grain Commission. We will be asking for the bill to be amended to reflect our party's concerns and those of the Canadian grain industry.

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** Mr. Speaker, I would like to thank the hon. member for Haldimand—Norfolk, a great neighbouring riding, for addressing some of the problems that are facing our grain handling system.

With regard to the review of the Canadian Grain Commission, has there not been a comprehensive review of the commission that has already taken place?

● (1240)

**Ms. Diane Finley:** Mr. Speaker, in response to my colleague from the neighbouring riding of Oxford, the answer is yes. The government has been down the path of reviewing the Canadian Grain Commission. That was done in 2002 by a review panel of producers from the prairie provinces. The industry did have input into that review but sadly, we have not seen the results of it. The report is gathering dust on the minister's desk.

On February 24 the Standing Committee on Agriculture and Agri-Food requested a copy of the report to be presented to the committee. Unfortunately, some two and a half months later, we still have not seen anything.

**Mr. Ted Menzies (Macleod, CPC):** Mr. Speaker, I welcome the opportunity to speak to Bill C-40. I would like to acknowledge the tremendous work that my hon. colleague from Haldimand—Norfolk has done in providing support for this piece of legislation.

I am having a great deal of difficulty supporting the bill. However, I will support it. Once again the Liberal government has dragged its feet for so long on something that should have been fixed a long time ago, but it will not be the Liberal government that suffers if we do not pass this legislation. It will once again be the taxpayers, and in this case it will be farmers. It is with some disgust that I have to support Bill C-40 in its present condition.

I am glad that the hon. member for Haldimand—Norfolk is recommending an amendment to the bill. It is very critical that we address the fundamental workings of the archaic Canadian Grain Commission which is in place for all of Canada but which certainly plays a leading role in western Canadian grains and oilseeds.

This bill to amend the Canada Grain Act and the Canada Transportation Act would never have come into play if we had taken the recommendations of a study that was done back in the mid-1990s. Justice Willard Estey travelled across the country and consulted with farmers and people in the transportation industry to find out what was wrong with the system.

The Canadian Wheat Board monopoly, not necessarily the Canadian Wheat Board itself but the Canadian Wheat Board monopoly, the single buyer of wheat and barley for human consumption in western Canada, and I emphasize in western Canada alone, was found to be very flawed when Justice Estey put forward his recommendations. These recommendations were backed up by a follow-up process by a very well-respected former deputy minister in many portfolios in the government, Arthur Kroeger. He agreed with all of Justice Estey's findings.

Justice Estey would like to have seen the monopoly gone completely, but his recommendation was that we go to a commercial transportation system where the Canadian Wheat Board took ownership of the grain at port. What a wonderful, novel idea, but would the Liberal government adopt that? No. It chose to maintain the monopoly that provides no benefit to western farmers. The emphasis needs to be placed on the fact that it is western farmers alone who are under the control of the Canadian Wheat Board monopoly.

There have been similar systems around the world. The Australians had a wheat board. They chose to privatize it. Those who want to participate in it buy shares. It is run like a publicly traded company. It works wonderfully. Can we do that in Canada? No. The Liberal government said that farmers should not have control of their own destiny.

There are a lot of things the Liberal government could have changed so we would not be scrambling at the last minute to change a piece of legislation which, if we do not change it, will once again impact western Canadian farmers. Indeed, it probably will impact farmers all across the country if we do not make these changes.

● (1245)

A lot of what the WTO panel ruled on was impacted by the Canadian Wheat Board's monopoly. It was not the first time it had challenged the Wheat Board and it will not be the last time. It will simply tweak the system to make it fit for the present time and I am sure we will be dealing with this again in the future.

I represent the riding of Macleod in Alberta. The majority of farmers in my riding and in fact the majority of grains and oilseeds producers in western Canada are way beyond requiring a monopoly market their own grain. Wheat and barley are only a minor part of production in western Canada. Every other commodity we grow on our farms we market ourselves.

We have heard in the House today about what a wonderful job the Canadian Wheat Board has done by providing excess returns to Canadian farmers. That is not a fact. Our returns have actually been reduced.

We are also faced with the issue of the rail revenue cap. Justice Estey recommended that we move to a commercial system. The reason we have a rail revenue cap is because the Liberal government did not want to adopt the recommendations Justice Estey put in place. Once again we are paying for the ineptness of the government.

As was mentioned previously by the hon. member for Haldimand—Norfolk, the Canadian Grain Commission is an outdated system. I had an opportunity to question the chief commissioner who was before the standing committee a week or two ago, and I asked her why we do not have a Canadian french fry commission if the Canadian Grain Commission is so wonderful? Canada has a huge industry that turns potatoes into french fries, but we do not have a commission to market those french fries. We do not have a commission that grades french fries.

We do have however a grain commission that puts an arbitrary grade on grains. That is part of the reason why we are going to have issues with grain mixing. This piece of legislation attempts to address that problem through our elevator systems.

I need to raise one other concern along these lines. The northern tier states in the United States are captive shippers. There is one railway company that provides delivery for them to the west coast. Their freight rates are not quite double what ours are in Canada, but they are certainly in excess of ours. If we were to include the import of grains, then the way this legislation reads, we would see a huge influx of American grain coming through Canada because it would be cheaper to truck it into Canada, load it on rail cars, and send it to the west coast. What is going to happen to car availability for our western grains?

Farmers in my riding are concerned because their bins are still full from last year. It is a question of whether or not the Wheat Board will actually sell the grain or whether or not we will be able to move it to the coast. Farmers are putting in new crops for this year and yet their bins are still full from last year. We can ill afford to take on a larger capacity of grain to be moved to the west coast.

I wish I had been able to address Bill C-40 as well as the hon. member for Haldimand—Norfolk did. I did want to raise the concerns that farmers in my riding have raised with me. As I have said, we will be supporting this bill, but only with amendments and only with the provision that we take a serious look at the Canadian Grain Commission.

● (1250)

**Mr. Garry Breitkreuz (Yorkton—Melville, CPC):** Madam Speaker, I listened with great interest as my colleague outlined some of his concerns with regard to Bill C-40. I wish that he would complete his remarks and give me a little bit of the feeling of what his constituents are saying with regard to this. I will give him an opportunity to complete his remarks that he was unable to do in the time allotted. I feel it is very important to get some of these comments from the people in Alberta, Saskatchewan and Manitoba on the record. I hope the member will comment on some of these things.

**Mr. Ted Menzies:** Madam Speaker, there is a great deal of frustration with the farmers that I represent. I should comment that I am a farmer myself and I do understand some of these issues. I have been very involved in the transportation debates that have gone on.

I have forgotten now how many different times we have analyzed the transportation system in western Canada. My farmers are very frustrated when they have bins full of grain, in fact, bins full of tough and damp grain from last year that have not moved.

Is that a fault of the producer? Is it the producer's fault that we did not sell last year's crop? That is the backup that we have. We have an archaic system that is trying to hold commodities from one year to the next. The system is trying to speculate on whether or not this is a good time to sell, when in fact, the Canadian Wheat Board's mandate is to market grain, not speculate on grain.

Many of my producers have asked me why we need a Grain Commission? I commented on this earlier. We have an arbitrary grading system that would probably fit in the 1930s. It does not fit the mode today.

We have about 40 or 50 different grades of grain that mean absolutely nothing to the consumer in another part of the world. Perhaps it is time that we looked at a system that actually asks the consumers or the customers in the country where we are going to market the grain, what do they want? What traits in that grain does the customer want in milling qualities, malting qualities, or oil content for the oilseeds? Perhaps it is time we had a serious look at this whole system.

We can change our research and development to provide varieties that will provide exactly what the consumer wants, instead of being tied to an old system that classifies it as a number one, a number two or a number three. That means nothing when it is turned into a loaf of bread. It means nothing when it is turned into a malt barley that is made into beer.

● (1255)

**Mr. John Williams (Edmonton—St. Albert, CPC):** Madam Speaker, I have a quick question for the member for Macleod which deals with the Canadian Wheat Board. As he pointed out, it is strictly for western farmers. It does not apply to any other farmer, here in Ontario for example, or anywhere else.

The Liberal government has made a great big noise about the Charter of Rights and Freedoms and how we are all equal before the law. Why does the hon. member think that the government keeps insisting that western farmers must sell their grain to the Canadian Wheat Board and nobody else under pain of serious penalty, whereas Ontario farmers can sell it to whomever wants to buy it?

**Mr. Ted Menzies:** Madam Speaker, that is the million dollar question. I have been asking that question for a long time.

**Mr. John Williams:** It has cost the farmers a million bucks too.

**Mr. Ted Menzies:** Yes, it has cost farmers an awful lot of money. In fact, it has not only cost farmers money.

Some people in the House might be surprised to hear that it has actually cost people time in jail. I have friends who have spent time in jail. It is hard to believe that we have farmers that want to do nothing more than market their own grain and end up spending time in jail because they have done that across the border. It is an archaic law. It is about as archaic as the Canadian Grain Commission.

**Mr. John Williams:** And the Liberal government too.

**Mr. Ted Menzies:** I would suggest that both need to be revamped. When this party on this side of the House becomes government, I think that the revamping of the Canadian Wheat Board should be a priority.

[*Translation*]

**Mr. Pierre Paquette:** Madam Speaker, it is my pleasure to participate in this debate on C-40, although the bill has little impact on Quebec and Quebec agriculture, I have to say right off. However, it allows us to look at a number of matters pertaining to agriculture and WTO negotiations.

I must say right off that we will support the principle of this bill, as it arises from a decision by the dispute settlement body of the WTO. In addition, we believe that international trade law must apply. We wish the American authorities were as vigilant as the government in this specific matter. I would point out that the WTO ruled against the American government with respect to the Byrd amendment. Since then, the U.S. government has still not budged, and we have been obliged therefore to implement a series of retaliatory measures, with the help of other countries, in order to force the Americans to move.

Obviously, we consider it entirely reasonable for the Canadian government to make the adjustments necessary pursuant to the decision by the WTO. In this context, we will support the principle.

That said, we want to hear from witnesses in committee on the financial repercussions of this bill, in order to find out the western grain producers' concerns. As I mentioned, Quebec is not involved, but it will be important for us to hear what westerners have to say.

I am rather surprised, this morning, opinions are not unanimous with regard to the Canadian Wheat Board, as I had thought. We therefore think it important for the committee to hear witnesses so the Bloc can get a clearer idea of whether to support or reject the bill. At this point, however, I repeat, we support the principle.

Having said that, while we support the principle of the bill because this legislation results from a decision of the World Trade Organization, the Bloc Québécois intends to continue to defend producers' ability to choose how they want to market their products. As hon. members know, in Quebec it is possible for producers to have mixed plans. The decision to set up these plans is made through discussions by the agricultural sector involved. When a majority of producers wish to set up a mixed plan, this plan applies to the whole sector. This seems perfectly reasonable, because it not only allows farm producers to have a better balance of power with the companies that buy their products and which, incidentally, are often multinationals, it also allows them, by negotiating as a single entity, to get better prices for their products. Moreover, this gives them some stability in terms of revenues, while also allowing processors to have access to quality products that are also safe.

Therefore, in the negotiations that are taking place at the World Trade Organization on agriculture, we must ensure that this ability to market agricultural products is protected. In this regard, we are somewhat concerned by the Liberal government's behaviour. There is this lax approach by the government and a lack of determination in its positions. There is also the fact that, sometimes—as least based on what we can read on its Website—the government is not taking very firm positions on issues such as supply management or the protection, as I was saying, of an agricultural model that we can call our own.

I want to point out to the House that the Bloc Québécois has given its support to a movement called Maé-Maé. This is the acronym for the Mouvement pour une agriculture équitable. This movement for fair agriculture caught on in Quebec with the union of agricultural producers, particularly the chapter dealing with international development, which is enjoying a great deal of success in francophone African countries.

● (1300)

This movement stands for a number of principles, including the capacity of individual countries to adopt an agricultural model that not only suits their needs in terms of food security but also ensures adequate incomes for farm producers, particularly those operating small or family farms.

We hope that, while acting on the WTO decision, Canada will take a much firmer stand for fair trade agriculture, that is agriculture as determined with complete autonomy by the producers in each country.

In this context, it is extremely important that the Liberal government take note of the motion unanimously passed in this House on Friday. This motion calls on the government not to agree to any concession with respect to the supply management system during the World Trade Organization negotiations. In light of this unanimous decision of the House, we would not want the government to continue to act as if no vote had been taken here. In this context, we expect the Government of Canada to raise its voice in defence of this supply management system which, as I said earlier, reflects the choices made by a number of producers in specific agricultural sectors.

We know that supply management is extremely important for the milk sector, particularly in Quebec, but also in Ontario. It also applies to table and breeder eggs as well as to poultry. I will come back to that later.

We are in favour of Bill C-40. As I indicated, since its purpose is to implement a decision of the World Trade Organization, a number of principles will have to be defended much more firmly by the Government of Canada, a Liberal government for the time being.

We know that in the United States, New Zealand and Australia, there is a real guerilla war being waged against the agricultural system in Canada and Quebec. The agricultural model used in Canada and Quebec is misunderstood and repeatedly challenged on the grounds that it violates the WTO rules. In fact, there is a similar misunderstanding among the Americans right now in relation to softwood lumber.

Interestingly enough, the WTO decision, which led to Bill C-40, does not call into question the fact that the Canadian Wheat Board is the exclusive exporter of wheat in western Canada. That is not at issue whatsoever. Other things are. Therefore, we must build on the positive points in the decision handed down by the WTO's dispute settlement body. In my opinion, this is a very clear message, which is valid for the Canadian Wheat Board, as well as other marketing boards and practices in Canada and Quebec.

In essence, three practices used to date have been ruled inconsistent with WTO policies. Canada has been asked to comply with these policies by April 1, 2005. Bill C-40, then, is very timely.

The first practice is the rail revenue cap. A cap currently limits transportation costs for local grain; there is no such cap for foreign grain. The Canada Transportation Act must therefore be amended so that foreign grain can have the same access to the rail network as Canadian grain. Consequently, the word grain will be redefined. Clause 3*(b)* of the bill makes reference to this. The same cap will apply to the transportation of local and foreign grain. The WTO had considered this practice a form of export subsidy.

The second practice is grain entry authorization. Currently, the Canadian Grain Commission must allow foreign operators to store foreign grain in licensed facilities.

● (1305)

The World Trade Organization felt that this section gave Canadian grain an unfair advantage, thus, subsection 57(*c*) of the Canada Grain Act was simply dropped.

One final aspect contested by the World Trade Organization was the authorization to mix grains. Before domestic grain could be mixed with foreign grain, authorization was needed from the Canadian Grain Commission. This was thought to be a way of hindering foreign grain import.

Thus, clauses 1 and 2 of the bill are being replaced to address what the WTO considered anti-competitive conduct, that is, requiring operators to inform the Canadian Grain Commission when there is a mix of several grains, of foreign grains and Canadian grains. Paragraph 72(1)(*b*) of the Canada Grain Act was kept. It ensures that purely Canadian grain is properly labelled in order to preserve the excellent reputation of Canadian grain in international markets.

These are extremely specific changes. As I have been saying since the start, it is interesting that in this World Trade Organization decision there was no dispute over the legitimacy of collective marketing for grain. Farmers in the west can say what they want about this, but personally I think it is perfectly reasonable for farmers to form groups to sell their products collectively to processors.

Earlier, there was discussion over french fries and how there is no marketing office in the west. In Quebec there is no potato marketing office, but there is a joint plan. I can tell you, there are some intense negotiations between potato farmers and chip makers over the price of potatoes. I was the executive director of CSN when I left, and I used to provide training to potato farmers on how to achieve a strong bargaining position and how to negotiate with multinationals.

This is one thing that is done, then, and a choice Quebec producers have made. American multinationals and Canadian ones, which do more business in the west and in Ontario, fail to understand it, however.

I think it important to note that, while the Americans have often contested the role of the Canadian Wheat Board at the WTO, the organization has never found fault with it. I would like to draw members' attention to the fact the decision provides these principles are not infringed when a state trading enterprise acts on the basis of commercial considerations. I will read some passages from the decision by the WTO dispute settlement body.

First, it provides that the Canadian Wheat Board is controlled by the grain producers whose grain it markets. Second, it provides that the fact that the Canadian government does not oversee the selling operations of the Canadian Wheat Board increases rather than decreases the probability that the Canadian Wheat Board will act in the commercial interests of the producers. Therefore, the special body concluded that, given the structure of the management of the Canadian Wheat Board, the Board is motivated to maximize the income of the producers whose products it markets.

In other words, the Canadian Wheat Board acts as a corporate selling agent, but within the context of market mechanisms, that is, the law of supply and demand intended to maximize profits. Its aim then is to maximize profits for producers. I believe therefore that the government would do well to take note of the considerations of the dispute settlement body, especially in the area of supply management.

I am going to take the time to go into some detail on this, as it is vital to us in Quebec. In the region I represent, the Lanaudière region, there are a lot of dairy, poultry and egg producers operating under supply management.

As you know, what is interesting about supply management is that its decisions are made by producers and it ensures a continuous supply to processors, fair revenues to producers and high product quality.

● (1310)

There are three pillars that must all be maintained if this is to be accomplished. The first is production planning, which is why it is called supply management. The second pillar consists of a pricing mechanism that ensures a fair income without government subsidies. This is very important. When supply is managed as a function of demand, this ensures proper income and proper prices for the product. There are no government subsidies.

There is a serious problem at the present time and Canada needs to start taking notice of it. At the present time there is a debate under way at the WTO on import duties and, as far as subsidies are concerned, it is a free for all. The Americans and the Europeans are heavily into agricultural subsidies. This disadvantages the developing countries in particular, but Canada as well, since it has decided to place more emphasis on administering its domestic market.

In order to administer that domestic market, a third pillar is needed. This third pillar deals with import quota control. Since the Marrakesh accord, these have been controlled by import tariffs to discourage foreign exporters from entering the Canadian and Quebec markets.

The problem is that the federal Liberal government is guilty of totally unacceptable laxity with respect to this third pillar, despite the statements made over and over again by the Minister of International Trade, the Minister of Agriculture and Agri-Food, and the former Minister of International Trade now Minister of Foreign Affairs. Dairy substitutes or products containing dairy substitutes are still being let in.

Last Friday, I gave the example of butter oil. In fact, 49% of dairy products are not covered by the list of commodities subject to quota by Canada. A policy decision absolutely must be made to add butter oils to the definition of dairy products, in order to ensure that these enter our market at rates compatible with supply management and with the third pillar, that is limitation of imports aimed at better coordinating supply and demand.

Even more serious is the fact that the Liberal government seems to be living in a bubble. Despite its rhetoric, it does not notice the extremely important technological changes that now allow us to separate the various components of milk. First, it was lactose, proteins and fat. Now, it is possible to break these by-products down even further and import them as separate products. In a few years, nothing will prevent someone from importing these products to Canada without any restrictions, reconstituting the milk and then selling it on the Canadian and Quebec markets. This undermines the very foundations of the supply management system. That is the problem.

Currently, the WTO does not have any problems with supply management. This is reaffirmed, in a way, in this ruling on the Canadian Wheat Board's practices regarding grain. However, the federal government does not seem to be taking into consideration the new reality of milk substitutes entering the market made up of 49% milk components. Indeed, it is now possible to break milk down into various components that can enter the country almost without being subject to quotas.

As I mentioned earlier, under the Marrakesh agreement, it was decided to substitute import controls. This means that we are now using tariff quotas, instead of import quotas. So, the government must take the necessary steps to change its tariff lines, so that these products are deemed to be, on the one hand, milk products and, on the other hand, products that are subject to the protective tariffs that apply to imports.

I will conclude by providing a very concrete example that would require two changes. In tariff item No. 2106.90.93 and in the following one, instead of saying "containing 50% or more by weight of dairy content", we should say "containing 10% or more by weight of dairy content". These products would then be subject to tariff duties of 274.5%, which would allow us to maintain that system.

● (1315)

Again, the only thing preventing us from taking such a measure is the government's lack of will. Let us hope that the federal government will wake up and ensure that our producers, particularly our dairy producers, are better protected.

**Hon. Don Boudria:** Madam Speaker, I listened closely to my colleague's remarks. I too want dairy producers to be protected at all costs. It goes without saying that there are very specific challenges facing dairy producers, who at present are getting almost nothing for cull cows. In some cases, they are getting nothing or even showing a loss. All this to say that we cannot lose the protective measures currently in place. I am working with the Minister of Agriculture and Agri-Food and the Minister for International Trade to protect our quota systems.

I have a problem, however, when the member claims that this government is supposedly letting in certain products, such as butter oil. A clarification is necessary. We are not "letting in" this product. Currently, as the member himself said, there are tariffs on identified products. Butter oil has not been identified because, in the past, there was no such product.

I have a problem with this because, and I think the member will agree with me, I do not consider butter oil to be a product but rather a concoction, because when it is blended with sugar, the end result is used as a way to import butter oil into Canada, which is then converted back. The member said it himself. No one goes to the store to buy a kilo of butter and sugar mixed together. It is impossible, because it is neither a product nor intended for consumption. It is nothing other than a subterfuge to import a product that, in my opinion, could not otherwise cross the border.

So, I think that our arguments must address the fact that there is no such product and that this is simply a subterfuge to import a prohibited product. This must form the basis of our case, to prevent future imports of the famous butter and sugar oil now coming into Canada.

● (1320)

**Mr. Pierre Paquette:** Madam Speaker, I believe we are saying the same thing. We know that butter oil is quite simply a subterfuge for getting across the border. The government is aware of this, so it seems to me that we ought to come up with a solution fairly promptly.

There has, however, been a 324% increase in imports of this product since 1996. It supplies 47% of the requirements of the ice cream manufacturing sector, thereby depriving dairy producers of $52 million in revenue. When it comes to milk components, the Dairy Farmers of Canada association has suggested a route to the government, which would be to use article 28 of GATT. I think this is something that needs some serious thought.

I am pleased that the hon. member is looking after this and I have confidence in him, but according to the information I have received, the ministers of International Trade, Agriculture and Finance have all said no to the dairy farmers' proposal to use article 28 to change tariff lines, wholly in keeping with the WTO rules. If the hon. member wants to do something useful, I think he ought to again approach the ministers responsible in order to get them to at least look very seriously at the possibility, one which the Dairy Farmers of Canada have documented very well, of using GATT article 28 to change the tariff lines for milk components such as casein. I am very pleased to hear that the hon. member is working on that, particularly since he has a lot of influence within the Liberal Party.

**Hon. Don Boudria:** Madam Speaker, I wish to draw one point to the attention of my colleague. On Friday, during question period, I raised this matter in the House. I have the minister's response. I have to say that, before I had the response, I too was perhaps less encouraged. However, now that I have it, I am more encouraged. I would like to share this response with the members of the House.

In response to my question, the Minister of International Trade told the House:

> Mr. Speaker, I want to commend the hon. member—
>
> Let me assure the House that the Minister of Agriculture and I will work as hard as we possibly can, leaving no stone unturned, to protect supply management and our milk producers. The number one thing that we have to get through is the WTO negotiations where we have worked to date, along with the supply management, to protect those industries.

This is a translation of the English, in which the minister's words were "leaving no stone unturned".

That is much more forceful than the French translation. It means, rather, that nothing will keep us from protecting supply management.

If the hon. member will read Friday's *Hansard*, I think he will feel, like me, a little more encouraged in the light of what the Minister of International Trade said. I would ask for his reaction.

**Mr. Pierre Paquette (Joliette, BQ):** Madam Speaker, again, I do not question the hon. member's good faith and interpretation. The information that I have dates back to last Friday afternoon.

When I was returning to my riding, I spoke with Marcel Groleau, who is the president of the Fédération des producteurs de lait du Québec. He told me that, last week, at a meeting with the three ministers to whom I referred earlier, they had been told there was no possibility in that regard. Perhaps this is a negotiating position and they will try again. In any case, I will draw Mr. Groleau's attention to the reply given to the hon. member's question.

My hope, and I am not being partisan at all and I think the hon. member will agree with me, is that this issue can be settled as quickly as possible, ideally before the election, because we do not know what may happen afterwards.

[*English*]

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Madam Speaker, I appreciate the opportunity to rise in the House today and put a few thoughts on the record concerning Bill C-40 and the protection of Canada's right to identify what grain is coming in, what grain is moving across our land and what grain is making its way into all of those industries in our country that make product and supply consumers. This is so that all of us are confident and convinced that our health is protected, our economy is protected and, most important in this instance, our farmers are protected.

Having been here for the last eight or nine months and having listened to debate in this House, I have to say that I get a very uneasy feeling that the government does not really understand in a fulsome way the challenges faced by farmers across this country, challenges faced by farmers in my own riding of Sault Ste. Marie, in constituencies across Ontario and in other provinces.

We have had at least three take note debates in this House about the issue of BSE and the impact it is having on producers across this country. People and families invest their life savings and every ounce of energy they have to bring their best game to the table, yet at the end of the day decisions are made at higher levels by governments and organizations that do not seem to understand the priority of the small farmer in this country, and they continue to make decisions negatively.

We have some concern that this is in fact what is happening again in Bill C-40. In some ways we are putting the cart before the horse here. In other ways we are being hauled around by the nose by these organizations out there on the world level, organizations that continue to protect the interests of the most powerful against the smaller entities, the smaller countries that simply want to have a level playing field where these kinds of things are concerned.

BSE continues to rage as a huge challenge to farmers and to farming. The family farm is affected very directly by this. We still cannot get our product across the border because, from everything that I have read, the Americans have decided that it is in their best economic interests not to do that. There is nothing in that decision about health or science or good farm practices. It is all about politics and power and influence. This concerns me. It concerns me in that instance and it concerns me in regard to Bill C-40. I will certainly talk more specifically about the bill in a few minutes.

Just a few minutes ago, we heard the member for Joliette talk about the impact of a decision that came down last week on milk products and supply management. Supply management is a very important vehicle in this country to protect farmers and to protect the dairy farm. In constituencies across this country and in my own riding, particularly out in East Algoma, supply management is what keeps producers viable where dairy farming is concerned. It is what keeps them from falling into the very difficult circumstances that we see in the cattle and beef industry at the moment in this country. As a matter of fact, dairy producers are certainly affected by it, both directly and indirectly.

Let us not start meddling with the supply management template that is out there now. As has been spoken of, 20% now is going to be taken away because of new imports coming in, a ruling by the WTO that affects Canada negatively, and this government does not have the intestinal fortitude to stand up and call on article XXVIII to be put in place so we can actually go to the table and appeal that ruling and decision.

● (1325)

All we have to do is look at the effectiveness of the United States, the American farmers. When they see absolutely anything coming down the pipe, by a WTO ruling or something the Canadian industry or government does, they immediately use every vehicle at their disposal to challenge those decisions if they think it will affect negatively their industry, their farmers, their economy and their communities.

In Canada we seem to always be timid, almost afraid, to stand up to the powers that be. In the instance of supply management, it seems the country we are most concerned about somehow insulting or affecting in some negative way is New Zealand. Apparently calling on the World Trade Organization to appeal the decision would somehow affect negatively our relationship with New Zealand.

What about our relationship with our farmers? What about our relationship with those communities that depend on farming as their prime industry? What about the relationship of the government with its economy overall, recognizing that farming is one of those pillars of the economy that has served us so well for so long? We now are so ready and so easily willing to say that there are bigger priorities that we have to be concerned about and that we have to play on a national playing field. We have to be concerned about the temperament of other countries and what they do.

The government has a responsibility to have some backbone. It has a responsibility to stand up whenever a sector of our economy, our country, our industry is challenged and affected. It has a responsibility to say no, to hang on for a minute and look at it. It should not be afraid to appeal decisions by organizations like the World Trade Organization.

The purpose of the bill before us is to amend the Canada Grain Act and the Canada Transportation Act to bring them into compliance with the WTO ruling that decided Canadian grain handling and transportation practices violated Canada's national treatment obligations under GATT. Here we go again. The government wants the bill passed before the current crop year of July 31 in order to coincide with the WTO deadline of August 1. We do not want to attract retaliation from the U.S. We want to avoid paying compensation, but there should be some way for us to put on the table some of our very real concerns about the bill.

We have to understand that even though the purpose of the changes affect grain shipments west of and not including Thunder Bay, this is a national issue, something about which all farmers need to be concerned. It could be another block in that wall which will expose the Canadian farming and agricultural industry to all kinds of attack by big U.S. and European interests and organizations that do not readily, if we do not challenge them, recognize the impact all this will have on Canada and Canadian farmers.

Within the framework of the WTO ruling, these changes need to happen before August 1. However, there are a few areas of concern that are not addressed in the new legislation. Some concerns are on the implications in treating imported grain differently than Canadian produced grain.

The proposed amendments will repeal or amend existing provisions in the two acts which treat imported grain differently from Canadian produced grain. This includes removing the requirement that authorization be sought from the Canadian Grain Commission before foreign grain can enter licensed grain elevators. They remove the requirement that operators of licensed terminal or transfer elevators must seek Canadian Grain Commission permission to mix grain and extends the railway revenue cap to imported grain.

The first concern with the bill is with the provision of reporting U.S. and other grain imports into Canada. The proposed amendments allow for reporting, but there is little direction or evidence it will be effective as it now will come after the act instead of before. It is like closing the gate when the horses are already out

● (1330)

To fill the gap, the amendments to cause the process of reporting, the government has stated that it will put in place a regulation that will require elevator operators to report to the CGC, the Canadian Grain Commission, the origin of all grain and if they mix Canadian with foreign grain, to identify them as mixed.

However, it is our understanding that the CGC, CFIA and CWB are only now drafting the regulation. The timeframe allows for it to not be put in place until August 2006, a full year after Bill C-40 has gone through the House. This again brings us back to the point of closing the gate after the horses are out.

The second concern with the bill is the differentiation between imported grain and in transit grain. The legislation does not seem to be clear whether these will continue to be treated differently, or how the requirements might be different or if they will become one and the same. Currently, most grain coming into western Canada from the U.S. is simply in transit, being shipped to one of the ports. The WTO ruling seems to allow for in transit grain to be treated just as that so it does not need to receive national treatment. However, the legislation seems to redefine all grain coming in from the U.S. as imported.

Our party believes it is very important we define that in transit grain should not receive national treatment, otherwise we are left vulnerable and with very little recourse should American producers choose to take advantage of our rail line and our elevators.

Our party does not see a real problem with amending the two acts so we are in compliance with the WTO ruling. The government has already stated clearly that it will not appeal the decision. If we take too long, farmers might end up facing retaliation from the U.S. and WTO, which will not help them at all. However, the government should be making these changes with care. We do not want to leave western grain producers without regulations or protections. Those in the field have pointed out that previous protocols or regulations established by the CGC have had questionable results. This cannot be allowed to happen with the mixing of grain as it could call into question the quality of Canadian grain.

We are hearing that most producers are okay with the amendment to be in compliance, but are concerned that there be a defined difference between the treatment of in transit and imported. As well, there is the worry of the loss of reporting and what that will mean in keeping out unregistered varieties or even genetically modified grain or seed.

This brings me to another point that was raised in the House, which still has not been addressed by the government. It is an area where the government is being weak-kneed again and not taking a stand. What will we do about genetically modified seed and what is referred to as the terminator seed?

The WTO wants to allow big seed corporations and multinationals to introduce the terminator seed which will, after a seed is used once, render it useless again. The impact that will have on our own farmers, particularly small farmers who go from year to year wanting to reuse their seeds, and on developing countries and smaller third world countries, not to speak of a crime against nature, is it will decimate those economies and farming operations. We are afraid that Bill C-40 will have an impact too where we might not have the facility to recognize and know what is crossing through our territory, particularly where GM grain and seed is concerned.

We have some concerns about the WTO, an unelected body. Why does Canada have to endanger the quality of its grain because an unelected trade body says so and do so in a timeframe that is obviously too rushed for the government?

As well the U.S. consistently chooses to ignore WTO rulings, as well as those through NAFTA. Why do we have to follow through to make trade easier for American producers when the U.S. is violating such trade obligations, such as those under the GATT, with impunity?

● (1335)

Again I raise and point out what is happening with BSE and cattle. It is not a big stretch to talk in the House about the impact on our industry with regard to softwood lumber and the tough stand that the Americans have taken. Why can we not have that kind of backbone and intestinal fortitude?

The government is going along with globalization, but is not dotting the *i*'s and crossing the *t*'s. If we are not careful when we change legislation like this to create compliance, we could be allowing a back door where problems like unregistered seed and GM crops could get in and contaminate Canada's grain supply, which is certainly not something Canadian farmers need.

We have consulted with a fair number of western farm organizations, as well as with the Canadian Wheat Board. All in all, most producers are okay with amending to be in compliance, but are concerned that there be a defined difference between the treatment of in transit and imported, as well as the worry of the loss of reporting and what that will mean in keeping out unregistered varieties or GM grain or seed. The Wheat Board in particular believes that without regulatory changes that coincide with the implementation of the bill, Canada's reputation for providing high quality, value added grain will be diminished because imported grain will not be reported properly.

● (1340)

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, this is a very interesting debate. The member spent a bit of time reflecting on the WTO and cited some of the concerns, particularly with regard to those who do not comply with the WTO rules.

I want to ask for more information from the member with regard to the role of the WTO in matters outside of the matter presently before the House and whether it is providing a useful instrument for our trade relationships. If there are some problems, are they reparable or has he simply lost all confidence in the WTO and it should be scrapped or we should withdraw?

**Mr. Tony Martin:** Madam Speaker, organizations like the WTO, the United Nations and other international bodies can be good. They have the potential to do good things for us as long as they keep in mind the interest of the consumer, not only the big countries but the smaller countries, and create a level playing field where everybody feels that they have a say, that their say is important and that it will have some effect.

When one sees over and over again rulings made by the WTO challenged by countries like the United States against Canada, for example, and softwood lumber is the one that jumps most readily to mind, then one begins to wonder just how effective and useful the organization is. If it does not have the backbone to stand up to or have the vehicles available to bring into compliance countries as big as the U.S. and the effect it has, then one wonders where we are going.

The only balance to that is we as a government and as a country have to be willing to stand up and take advantage of the vehicles available to us similar to what the U.S. does so that somewhere down the line we can get the fairness I think everybody wants.

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Madam Speaker, I listened to the hon. member's comments and on the surface there appears to be something wrong with the reasoning. I want to challenge him on it.

When he refers to the WTO as being an unelected body, one could use the exact same argument for the ILO. The same countries are members. I have never heard him or his party suggest that when there is a ruling from the ILO that we do not agree with or when an ILO member country interprets a ruling that does not agree with us, that we threaten to withdraw from it, or contest it in some way stating that the organization is illegitimate because the members who sit there are not directly elected.

The next proposition attached to that is that most of the same powerful countries that he talks about are democracies. The democratically elected governments of various countries appoint their representatives to those international organizations.

Finally, we happen to have a parliamentary system of government. Our ministers are elected; at least they are as MPs. In the United States, France and a number of other countries, the ministers are not elected. The ministers within those democracies are not elected. If that is the threshold, then why is it applied so selectively?

That does not mean I agree with every WTO ruling. Certainly the fact is that some of them are not respected from time to time. But I am glad to see, for instance, that the United States is at least there.

We remember that under the GATT previously the United States was not even a member until well into the 1950s. It did absolutely everything it wanted to do. At the present time, I agree that it does not listen to everything we say. At the same time, we have to work to make the institutions stronger, not weaken them by undermining them by our statements in this place.

● (1345)

**Mr. Tony Martin:** Madam Speaker, I agree that we need these organizations and we need to strengthen them and make sure that they actually do the job they were set out to do.

The problem is we are seeing over and over again that these organizations are being influenced unduly by bigger interests, well funded, well heeled interests, to the detriment of the smaller countries, smaller interests, small farm producers in Canada. We, as a government, duly elected by the people, need to have more backbone. We need to be willing to stand up more often and say, "Hang on here. We are moving too quickly. We do not fully understand the whole consequence of this ruling on us. We want to have some time to take a look at it and see it through and understand the impact that it will have".

Every time the World Bank or other organizations that direct investment and development around the world meet, they are being targeted by civil society, by groups of ordinary men and women who understand that these organizations, and in some instances duly elected governments, are being unduly affected by well heeled and resourced organizations with tremendously narrow self-interests. That is my concern.

Canada in this instance under Bill C-40 has to consider absolutely everything, including the timing in terms of what we do. We do not want our grain system contaminated in any way and our farmers affected negatively; just as we do not want this terminator seed introduced into our country or third world countries so that it affects the industry and actually decimates it.

We want to see countries like the U.S. brought to heel and have them, as well as us, respond in a respectful way to some of these rulings. We do not want it to seem that it is always the big guys who are winning at the expense of the little ones.

[*Translation*]

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Madam Speaker, it is my pleasure to speak today to Bill C-40, to amend the Canada Grain Act and the Canada Transportation Act.

I would like to start with the grain related provisions in the Canada Transportation Act. The revenue cap is shipper protection that places a limit on the revenues that CN, Canadian National, and CPR, Canadian Pacific Railway, can earn from certain Prairie grain movements. The revenue cap provisions came into effect in August 2000, and the revenue cap replaced the maximum rate regulation that had been in place for over 100 years.

First, I will provide a brief historical review to help illustrate key aspects of the revenue cap. In the late 19th century, the Government of Canada asked the CPR to provide reduced rates on certain railway movements, as a condition for funding the construction of a rail line from Lethbridge, Alberta, through the Crow's Nest Pass to Nelson, British Columbia. Among other things, the reduced rates applied to eastbound grain and flour shipments from the Prairies to what is now Thunder Bay. I think it was called Fort William at the time. These reduced rates became known as the "Crow rates" and only applied to the CPR shipping points existing at the time of the agreement.

In the 1920s, the Crow rates were expanded and applied by statute to shipments from all existing and future points in the Prairies on all railways and to both western and eastern movements. The statutory rates for eastbound movements applied regardless of whether grain was intended for domestic use or export, and were imposed as far as Armstrong and Thunder Bay, Ontario, the two shipping ports.

The statutory rates for westbound movements applied only to exports through Vancouver and Prince Rupert. In 1931, the rates were further extended to include northbound export grain shipments to Churchill, Manitoba. Shipping from Manitoba, especially to northern Europe, involved shorter distances for ships.

In 1984, the Western Grain Transportation Act introduced a period of cost-based rate setting. The WGTA applied to the same essentially eastern and western movements of grain, but replaced the fixed statutory rates with a system that established maximum rates based on railway costs. In essence, it was designed to allow the railways to recover their variable costs plus a full and fair contribution to their constant or fixed costs, that is, system costs that did not vary with traffic. The WGTA included government subsidies to the railways to offset the full freight rate.

In 1995, the WGTA was repealed and superseded by new western grain transportation provisions, which were incorporated into the CTA when it was implemented on July 1, 1996. This second regime continued maximum rate regulation based on the maximum rates in place but eliminated the government subsidies.

On May 10, 2000, the government announced reforms to its grain handling and transportation policies to promote a more commercial, competitive and accountable system.

● (1350)

The policy reforms followed extensive consultations led by Justice Willard Estey in 1998 and by Arthur Kroeger in 1999.

One of the major policy reforms was an amendment to the CTA that replaced maximum rates with a cap on railway revenues from grain movements. Other amendments included grain-dependent branch line rationalization improvements, and refinements to the Final Offer Arbitration process. As well, there were other reforms related to grain handling and transportation system monitoring, Canadian Wheat Board tendering, and funding for roads in the Prairies.

I would like to speak briefly about these latter reforms before I discuss the revenue cap. The 2000 amendments to the branch line provisions facilitated the transfer of grain-dependent branch lines to community-based shortlines, and required the railways to provide transitional compensation of $10,000 per mile annually for three years to affected municipalities when a grain-dependent branch line is closed.

To respond to a long-standing concern from shippers, a faster Final Offer Arbitration process for disputes under $750,000 was introduced. The time frame for this process was set at 30 days versus 60 days for larger disputes.

The 2000 policy reforms also saw the introduction of a program to monitor and report on the grain handling and transportation system. The program is providing key information to the federal government and other interested parties on the impact of grain handling and transportation reforms, and the overall performance of the system.

The Canadian Wheat Board committed to tender an increasing portion of its shipments to the ports of Vancouver, Prince Rupert, Churchill, and Thunder Bay.

Finally, recognizing that the new reforms would increase pressures on rural roads, a five-year, $175 million funding program was established.

I would now like to address the revenue cap.

The goal of the revenue cap is to provide the two major railways, CN and CPR, with greater flexibility to price their services based on commercial considerations, thereby promoting more innovative railway service offerings and generating better market signals for grain to move more efficiently.

The revenue cap applies to grain grown in western Canada and to processed products of grain grown in western Canada. There are over 50 types of grains defined in the legislation as eligible grains under the revenue cap. These include the six major grains—wheat, barley, canola, oats, rye and flax.

The revenue cap applies to the same movements previously covered by the regulated maximum rates. Western grain movements must originate in western Canada, that is, from any point of origin west of Thunder Bay or Armstrong, Ontario, and be destined to the Port of Vancouver or Prince Rupert, British Columbia, for export, or Thunder Bay or Armstrong, Ontario, for domestic consumption or export, or Churchill, Manitoba, for export.

In practice, the cap does not apply to movements to Churchill, Manitoba, because traffic moving to Churchill is inter-changed with a shortline railway that is not an eligible railway under the Act.

As you are aware, grain is exported from Vancouver and Prince Rupert by ship to world markets.

● (1355)

Both CN and CPR serve the Port of Vancouver, while Prince Rupert is served exclusively by CN.

I will continue my remarks after oral question period.

## STATEMENTS BY MEMBERS

[*English*]

### LAUREN ZARACOFF CARE-A-THON

**Mrs. Susan Kadis (Thornhill, Lib.):** Madam Speaker, I would like to speak about an important event which I attended in my riding on April 8. The Lauren Zaracoff Care-A-Thon has been an annual event held at the Louis Honoré Frechette Elementary School for the last three years.

The event honours Lauren Zaracoff, a former student who tragically lost her life to cancer three years ago at the age of 10. Over the last three years the care-a-thon has raised over $35,000 with the proceeds going to the Lauren Zaracoff Memorial Fund at the Hospital for Sick Children in Toronto.

The event brings people together to remember Lauren, a very special girl who believed in helping others. Students who participate learn the importance of volunteerism, that one person can make a difference, and in this case take an initiative in the fight against cancer.

Although this was the final care-a-thon, as Lauren would have graduated this year, her memory will forever be honoured by those whose lives she touched. This story is one of heroism, courage and community spirit that has inspired many.

I heartily applaud the Louis Honoré Frechette Elementary School, their staff, and students for their dedication and hard work in making the care-a-thon a legacy of a young courageous girl who will eternally live on in the hearts and minds of the class of 2005.

* * *

● (1400)

### GARY POLONSKY

**Mr. Colin Carrie (Oshawa, CPC):** Madam Speaker, I rise to pay tribute to a true visionary from Oshawa. This past Friday Dr. Gary Polonsky announced his retirement as president of the University of Ontario Institute of Technology and Durham College.



After 43 years of service to students across Canada, Gary has decided to take a break. Beginning in 1988 Gary served as president of Durham College and as the driving force behind the Whitby Skills Training Centre. For over 10 years he led the crusade for a new cutting edge university in Durham and in the fall of 2003 UOIT opened its doors.

Gary has been widely recognized beyond the borders of education, receiving numerous awards in recognition of his service to countless community organizations. Oshawa will miss Gary's leadership, energy and talent. Our city will forever be indebted to him for his vision and courage.

I recently had the chance to witness Gary's wonderful Elvis impression and I understand that he has a new CD out. Could this be the beginning of a new career? All the best, Dr. Polonsky, and get on with those blue suede shoes.

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### CANADIAN MUSEUM FOR HUMAN RIGHTS

**Ms. Anita Neville (Winnipeg South Centre, Lib.):** Madam Speaker, this past Friday the President of the Treasury Board announced that the federal government had committed up to $100 million to help build the new Canadian Museum for Human Rights in Winnipeg. The design for the project was also unveiled at this time, a spectacular testament to our vision for this country.

How fitting that on the eve of the 20th anniversary of the equality section of the charter, this great country now embarks on another commitment to human rights, for human rights is indeed a defining aspect of what we are as a country.

A commitment to remember the past, to honour those who have accomplished so much in human rights, and to educate the young, the museum will focus on human rights education both nationally and internationally.

I wish to congratulate the very many people from across the country involved in bringing this landmark project to this stage. I also wish to congratulate the Asper family of Winnipeg who worked to carry on the dream and legacy of the late Izzy Asper. Well done to all.

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[*Translation*]

### GILLES MOREAU

**Ms. Nicole Demers (Laval, BQ):** Madam Speaker, Gilles Moreau, a Laval police lieutenant, was recently named inspector to head the ethics section at the Laval police headquarters.

Mr. Moreau is a man of heart, integrity and passion, who has won the trust and affection of the community he has been protecting for over 28 years, not to mention the respect of his fellow officers.

Wherever he has been, he has helped to bring the police and the public closer together. His tireless devotion has won him numerous honours, including the medal he received to mark 20 years of exemplary conduct as a police officer.

I am proud to salute the dedication, professionalism and generosity of officer Gilles Moreau, who has never been afraid to show his humanity as he went about his work with enthusiasm and an open mind.

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[*English*]

## VOLUNTEERISM

**Mr. John Maloney (Welland, Lib.):** Madam Speaker, this week communities across Canada are celebrating National Volunteer Week.

Volunteers are an indispensable part of the Correctional Service of Canada and the Royal Canadian Mounted Police. Our volunteer base is comprised of skilled individuals, reflective of the cultural diversity of the Canadian population. Each volunteer brings experience and knowledge to assist in the delivery of government programs and services.

I would like to thank all volunteers for their many contributions. Their dedication and commitment to building safe communities is a true testament of Canadian values.

I would like to encourage all members of Parliament to join me in acknowledging National Volunteer Week and the hard work of Canadians who give their time to help others in every sector.

* * *

● (1405)

## GOVERNMENT OF CANADA

**Mr. Rob Merrifield (Yellowhead, CPC):** Mr. Speaker, the citizens of Yellowhead are upset by the ongoing evidence of Liberal waste and scandal.

Like most Canadians, my constituents work hard for their money. Economic conditions are tough enough as it is, with soaring gas prices, the softwood lumber dispute and the BSE crisis. The people of Yellowhead expect their tax dollars to be spent with care, just like they spend their own funds. The federal government has let them down.

Government waste is bad enough, but corruption undermines the very confidence in government and in public office. Brown envelopes, kickbacks, and money for nothing are not what my constituents are looking for from their government. Ripping off taxpayers certainly is not one of my values, but sadly, the taint of Liberal corruption reflects badly on all politicians.

The people of Yellowhead are looking for fiscal prudence and honest stewardship from their government. It is time to clean up this mess and restore integrity to government. Our very democracy hangs in the balance.

[*Translation*]

## BUSINESS BUILDERS YOUTH ENTREPRENEURSHIP PROGRAM

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Mr. Speaker, the business builders youth entrepreneurship program is designed to help young people across Canada start their own company and develop business skills.

I want to pay tribute to the accomplishments of young people in my region who are taking part in this program. In particular, I want to recognize the work done by the business of the year, J'réchauffe, under the guidance of Éric Martin, Mélissa Morneault, Émilie Lavoie, Joëlle Martin, Stacy Gorno, Jordan Bélanger, Samantha Prévost-Saint-Pierre, Jessica Martin, Karine Landry, Sophie Bérubé, Vicky Charest, Élicia Gagné, Monika Morin and Stéphanie Francoeur.

This company, run by these young people, won the business of the year award at the Jeunes entreprises du Nord-Ouest annual banquet, held recently in Edmundston.

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## QUEBEC MINING WEEK

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Mr. Speaker, this is mining week in Quebec.

Quebec is recognized world wide as a centre of mining excellence.

The mining industry is an essential lever to the economic development of Quebec and a major employer, particularly in the region of Abitibi-Témiscamingue.

There are more than 130 mines in the Rouyn-Noranda—Val-d'Or corridor. For close to a century, this has been the main mining region of Quebec and there is still a great deal of prospecting for precious and other metals carried out in the region.

The year 2005 is full of promise, because the growth of the world economy ought to remain relatively solid.

The Bloc Québécois thanks all the men and women of Quebec who contribute their knowledge and talent to the economic development of mining, and wishes them a great mining week.

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[*English*]

## WORLD EXPO 2015

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, Toronto is a city known throughout the world for its vibrancy, diversity and rich cultural traditions. Due in part to these attributes, I am pleased to join with many fellow residents and public officials in supporting a Toronto bid to host World Expo 2015.

If successful, Toronto will have the opportunity to show millions of visitors what most of us who live there already know, and that is that Toronto is truly one of the world's greatest cities, known for its culture and entertainment facilities, and the fact that it is simply a great place to live.

I invite all my colleagues in the House to support Toronto's bid and encourage all residents of our city to prepare to host the world.

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## THE ENVIRONMENT

**Mr. Bob Mills (Red Deer, CPC):** Mr. Speaker, after years of Liberal dithering, we finally have a pseudo-Kyoto implementation plan, and what an unrealistic and impractical plan it is.

This plan is nothing but an expensive half measure designed to make it look like the Liberals are doing something in the face of rising $CO_2$ levels. It is enormously expensive and lacks detail, accountability and transparency. Instead of focusing on domestic reductions, this plan encourages the purchase of billions of offshore credits that will not improve our environment. Finally, it paves the way for a backdoor carbon tax by using CEPA, which is a toxic reductions bill. All of this betrays the Liberals' ignorance of the economic and energy realities of our country.

Canada's emissions reduction targets under the Kyoto accord are clearly unattainable and the Liberal government's plan comes nowhere close to reaching them.

We have a made in Canada environmental policy that will set out our own targets and timelines for eliminating smog and bringing cleaner air to Canada.

* * *

[*Translation*]

## PRIME MINISTER'S AWARD FOR TEACHING EXCELLENCE

**Hon. Dominic LeBlanc (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise today to congratulate Monique Bastarache, who teaches history and law at Polyvalente Louis-J.-Robichaud in Shediac, New Brunswick, on receiving the Prime Minister's Award for Teaching Excellence.

Monique and her family live in Cocagne, Kent County, I have known her and her extended family for a number of years. They are all devoted to their community and volunteer for numerous charitable causes.

I have had an opportunity in recent years to visit her classes and see for myself just how dynamic and devoted a teacher she is.

Monique Bastarache is most deserving of this important recognition by the Prime Minister and we are very proud of her.

* * *

● (1410)

[*English*]

## WAL-MART

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, recent revelations about the former head of Wal-Mart's U.S. operations have indicated that he used improper methods to finance secret anti-union activities. This is not the first time Wal-Mart has done this.



In the U.S., the management of Wal-Mart is paying $11 million in fines after using illegal immigrants to clean its stores. In January, Wal-Mart also paid fines after violating child labour laws. Wal-Mart is also facing a class action lawsuit on behalf of 1.6 million current and former female employees after alleged systematic and illegal discrimination.

In Canada, Wal-Mart's closure of its first unionized store in Jonquière, Quebec was a thuggish attempt to smash freedom of association.

There is every reason to believe that the actions of Wal-Mart in the U.S. are being duplicated in Canada. We call on the government to investigate the anti-labour and anti-employee practices of Wal-Mart and to work with the provinces to ensure that Wal-Mart respects its employees' fundamental rights.

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## OWEN SOUND

**Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC):** Mr. Speaker, I am pleased to rise in the House today to acknowledge a great honour paid to the people of Bruce—Grey—Owen Sound.

An American geographer has listed Owen Sound as one of the 60 best places in North America in which to retire. The city scored a perfect five for its landscape, cost of living and quality of life. Owen Sound also scored 44 out of a total of 60 overall.

The city was one of three Ontario cities listed among the top 10 in Canada. The geographer noted that, combining the valley, the escarpment and Georgian Bay, the area is "a very beautiful site".

I believe this recognition is well deserved and is something in which the area as a whole can take pride. We have always known that whether one lives there or visits, Bruce—Grey—Owen Sound has qualities that make it a place for everyone to enjoy. Whether one retires in Owen Sound, Hanover, Meaford, Tobermory, Markdale, Flesherton, Wiarton, Chesley, Paisley, Durham or any other point in between, Bruce—Grey—Owen Sound is the place to be. I would encourage all members to make a point of experiencing the area themselves.

I am proud to represent Bruce—Grey—Owen Sound and even prouder to live there.

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[*Translation*]

## RIGHT TO VOTE

**Ms. Paule Brunelle (Trois-Rivières, BQ):** Mr. Speaker, 65 years ago today, the National Assembly of Quebec passed legislation granting women the right to vote and to be eligible as candidates in elections in Quebec.

For younger people, it is probably hard to believe that, before 1940, in Quebec, women did not have the right to vote in elections and were considered ineligible as candidates in an election.

Gaining the right to vote and to run for office in an election was a key milestone on our path toward social equality for men and women. Women's access to power facilitated the introduction of many changes which helped Quebec's society evolve.

I thank these pioneers who mapped the path to gaining this right. Thanks to them, we now live in an increasingly fair and equal society.

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[*English*]

### THE PRIME MINISTER

**Mr. Monte Solberg (Medicine Hat, CPC):** Mr. Speaker, the Prime Minister's director of communications has referred to the Prime Minister as a "wire brush", but I am not sure the analogy flatters the Prime Minister very much.

The only wire brush I can think of is the one I use to clean my barbecue and it is pretty greasy and worn out, but hey, we will play along. Maybe the Prime Minister really does see himself as a wire brush, but ironically it is the people of Canada who are bristling at the conduct of the wire brush and his Liberal cronies.

As a matter of fact, the public is tired of the Prime Minister trying to brush off questions about his luncheon with Claude Boulay. They are tired of his trying to brush the sponsorship mess under Jean Chrétien's carpet. In short, they are tired of getting the brush-off from the wire brush. It is actually the people of Canada who are wired up and fired up to the point that now a brush fire has broken out, and that is not good for brushes, wire or otherwise.

In fact, if I read the public correctly, they are very upset with Mr. Wire Brush, and what they are telling me is, "Wire, wire, pants on fire".

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### CONSERVATIVE PARTY OF CANADA

**Mr. Russ Powers (Ancaster—Dundas—Flamborough—Westdale, Lib.):** Mr. Speaker, an election fever has beset the Conservative Party so severely that it has been muttering many policy commitments which must be the result of a fever induced hallucination.

For example, last week, after aggressively and consistently campaigning for eight years against the Kyoto protocol, Conservatives claimed to support it, but they may have changed again today.

Now the Conservative policy delirium has led them to pledge their support for the Liberal government's new deal for cities and communities.

Let us look at the facts. The Conservative Party, and the Alliance Reform before it, has never ever proposed any new programs or new money for municipal infrastructure. In the last election, it campaigned on scrapping the $5 billion strategic and rural infrastructure funds.

Recently it voted down all party resolutions concerning investment in urban transit or other municipally based infrastructure. As well, the leader of the Conservative Party is on record as being opposed to any new deal for municipalities.

Instead of derailing all of the progress that has been—

● (1415)

**The Speaker:** The hon. member for Drummond.

[*Translation*]

### NORMAND LÉVEILLÉ

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, through the pen of Thérèse Desjardins, former Chicoutimi Saguenéens and Boston Bruins player Normand Léveillé tells the story of his great rise in the world of hockey, and the hard times he went through after being struck down by an aneurysm at the age of 19.

Over the past 20 years, Normand Léveillé has learned to live differently. Through the highs and the lows, he has found his purpose and reason for living.

He got the idea of opening a vacation camp for persons with disabilities in 1994 while talking with his friend Lucie Légaré at the rehabilitation institute.

Now, the Centre Normand Léveillé is established on the Saint-François River, in Drummondville. It welcomes individuals of all ages with a light to moderate disability, be it physical or intellectual.

I encourage you to discover this man who is alive and well and who, despite having been brought down in full flight, always maintains that, despite everything, life is worth living.

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## ORAL QUESTION PERIOD

[*English*]

### SPONSORSHIP PROGRAM

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, last week in response to a question in this House, the Prime Minister told the member for Calgary Southeast "the entire history of my relationship" with Claude Boulay "was very short". He said the same thing later to the media. Yet we know of a personal relationship between the Prime Minister and Claude Boulay extending over at least a 12 year period.

Why does the Prime Minister find it so necessary to misrepresent the length and nature of his relationship with Claude Boulay?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, I think the Prime Minister was clear about this last week. He indicated that he has never had lunch with Mr. Boulay, or anyone else as far as that goes, to direct a contract to any individual firm.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, in 2001 the Prime Minister wrote a personal letter to Claude Boulay on his 50th birthday.

[*Translation*]

I quote, "Dear Claude, it gives me great pleasure to join all those with you tonight to celebrate your 50th birthday in grand style. Half a century! It was a particularly fine year, 1942! I am sorry I cannot be with you and Diane to share in this happy and unique event".

Is this a letter to someone the Prime Minister does not know?

[*English*]

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, what the Prime Minister said very clearly in this House last week was that he did not have lunch with Mr. Boulay, nor did he have lunch with anyone else, to direct a contract to any individual firm. I cannot imagine that he could have been clearer.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, what the Prime Minister said here and also said under oath is that he did not know the Boulays very well, but his greetings written on Claude Boulay's 50th birthday are intimate. He tells Claude Boulay how good-looking his wife is. He jokes that he wishes Mr. Boulay would age as well. He kids Claude Boulay about his golf game.

Who writes a letter like that to someone he says he does not know?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, again I say that the Prime Minister was absolutely clear. He did not have lunch with Mr. Boulay in relation to directing any contracts to any individual firm.

I wonder, if we went and looked through the hon. leader of the official opposition's correspondence, how many letters he has sent to constituents and others congratulating them on their 50th birthday. My guess is we would probably find a lot of those letters in relation to all these members of Parliament.

● (1420)

**Mr. Peter MacKay (Central Nova, CPC):** Mr. Speaker, we do not write letters like that.

Let us look at it further. He received a chummy invite to Mr. Boulay's 50th birthday—

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

**The Speaker:** Order, please. The hon. member for Central Nova has the floor to ask a question. I know he will want to proceed with his question.

**Mr. Peter MacKay:** Mr. Speaker, despite the claims, here is the tone of the letter. The Prime Minister sent a personal letter sending regrets about not being able to attend Mr. Boulay's 50th birthday. He discusses how gracefully Mr. Boulay's wife is aging, closing with the chummy teasing as the oldest vintage of the gathering and a handwritten addition about being too old to golf, signed "Paul".

Why is the Prime Minister continuing to mislead Canadians about downplaying his relationship to the sponsorship suspect Claude Boulay, clearly parting with this longstanding relationship?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the Prime Minister has been clear on this issue that he has never met with Mr. Boulay to direct contracts.

The fact is that Canadians trust the Prime Minister of Canada.

What is really shocking is the opposition members who would take Jean Brault's testimony as sacrosanct, who would take Jean Brault, somebody who is facing fraud charges, somebody who is facing a $34 million lawsuit from the federal government, and his testimony as sacrosanct, and then they doubt the right hon. Prime Minister of Canada.

They are playing politics with this issue. We are getting to the truth.

**Mr. Peter MacKay (Central Nova, CPC):** Mr. Speaker, speaking of credibility, that is from the minister who ripped off his riding association.

Longstanding Liberals Diane Deslauriers and Claude Boulay were well known to Liberal ministers and members of Parliament. The former president of the Privy Council appeared in Mr. Boulay's birthday video. He also spent time vacationing at chateau Boulay, along with the former House leader.

The Minister of Transport called Ms. Boulay the queen of ticket sellers, referencing her success in aiding the Liberal Party, yet the Prime Minister claims under oath he did not know Mr. Boulay very well. Why does he continue to misrepresent this relationship? If he is doing this on personal relationships, what is he doing about the sponsorship scandal?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I would like to quote what Hugh Segal, the former chief of staff to Brian Mulroney, said yesterday: "I think the Prime Minister has made very valiant efforts. It is clear that Canadians do not in any way think there is evidence to suggest that he or his government are corrupt. I think that is a justified conclusion". That is from Hugh Segal, the former chief of staff to Brian Mulroney.

Further, the hon. member should not be talking about signatures on letters because his signature on a legal document with David Orchard was ripped up as he tore up the party of John. A. Macdonald and spat it out on the Canadian electoral—

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

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, before the Gomery commission, the Prime Minister said that the president of Groupe Everest, Claude Boulay, was merely an acquaintance, whom he met from time to time. However, in his April 26, 2001 letter addressed "Dear Claude", the Prime Minister did not hold back, referring even to the beauty of Mr. Boulay's wife, Diane Deslauriers, the queen of Liberal Party ticket sellers.

In contrast to what he said under oath, will the Prime Minister admit that his April 2001 letter is a clear indication of his close link with Claude Boulay, the president of Groupe Everest?

[*English*]

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, the Prime Minister has been clear. Last week he answered the question in relation to his relationship with Mr. Boulay. What the Prime Minister said was that he did not have lunch with Mr. Boulay, or anyone else as far as that goes, to direct a contract to any individual firm.

I really do not understand why we are making so much of this letter. It is the kind of letter I should think many of us write to acquaintances, casual acquaintances and others, in terms of acknowledging a special birthday. What is the big deal?

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, I did not ask whether the Prime Minister had dinner with Claude Boulay. I am simply asking whether it is usual practice to write something like the following to a constituent, "I still believe that the years wash over Diane with such grace and beauty that she remains youthful. Claude, you should follow her example!" Are there many members in the House who would write such a thing to people they do not know?

We want to know whom the Prime Minister dined with? Claude Boulay or his wife?

● (1425)

[*English*]

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, as I have said before, as far as I am concerned, all of us in the House understand that we all write letters to acquaintances to celebrate special events. Honestly, I suppose the only thing the Prime Minister could be criticized for in this context is being kind and gracious.

[*Translation*]

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, among those working close to the Prime Minister, Terrie O'Leary, his former chief of staff, intervened in the selection of advertising agencies, as did Ms. Castelli, his riding assistant, who intervened with the office of Alfonso Gagliano on behalf of Serge Savard and the Internationaux du Sport de Montréal to have a negative decision overturned.

How can the Prime Minister say that he does not engage in this kind of politics, when two of his very close assistants have intervened directly in matters?

[*English*]

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, it is very clear that the Prime Minister when he was minister of finance argued for open competitions. That was what he and his staff, including Madame O'Leary, argued for, in fact, often in opposition to officials within the Department of Finance, arguing that these competitions should be open to the widest range of qualified firms possible.

[*Translation*]

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, will the Deputy Prime Minister acknowledge that the Prime Minister can say to all and sundry he does not engage in this type of politics because he gets other members of his entourage to do so? This amounts to the same thing.

[*English*]

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, again, let me be absolutely clear. It was the Prime Minister when he was minister of finance who argued for open competitive processes so that all qualified firms with an interest in bidding had the opportunity to do so.

I do not think the record could be any clearer than that.

* * *

## FOREIGN AFFAIRS

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, my question is for the Prime Minister, who today was making promises to immigrants without bothering to mention the years of broken promises to immigrants who have been trying to get their families together and as a result of the Liberal government's policy have been unable to do so.

Let us talk about the next announcement that is to come tomorrow on foreign and defence policy, where we will be hearing about going down the road to deeper integration with George Bush on defence policy.

Will the Prime Minister tell us, how many times has he discussed deeper integration with George Bush over the last year?

**Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I will be very pleased to table in the House tomorrow morning at 10 o'clock our new international policy statement. My colleagues and I will be meeting with the press.

I am sure the leader of the New Democratic Party will want to join this side of the House for a very bold foreign policy that will make sure that Canada can make a difference in the world.

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, the problem with the Prime Minister is he is going to be the man with the wire brush. He is going to clean with a wire brush any connection between what he says and what he does. All we have to do is look at Kyoto. There have been years of promises to deliver on Kyoto and now we have a plan that will not meet the targets, according to Greenpeace, the David Suzuki Foundation and even the *Globe and Mail*.

When it comes to foreign policy, there have been 12 years of promises to increase foreign aid broken and it will be broken again in that paper.

The problem with all these promises, is it not, Mr. Prime Minister, is that they are Liberal promises? Can you explain that?

**The Speaker:** I think the member for Toronto—Danforth may have meant to say "Mr. Speaker" but said "Mr. Prime Minister" instead. The Minister of Foreign Affairs, however, is rising to answer the question

**Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.):** Mr. Speaker, Canadians are very proud of the foreign policy Canada has developed over decades of work.

We live in the 21st century. New challenges and new situations are evolving. On the development front, we are committed to doubling our assistance in development aid from 2001 to 2009. We want to make a difference in development, in defence, in trade, and in foreign policy.

The government will build on a solid foundation but in a creative way to adapt to the new situations of the 21st century.

* * *

● (1430)

## SPONSORSHIP PROGRAM

**Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC):** Mr. Speaker, this is truly a sad day for Canada. The Prime Minister of our country gave sworn testimony that has seriously been called into question.

He told Gomery he barely knew Claude Boulay of Groupe Everest, but letters entered into evidence speak of a very warm, close, personal relationship with Boulay and his wife Diane.

Is it not true that the Prime Minister is desperate to deny these friends because otherwise it shows him right smack in the middle of the ad scam mess?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the Prime Minister has been absolutely clear on this issue. The fact is that the Prime Minister is the most trusted political leader in this country for a reason. It is clear that Canadians believe the Prime Minister and they believe his testimony.

With questions like that, it is little wonder that Canadians trust the Prime Minister and not the leaders of the other parties on these and other issues.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC):** Here is what the Prime Minister testified, Mr. Speaker: "Mr. Boulay and his wife I would describe as acquaintances. I don't know them well". He also stated, "I did make Boulay's acquaintance in 1990, but it didn't last for long". Yet in 2001 he wrote very personal birthday congratulations with a handwritten note.

The Prime Minister is caught in a very big discrepancy. How can he expect Canadians to believe him?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Do you know what, Mr. Speaker? I think the problem here is that Canadians do believe the Prime Minister and who they do not believe is the official opposition.

**Mr. Monte Solberg (Medicine Hat, CPC):** Mr. Speaker, the Prime Minister wants us to believe that he only had this casual acquaintance with sponsorship kingpin Claude Boulay, but when I look at that letter, I just draw other conclusions. He wrote, "Diane is still so graceful and beautiful. Claude, you should take her as a model". That is pretty familiar language for someone who is just a casual acquaintance.

When will the Prime Minister admit that he was much more than a casual acquaintance of Claude Boulay, or is he having trouble remembering?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, if the best that the opposition can come up with after months and months of Gomery work, after 12 million pages of documents provided to Justice Gomery, after $72 million invested in the Gomery commission to get to the truth, if the only thing that the opposition can come up with is a 50th birthday letter from the Prime Minister to an acquaintance, I think the Prime Minister ought to rest quite comfortably with the fact that that is a desperate opposition trying to tarnish the reputation of a great Prime Minister.

**Mr. Monte Solberg (Medicine Hat, CPC):** Mr. Speaker, I would say it is time to break out the ginkgo biloba for the Prime Minister and his buddies. They all seem to be pretty forgetful these days.

It took the Prime Minister two days to remember that he did not have gastronomic relations with Claude Boulay. Now we have this warm, personal letter to Claude Boulay and his wife. Apparently they were pretty chummy after all.

When will the Prime Minister admit that sponsorship king Claude Boulay is a lot more than a casual acquaintance?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, I have to say that I really think this is a ridiculous line of questioning. What we have here is a letter, the kind of letter everyone in the House writes to constituents and others on special occasions like 50th birthdays, unless of course those people over there do not have any friends.

Let me again reiterate that the Prime Minister has been absolutely clear that in fact he did not have lunch with Mr. Boulay or anyone else to direct any contracts to any individual firm.

* * *

[*Translation*]

## THE ENVIRONMENT

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, negotiations regarding the Ottawa-Quebec agreement on Kyoto have reached an impasse.

Will the Minister of the Environment admit that negotiations have stalled, since Quebec wants a more detailed and better defined agreement and Ottawa refuses to go beyond a general agreement with vague terms?

● (1435)

[*English*]

**Hon. Bryon Wilfert (Parliamentary Secretary to the Minister of the Environment, Lib.):** Mr. Speaker, first of all, I would not admit that. In fact, negotiations are continuing.

I notice that the hon. member attacks the government over the climate change plan. Unfortunately, his party has decided not to support it even though it is the one suggesting that we should make a deal with Quebec, which we intend to do, and with other provinces. I suggest the most constructive thing the member could do is to support the government and the budget, which has the fiscal instruments to move forward on climate change.

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, my party does not support Ottawa's plan because it goes easy on polluters. Such is the reality.

The federal government's current approach can be summed up as follows. The more you pollute, the easier it is to reduce your emissions and the more Ottawa will support you in that endeavour.

Will the minister admit that Quebec is right to want some guarantee that its plans will be accepted and not just put on a long list with the plans of the oil producing provinces, which, it seems, will get the lion's share of the available budgets?

[*English*]

**Hon. Bryon Wilfert (Parliamentary Secretary to the Minister of the Environment, Lib.):** Mr. Speaker, as the minister and I have said on numerous occasions, this is a balanced approach to climate change. The fact is consultations have gone on in Quebec, Alberta and across the country. I realize the hon. member is unhappy with the public reaction to the plan. I realize he is unhappy with the fact that we have had support from the German environment minister, the Sierra Club and others for this particular plan.

It sounds as if the member is spending too much time with that party, which is not sure whether it is for or against Kyoto. In fact, it is like nailing Jell-O to the wall.

* * *

[*Translation*]

## HYDROELECTRICITY

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, the federal environment minister has already shared his dream of seeing a hydroelectric transmission line stretch from east to west in Canada.

Can the Minister of the Environment guarantee that in no way will he make Hydro-Quebec sell its electricity elsewhere in Canada at a lower rate than it could get in international markets?

[*English*]

**Hon. Bryon Wilfert (Parliamentary Secretary to the Minister of the Environment, Lib.):** Mr. Speaker, the Minister of the Environment has made it very clear that we would like to work with the provinces of Quebec, Ontario and Manitoba with regard to a transmission line. It is good for Canadians, it is good for Quebec, it is good for Ontario and it is good for Manitoba.

Clearly we want to make sure that this valuable source of energy is useful for everyone. The member is suggesting that we would do a disadvantage to Hydro-Québec. I suggest the member should look in the mirror and look at what disadvantage he is doing to Quebec for not supporting the climate change plan.

[*Translation*]

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, can the government promise that it absolutely will not require Hydro-Quebec to transmit any electricity through Quebec territory without a formal agreement from Quebec?

[*English*]

**Hon. Bryon Wilfert (Parliamentary Secretary to the Minister of the Environment, Lib.):** Mr. Speaker, we are not at the stage where we are signing any agreements. The fact is the minister is being proactive. The Minister of the Environment has made it very clear that he will work with his provincial counterparts.

The sad part is when they claim the minister does not work with his provincial counterparts, they complain. When he does work with his provincial counterparts, they complain. I wish they would get their act together and decide on which side of the issue they are.

* * *

[*Translation*]

## SPONSORSHIP PROGRAM

**Mr. Peter Van Loan (York—Simcoe, CPC):** Mr. Speaker, this government has launched a number of inquiries, but put a stop to them when it did not like the truth.

The inquiry on the APEC summit was stopped without any reason, because Jean Carle's name was surfacing too often. There is also the Somalia inquiry. Now, the Minister of Transport is using the same technique as his Liberal buddy, Jean Chrétien, to abolish the Gomery commission.

How does the Prime Minister explain his party's obsession with stopping inquiries that will further tarnish its reputation?

[*English*]

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, first, our Prime Minister ended the sponsorship program. He established the Gomery commission. We continue to support the Gomery commission. We believe its work should continue to proceed. The position of the Prime Minister and our government is that the work of Justice Gomery is important to the country, that it should proceed, that Canadians deserve to have the report from Justice Gomery and that they deserve to have the truth and his analysis in its entirety before there is a general election.

● (1440)

**Mr. Peter Van Loan (York—Simcoe, CPC):** Mr. Speaker, perhaps the minister should talk to the transport minister.

Let us look at the government's track record and its disrespect for the inquiry process when the truth appears to implicate it.

The APEC inquiry was shut down when Jean Carle's name came up too often. The Somalia inquiry was shut down as well. The Krever commission was prevented from naming names. Now the Minister of Transport appears to have joined Jean Chrétien's campaign to shut down the Gomery commission.

Why does the Liberal Party push around commissions of inquiry with threats that they be may be shut down when the going starts to get rough?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the hon. member should take yes for an answer because the Government of Canada and the Prime Minister of Canada support the work of Justice Gomery. We want to see Justice Gomery report to the Canadian people before an election.

According to the *Globe and Mail* this morning, "Canadians would rather wait for the publication of the Gomery report before judging the government on the sponsorship issue. This is a sensible position if only for the reasons of elementary fairness. Contrary to the regular courts, where testimony is framed by rules that protect individuals and guarantee the due process of law, commissions of inquiry are verbal free-for-alls". That is right. That is why we need Justice Gomery's report.

**Mr. Jason Kenney (Calgary Southeast, CPC):** Mr. Speaker, the Prime Minister has a growing credibility deficit with respect to ad scam. He promised to be the wire brush to clean up Liberal corruption, but then he cheered on Jean Chrétien's contempt of the Gomery commission.

He says that we have to wait for Gomery to finish his report before an election, but he called one before Gomery had begun his work last year. He now denies any involvement in contracts, but his close personal assistant intervened to get a contract for his million dollar fundraiser, Mr. Savard. Now he denies any meaningful relationship with Claude Boulay, which turns out to be complete and utter nonsense.

Why does the Prime Minister have so much trouble telling the whole truth about the Liberal ad scam?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, to the contrary, the Prime Minister has no difficulty with the truth. In fact, he stands with Canadians who want the truth. That is why he established Justice Gomery. That is why our government supports the work. He continues to support Justice Gomery because we want Canadians to have the truth. We are not afraid of that truth.

They can quote from individual testimony, and sometimes questionable testimony at that. It is testimony that is contradicted by other days' testimony in some cases. They can quote selectively to make their argument. Frankly, that is the dishonesty, when one picks selectively from individual specious testimony instead of waiting for the truth from Justice Gomery. That is the dishonest party over there.

**Mr. Jason Kenney (Calgary Southeast, CPC):** Mr. Speaker, it is true that we have quoted from the questionable testimony of the Prime Minister where he denied any meaningful knowledge of or relationship with Claude Boulay and his wife. The Prime Minister said that it was just a passing acquaintance, that it was a short term relationship that really finished way back in 1990.

Why then did he write this personal, intimate letter commenting to Mr. Boulay on the good looks of his wife, joking about fine wines and golf games, if the Prime Minister really did not have a friendship?

Will the government not admit that the Prime Minister at best stretched the truth, under oath, in front of Gomery?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, based on that letter, the only thing the Prime Minister is guilty of is graciousness and bad writing. The fact is a letter sent to constituents or a letter to individuals is something politicians do quite frequently.

I would like to raise one issue. A few months ago, the hon. member said in an interview that there were forms of just discrimination. Throughout history, minorities have heard that kind of rationalization of discrimination, that there are just forms of discrimination.

I am proud to be part of a party, the Liberal Party of Canada, that does not believe discrimination is just, and not sit with that member over there who believes there are just—

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

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## INFRASTRUCTURE

**Hon. David Anderson (Victoria, Lib.):** Mr. Speaker, the Minister of State for Cities and Municipalities late last week announced an agreement between British Columbia and Canada on financial support for municipalities.

I would like to ask the minister what guarantees are included to prevent a province from reducing its own support for municipalities by the amount of the federal contribution?

**Hon. John Godfrey (Minister of State (Infrastructure and Communities), Lib.):** Mr. Speaker, I am delighted to confirm the new deal on gas tax money which was signed on Friday with British Columbia for a total of $635 million. This is part of our $5 billion investment over five years in cities and communities across the country.

We got in that deal and shall get in all other deals an iron clad guarantee that there shall be no clawback. This contrasts vividly with the policy of the party opposite, which would have us give no money to municipalities. Members opposite voted on that in their policy convention in March.

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● (1445)

## CHARTER OF RIGHTS AND FREEDOMS

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, this is the 20th anniversary of section 15 of the charter that guarantees equality rights for all Canadians. The Prime Minister celebrated by making a backroom deal with a Liberal MP who wanted to use the notwithstanding clause to prevent same sex couples from marrying.

Why did the Prime Minister choose this time to tolerate behaviour that demeans and disrespects others and why did he not ask the MP to leave the Liberal caucus?

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I do not know of any backroom deal. I only know the answer I gave to a question asked by the hon. member in the House, to which the hon. member referred.

I said that any special legislative committee that was set up would address this bill in hearings as it did any other bill.

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, that sounds like another non-answer. It is just another example of lip service to equality.

Let me get this straight. When a Liberal member criticizes George Bush and says sorry, the member is booted from the party. When a Liberal member offends women, gays and lesbians, the member gets a secret deal and a handshake.

Why did the Prime Minister not see that an assault on the charter was wrong? Why does he keep an MP in the Liberal caucus who thinks it is a good idea to overrule the courts and invade the private lives of Canadians?

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, our response with respect to the equality rights provision, section 15, which was stated inside and outside the House, was that we regarded section 15 as having been a transformative act in giving all Canadians, individuals and groups, a panoply of rights and remedies that had never existed before.

We trust this will continue in the march toward equality.

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## HUMAN RIGHTS

**Mr. Vic Toews (Provencher, CPC):** Mr. Speaker, let us follow the comments by the Minister of Public Works about just discrimination. Canadians of every ethnic background were horrified to hear the anti-Semitic comments of Liberal organizer Chief Nelson of Manitoba.

Anti-Semitic comments are not simply the concern of Jewish Canadians, they are a slur against all Canadians.

Chief Nelson has now apologized. Why has the government chosen to say nothing about the comments of Liberal organizer Chief Nelson? Is this just a just discrimination because Chief Nelson is a Liberal?

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, in my capacity as Minister of Justice and Attorney General, I have condemned racism, hate speech and hate crime, including anti-Semitism, in the House and outside the House.

I join with Chief Fontaine of the Assembly of First Nations in his rebuke to Chief Nelson and in his expression that we condemn all racist hate speech against any identifiable group, be they aboriginal people, be they racial or religious minorities, be they Muslims, Jews, gays or lesbians.

As I said, we envisage a country in which there is no sanctuary for hate and no refuge for bigotry.

**Mr. Vic Toews (Provencher, CPC):** Mr. Speaker, I think Canadians welcome those comments.

The government has failed to speak out on Chief Nelson's comments, despite his active role in Liberal politics in Manitoba. It simply wanted to ignore it. A clear government statement a week ago could have done more to tell Canadians about human rights than any hate crimes prosecution in the country.

I want to compliment the minister for his comments today, but why so late?

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, they are not so late or so little. The hon. member opposite is just not listening to the other comments I have been making on this issue and on other issues.

**Mrs. Nina Grewal (Fleetwood—Port Kells, CPC):** Mr. Speaker, last week former Liberal organizer Beryl Wajsman wrote that the party used ethnic minorities "as campaign slaves and to buy tickets", without ever giving them meaningful positions.

Liberal politicians use words like "tolerance" and "diversity", but their actions speak of bigotry. This is typical Liberal hypocrisy. Is it not true that Mr. Wajsman's statement reveals the real Liberal attitude toward cultural communities?

● (1450)

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, that statement reveals a statement made by Mr. Wajsman, not by anybody in the Liberal Party.

I just want to state one thing. Mr. Wajsman was in my employ for less than a year. I want to put it on the record that I bear no responsibility for any statements that he has made or any alleged conduct that he has engaged in after he left my employ, just as no member in the House would bear any responsibility for anything that any person did after they left their employ.

**Mrs. Nina Grewal (Fleetwood—Port Kells, CPC):** Mr. Speaker, the former special counsel for the justice minister told the truth about the Liberal attitude toward cultural communities when he said that every time the Liberal Party "needs the cultural communities only for two purposes, as slaves during an electoral campaign, or to buy tickets".

It has been a week since we first raised this issue. Why does the Prime Minister refuse to denounce these comments?

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the hon. member can continue to misrepresent the relationship of Mr. Wajsman, who is not my special counsel and never has been my special counsel. That is a matter of record.

With regard to any question of ethnic, religious or racial minorities, we have put our public position forward in the first ever national action plan against racism in the country. I would hope the member opposite would join us in that, since when we released that plan, we did not have any involvement and support from the members opposite with regard to the first ever national action plan against racism in the country.

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[*Translation*]

## GENETICALLY MODIFIED ORGANISMS

**Mr. Réal Ménard (Hochelaga, BQ):** Mr. Speaker, as regards GMOs, the government decided to proceed with the voluntary labelling of products. The result, according to environmental groups, is that consumers are no better informed than before, and this approach has not yielded any results.

Will the government put an end to this voluntary approach in the labelling of GMOs, and will it adopt compulsory measures instead, which are the only ones that can produce tangible results?

[*English*]

**Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the reality is we have a strong regulatory regime in place in Canada. We make absolutely certain that public health and safety is paramount whenever any particular product is to be authorized to be distributed to consumers. That is the pledge of the national government. That is what we will continue to do.

[*Translation*]

**Mr. Réal Ménard (Hochelaga, BQ):** Mr. Speaker, does the government realize that voluntary standards are useless and that we could end up with the same disastrous results as with the implementation plan for the Kyoto protocol, in which the government chose the same voluntary approach for the automotive industry?

[*English*]

**Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the same question, the same reply. We have a very strong regulatory regime in place in the country, one that works to protect public health. That is what we have employed as a government. That is what we will continue to do, and our determination and our priority is the health of Canadians.

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## FEDERAL-PROVINCIAL RELATIONS

**Ms. Belinda Stronach (Newmarket—Aurora, CPC):** Mr. Speaker, in the 905 area where I come from, my constituents have a tax burden that is almost double that of Toronto and seven times higher than in other parts of the province. The amount Ontarians pay in federal taxes is far too much given the services they get back. Ontarians are demanding that services be on par with the rest of the country.

When will the Prime Minister find time to negotiate with Ontario for a fairer deal?

**Hon. Ralph Goodale (Minister of Finance, Lib.):** Mr. Speaker, as I have explained in the House before, a large portion of federal tax revenue flows from Ontario. Ontario, very positively, does have the largest provincial economy in Canada and the largest number of successful upper income Canadian taxpayers, both on the corporate side and the personal side. I think Ontarians are generally very proud of the fundamental role that they play in the country.

In terms of the major transfers that flow back from the Government of Canada to all Canadians, they are calculated on a per capita basis and they are on a dollar basis per capita, including tax points and cash, equal.

**Ms. Belinda Stronach (Newmarket—Aurora, CPC):** Mr. Speaker, let me say again, it is time to stop taking Ontario voters for granted.

Studies indicate that the average Ontario taxpayer contributes $4,500 a year to pay for transfers to other provinces through federal government taxation. Ontarians are proud to do that, but the burden is now compromising Ontario's future prosperity.

To safeguard the health of equalization for the whole country, why has the Prime Minister not met with the premier of Ontario to close the Ontario gap?

● (1455)

**Hon. Ralph Goodale (Minister of Finance, Lib.):** Mr. Speaker, the Prime Minister has indicated a willingness to meet with the premier of Ontario, just as he meets with all of the premiers to discuss specific issues.

When we put together an auto policy, it has a particular benefit that flows into the province of Ontario. When we have an industrial development policy, because of the size and focus of Ontario, that policy has a particular benefit in Ontario. When we have a science and technology policy, it flows largely to the advantage of Ontario. When we have an agricultural policy, because of the size of Ontario, a large part of the benefit flows to Ontario. On all of those fronts, Ontario is a major beneficiary.

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## THE ENVIRONMENT

**Mr. Brent St. Denis (Algoma—Manitoulin—Kapuskasing, Lib.):** Mr. Speaker, my question is for the Minister of Industry.

After years of discounting the science behind climate change, official opposition members would have us believe that they have experienced a deathbed conversion on the need to address climate change and the Kyoto accord.

The Leader of the Opposition has referred to Kyoto as the worst international agreement this country has ever signed. His environment critic has called the accord a great socialist plot.

Would the minister inform the House as to the seriousness of the government's plan to address climate change and the sincerity of the johnny-come-latelies opposite?

**Hon. David Emerson (Minister of Industry, Lib.):** Mr. Speaker, I have not been in this House for long, but one of the things I have learned is that the members opposite are blatantly opportunistic, partisan and misleading the Canadian people. They are running a parallel inquiry to Gomery in the House day after day pretending that they can do better than Gomery.

They are doing the same on climate change. They are pretending that they support Kyoto. They have never supported Kyoto. They do not support Kyoto and they never will.

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## LIBERAL PARTY OF CANADA

**Mr. Jason Kenney (Calgary Southeast, CPC):** Mr. Speaker, Beryl Wajsman is a Quebec Liberal organizer who said, "The Liberal Party treats cultural communities as campaign slaves".

Moments ago the Minister of Justice said that Beryl Wajsman is not and never has been a special counsel to him. I have in my hand a copy of a business card for Beryl P. Wajsman, "Special Counsel to Irwin Cotler, MP".

*Speaker's Ruling*

Who is telling the truth, the minister or Mr. Wajsman?

**The Speaker:** This is the second time we have had this card read out in the House and I cautioned one of the hon. member's colleagues the other day on how contrary this was to the rules. I know he will want to be vigilant since he is supposed to set an example, in organizing his colleagues for question period, not to break the rules by reading someone's name in the record when we cannot do that. It is contrary to the practice of the House.

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, Mr. Wajsman was a riding assistant in my office for less than a year. I have no responsibility for what he put on any business card, then or since.

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## AIRLINE INDUSTRY

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, sky high airport rents are sending our airline industry into a nose dive. Last Friday the Liberal chair of the transport committee said, "The disadvantage being heaped upon Canadians is breathtaking".

Because of the government's failure to address this problem, Toronto, Montreal, Vancouver and now even Calgary are among the most expensive places in the world to land a plane. The government continues to fail to address the problem and is failing the industry.

When will the transport minister recognize that this is serious and simply fix the problem?

**Hon. Ralph Goodale (Minister of Finance, Lib.):** Mr. Speaker, I have had the opportunity to meet with all of the airport authorities referred to by the hon. gentleman in his question, together with several other airport authorities across the country. I have assured them that the government is aware of their arguments and their representations. We accept the point that the old formula is wrong and it needs to be fixed. We have indicated that it will be fixed, at the very latest before June.

* * *

● (1500)

[*Translation*]

## HOUSING

**Mr. Christian Simard (Beauport—Limoilou, BQ):** Mr. Speaker, the surpluses accumulated by the Canada Mortgage and Housing Corporation now total $3.4 billion and will exceed $7 billion in 2008. I introduced a bill in the House to restrict the assets of the CMHC and transfer its scandalous surpluses to Quebec and the provinces, so that this money can be used to build social housing units.

Does the government intend to support Bill C-363 and give hope to the 1.7 million people who are facing housing problems?

[*English*]

**Hon. Joe Fontana (Minister of Labour and Housing, Lib.):** Mr. Speaker, first and foremost, I do not think CMHC's surplus is scandalous. In fact, Canadians are buying homes in record numbers. They are able to afford homes and they are able to renew their mortgages at the lowest interest rates possible. That is good economic policy.

I have indicated that I am looking at options on how we can take some of those CMHC surpluses to ensure that we help more homeless people and people seeking affordable housing. That is what we would like to do. I do not want to do what the BQ is doing and that is to destroy a federal institution that helps all Canadians.

* * *

## CHILD CARE

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Mr. Speaker, there has been a great deal of speculation in the media and in coffee shops across this country that Canadians will soon be forced to the polls. This would obviously jeopardize current legislation before the House.

Could the Minister of Social Development tell Canadians what the state of early learning and child care would be if the budget implementation bill did not pass?

**Hon. Ken Dryden (Minister of Social Development, Lib.):** Mr. Speaker, a lot is at stake. It is not just the $5 billion over five years and the chance to finally build an early learning and child care system across the country with the ambitions of a real system, but more specifically, the moment the budget bill passed, $700 million would pass to the provinces and territories for early learning and child care with a deal or no deal.

That is $700 million, a 30% increase in what all governments across the country currently spend on child care. In an instant, it is there or it is gone. To put this at risk all for the sake of a few weeks, why the rush?

* * *

## POINTS OF ORDER

ORAL QUESTION PERIOD

**Mr. Jason Kenney (Calgary Southeast, CPC):** Mr. Speaker, moments ago there were some conflicting views on the veracity of a business card, a copy of which I have. I would therefore seek the unanimous consent of the House to table a photocopy of the House of Commons business card of Beryl P. Wajsman who lists himself as a special counsel to the member of Parliament for Mount Royal. I seek unanimous consent to table it.

**The Speaker:** Does the hon. member have the unanimous consent of the House?

**Some hon. members:** Agreed.

**Some hon. members:** No.

* * *

## PRIVILEGE

PRINTING AND FRANKING PRIVILEGE

**The Speaker:** I am now prepared to rule on the question of privilege raised by the hon. member for Windsor West on Monday, March 21, 2005 concerning a householder mailing to some of his constituents under the frank of the hon. member for Medicine Hat. The mailing, actually a 10 percenter in this case, was critical of the conduct of the member for Windsor West.

I would like to thank the hon. member for raising this matter, as well as for providing the Chair with a copy of the material. I would also like to thank the hon. member for Medicine Hat for his contribution on the issue.

In presenting his case, the hon. member for Windsor West charged that his privileges as a member had been breached when the member for Medicine Hat had used his franking privileges to send a householder to some of the constituents of Windsor West. The hon. member for Windsor West argued that the distributed document contained information that was factually wrong regarding his position on the gun registry and on funding for the RCMP, as well as on his voting record on these matters.

The member pointed out that he could not have voted against the gun registry in committee since he was not a member of the Standing Committee on Justice, Human Rights, Public Safety and Emergency Preparedness, and that he had voted against further funding for the firearms registry in the House. He also expressed concerns about the use of tax dollars to spread false information about members, reflecting that this action might be construed as intimidating and deploring the negative effects of this document on his constituents and their opinion of him.

The hon. member noted that he had received complaints from some constituents about the document. This use of the franking privilege, he argued, was a breach of his privileges as a member, and he asked that the matter be referred to the Standing Committee on Procedure and House Affairs for consideration.

● (1505)

[*Translation*]

In his comments, the hon. member for Medicine Hat noted that there was no attempt to intimidate or threaten the member for Windsor West.

[*English*]

First, I must clarify a technical point about the disputed mailing. It was not sent out using the franking privilege; instead, it went out as unaddressed mail charged by the post office at a bulk rate. Second, I want to explain the circumstances of this particular mailing. My officials inform me that, because of an error in labelling at the post office, the documents in question were sent to the riding of Windsor West instead of the riding of Windsor—Tecumseh.

One might infer from this error that the comments in the document relating to the record of the sitting MP were meant to refer to the hon. member for Windsor—Tecumseh and it might then appear that the inaccuracy of these comments in relation to the hon. member for Windsor West may be attributed to an administrative error rather than to the originator of the document. It seems to me that the Chair cannot determine where such responsibility for inaccuracies should lie.

Nor is the Chair ready to pronounce on whether the document in question, a copy of which has been provided to me by the hon. member for Windsor West, conforms to the guidelines on the content of householders and 10 percenters found in the *Members' Manual of Allowances and Services*.

*Speaker's Ruling*

The fact is that this document distributed in the riding of the hon. member for Windsor West disseminated information about the sitting member's activities and positions which the hon. member for Windsor West disputes. This may well have affected his ability to function as a member and may have had the effect of unjustly damaging his reputation with voters in his riding.

In this regard, I refer hon. members to a ruling of Speaker Fraser given on October 16, 1986 at page 405 of the *Debates*. While he did not find a prima facie case of privilege in that particular situation, Speaker Fraser did state that there could be cases where:

> —depending upon the content of the communication sent under the frank, it could be a question of privilege if the content worked against the right of Members to free expression and the carrying out of their obligations as Members.

After due reflection on the facts of this case, I must conclude that the hon. member for Windsor West has presented on its face a convincing argument that his ability to function as a member of the House has been interfered with.

Accordingly, I find that the matter raised is of sufficient gravity that a prima facie case of privilege does exist and I invite the hon. member for Windsor to move his motion.

REFERENCE TO STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, in light of your ruling, I move:

> That my question of privilege arising from inaccurate and misleading mailings from the Conservative Party Caucus sent to my constituents be immediately referred to the Standing Committee on Procedure and House Affairs for further consideration.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Speaker:** In my opinion the yeas have it.

*And more than five members having risen:*

**The Speaker:** Call in the members.

*And the bells having rung:*

**The Speaker:** At the request of the chief government whip, the vote on this motion is deferred until tomorrow at the conclusion of the time provided for government orders.

* * *

● (1510)

## POINTS OF ORDER

SPONSORSHIP PROGRAM

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, on Thursday, April 14 the Minister of Public Works and Government Services, in answering questions from the official opposition, made frequent reference to a document that he called a review of the books of the Liberal Party and at other times called an audit of the books of the Liberal Party of Canada. He made reference to the authors of the document as being Pricewaterhouse and I believe Pricewaterhouse-Coopers & Lybrand at different times. Given that the minister of the Crown made reference to the document, I believe he has an obligation to table that document in the House of Commons so that we may have the benefit of viewing the content of the reference that he made.

Having said that, as a point of order, I request that the Chair ask the Minister of Public Works and Government Services to table in the House the document he called the audit or the review of the books of the Liberal Party of Canada.

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, the hon. member is an experienced member of Parliament. He should know that the reference in question is the obligation on the part of the minister to table a document from which he has quoted, not the fact that he has referred to a document. That is a totally different proposition.

**The Speaker:** I will review the comments made by the Minister of Public Works and Government Services on Thursday as suggested by the hon. member for Winnipeg Centre. I think what the hon. member for Glengarry—Prescott—Russell said is correct in terms of my understanding of the rules, that the document must be tabled on request if the minister quotes from the document.

I will see what he said. If he did quote from the document, I will come back to the House and inform the hon. member for Winnipeg Centre accordingly. Otherwise, we can leave the matter for that check on my part, which I am happy to do. If the hon. member sees something else in the words, I am sure I will hear further from him.

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I understand the hon. member asked that the PricewaterhouseCoopers and Deloitte reviews be tabled. In fact, they are posted on the Liberal Party website, as they have been for several months, in both official languages. They have been provided to Justice Gomery for his commission's work, as our auditors in fact are working with Justice Gomery's auditors on this.

I would be delighted, in fact, if the hon. member does not have access to a computer, to print off the documents and table them in the House. That would be a pleasure.

**The Speaker:** I am sure the hon. member for Winnipeg Centre is delighted by the assistance of the Minister of Public Works and Government Services in this case.

# ROUTINE PROCEEDINGS

[*English*]

## ORDER IN COUNCIL APPOINTMENTS

**Hon. Dominic LeBlanc (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I am pleased to table, in both official languages, a number of orders in council recently made by the government.

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## COMMITTEES OF THE HOUSE

NATIONAL DEFENCE AND VETERANS AFFAIRS

**Mr. Pat O'Brien (London—Fanshawe, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on National Defence and Veterans Affairs entitled, "Procurement of Canada's Victoria Class Submarines". I note happily that this is a unanimous report. It is accompanied by a supplementary opinion of the Bloc Québécois.

In presenting the report, let me take a moment to thank colleagues of all parties who worked very hard to pursue this topic and to get a unanimous report. On their behalf, I would like to thank our research assistant, Mr. Michel Rossignol, for his outstanding work, as well as the clerk of the committee, Mrs. Angela Crandall, for all of the good efforts she made to help us complete this work.

● (1515)

[*Translation*]

PROCEDURE AND HOUSE AFFAIRS

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, I have the honour of presenting the 34th report of the Standing Committee on Procedure and House Affairs, regarding the membership of some committees.

[*English*]

Mr. Speaker, if the House gives its consent, I move that the 34th report of the Standing Committee on Procedure and House Affairs be concurred in.

**The Speaker:** Is there unanimous consent?

**Some hon. members:** Agreed.

(Motion agreed to)

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## PETITIONS

MARRIAGE

**Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC):** Mr. Speaker, it gives me great pleasure today to present 10 petitions from thousands of Canadians stating their position to me as a member of Parliament that they want us to retain the traditional definition of marriage and that Parliament recognize their feelings.

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I wish to present a petition on behalf of the constituents living in the riding of Lambton—Kent—Middlesex in the Strathroy and Glencoe area. They pray that Parliament define marriage in federal law as being a lifelong union of one man and one woman to the exclusion of all others.

[*Translation*]

CHILD DISCIPLINE

**Mr. Richard Marceau (Charlesbourg—Haute-Saint-Charles, BQ):** Mr. Speaker, it is with great pleasure that I am tabling a petition signed by dozens of people across Quebec, who are asking for the repeal of section 43 of the Criminal Code, to make spanking illegal in Canada.

[*English*]

MARRIAGE

**Mr. Garry Breitkreuz (Yorkton—Melville, CPC):** Mr. Speaker, I have a number of petitions from constituents in the town of Springside in my riding. They ask Parliament to define marriage as a lifelong union between one man and one woman because that is the best foundation for families and the raising of children. They state that whereas the definition of marriage has been changed by the courts, it should be the exclusive jurisdiction of Parliament to define marriage and not the courts. They ask Parliament to define marriage in federal law as being the lifelong union of one man and one woman to the exclusion of all others.

I have another petition of a similar nature from a number of constituents in Wadena. I will not go through it all, but they are essentially asking for the same thing.

**Mr. Kevin Sorenson (Crowfoot, CPC):** Mr. Speaker, I rise today to present a number of petitions containing just under 2,000 signatures of constituents from Crowfoot. These are people from all across the large riding of Crowfoot: Three Hills, Drumheller, Strathmore, Rockyford, Big Valley. The petitioners ask Parliament to pass legislation to recognize the institution of marriage in federal law as being the union of one man and one woman to the exclusion of all others.

● (1520)

NATURAL HEALTH PRODUCTS

**Mr. Kevin Sorenson (Crowfoot, CPC):** Mr. Speaker, I have another petition to present on behalf of my constituents. These petitioners are primarily from Three Hills, Linden, Carbon and Bashaw. They call upon Parliament to provide Canadians with greater access to natural health products and to restore freedom of choice in personal health care by enacting private member's Bill C-420, an act to amend the Food and Drugs Act.

REFUGEES

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I am pleased to table a petition signed by literally thousands and thousands of Canadians insisting that the government immediately implement the refugee appeal division approved by Parliament in the Immigration and Refugee Protection Act in 2002.

The petitioners express serious alarm that although Canada has been a signatory to the 1951 UN convention on refugees and the 1948 universal declaration of human rights, many of its recent actions have fostered a climate hostile to refugees. In particular, they point to the failure of the federal government to implement the appeal provision approved by Parliament in the Immigration and Refugee Protection Act in 2002, despite international recognition of the right of an appeal for refugee claimants and despite repeated public promises of implementation. It is urgent that the government act on the message contained in the petition.

MARRIAGE

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, I rise this afternoon on behalf of a great number of citizens to draw the attention of the House of the following.

The petitioners believe that the majority of Canadians believe that the fundamental matters of social policy should be decided by elected members of Parliament and not by the unelected judiciary.

They also put forward the argument that the majority of Canadians support the current legal definition of marriage as the voluntary union of a single, that is unmarried male, and a single, that is unmarried female.

They are petitioning Parliament to use all possible legislative and administrative measures, including invoking section 33 of the charter, the notwithstanding clause if necessary, to preserve and protect the current definition of marriage as between one man and one woman.

**Mr. Merv Tweed (Brandon—Souris, CPC):** Mr. Speaker, I wish to present a petition on behalf of some of my constituents in Brandon—Souris asking Parliament to pass legislation to recognize the institution of marriage in federal law as being a lifelong union of one man and one woman to the exclusion of all others.

AUTISM

**Mr. Mark Warawa (Langley, CPC):** Mr. Speaker, I have two sets of petitions.

The first is from a number of residents from Langley in the greater Vancouver area. They are petitioning Parliament to consider autism therapy for children with autism as a medically necessary treatment. They are also asking for the creation of an academic chair at a university in each province to teach treatment to deal with autism.

MARRIAGE

**Mr. Mark Warawa (Langley, CPC):** Mr. Speaker, I also have five petitions dealing with marriage. The petitioners are asking Parliament to use all possible legislative and administrative measures, including invoking section 33 of the charter if necessary, to preserve and protect the current definition of marriage as being between one man and one woman to the exclusion of all others.

**Hon. Rob Nicholson (Niagara Falls, CPC):** Mr. Speaker, I have several petitions covering the same issue. They all concern the definition of marriage. These petitions are signed by individuals from the town of Niagara-on-the-Lake, the city of Niagara Falls, and Fort Erie and the greater Fort Erie area including Stevensville and Ridgeway.

The petitioners are calling on Parliament to use all possible legislative and administrative measures to preserve and protect the current definition of marriage as between one man and one woman. These are sentiments with which I completely agree.

**Mr. Jay Hill (Prince George—Peace River, CPC):** Mr. Speaker, like so many of my colleagues, and the many times I have risen in this chamber in the past month or two, I am pleased to present a petition. This one is from the citizens of the beautiful city of Prince George in my riding.

The petitioners note that the majority of Canadians believe that the fundamental matters of social policy should be decided by elected members of Parliament, not by unelected judges. They also note that the majority of Canadians support the current legal definition of marriage as the voluntary union of a single man and a single woman.

Therefore they call upon Parliament to use all possible legislative and administrative measures, including invoking section 33 of the Canadian Charter of Rights and Freedoms, commonly referred to as the notwithstanding clause, if necessary, to preserve and protect the current definition of marriage as between one man and one woman.

● (1525)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I also have a petition. I had hoped to rise on a motion with regard to Bill C-206. Unfortunately the Speaker's arrangements require that to be delayed.

However, I would like to present a petition which is also on the subject matter of marriage. It is a petition we have heard hundreds of times in this place.

The petitioners would like to draw to the attention of the House that the fundamental matters of social policy should be decided by elected members of Parliament and not by the unelected judiciary, and that the majority of Canadians support the current definition of marriage.

The petitioners therefore call upon Parliament to use all possible legislative and administrative measures, including the invocation of section 33 of the charter, commonly known as the notwithstanding clause, to preserve and protect the current definition of marriage, which is the union of one man and one woman to the exclusion of all others.

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### QUESTIONS ON THE ORDER PAPER

**Hon. Dominic LeBlanc (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I would ask that all questions be allowed to stand.

**The Speaker:** Is it agreed?

**Some hon. members:** Agreed.

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## GOVERNMENT ORDERS

[*Translation*]

### CANADA GRAIN ACT

The House resumed consideration of the motion that Bill C-40, an act to amend the Canada Grain Act and the Canada Transportation Act, be read a second time and referred to a committee.

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, as I was saying before my speech was interrupted for statements by members and oral question period, both CP and CN provide service to Thunder Bay and points further east of that city.

Grain from Thunder Bay can be shipped directly to export in ocean vessels, by lake freighter for consumption in eastern Canada, or for export to world markets from ports on the St. Lawrence River. All rail movements passing through Thunder Bay are covered by the revenue cap up to Thunder Bay. Eastbound movements over CN's north line are also covered by the revenue cap, as far as Armstrong, Ontario, which is north of Thunder Bay. Armstrong and Thunder Bay are approximately equidistant east of Winnipeg, Manitoba.

Eastbound movements by rail east of Thunder Bay or Armstrong are subject to commercial freight rates. There are separate revenue caps for CN and CPR. The revenue caps vary from year to year and take into consideration factors related to inflation, traffic volumes and changes in the average length of haul. Compliance with the revenue cap is monitored by the agency, which compares the railways' eligible revenues to the amounts they were entitled to earn under their caps.

The agency is required to make its determinations by December 31 each year. In determining compliance, the agency will reduce the railway revenues to account for incentives, rebates or other reductions negotiated between railways and shippers. If the agency determines that a railway has exceeded its revenue cap for the crop year, the railway must repay the excess amount plus a penalty.

In crop year 2003-04, about 24.5 million tonnes of western grain were moved under the revenue cap. This was about 50% higher than the western grain volume for the previous crop year, when drought conditions prevailed. Of course, we all remember the drought in western Canada.

In crop year 2003-04, about 11 million tonnes of western grain moved to Vancouver, 9.5 million tonnes to Thunder Bay and Armstrong, and about 3 million tonnes to Prince Rupert. CN's revenue cap in 2003-04 was $322 million and CPR's $310 million.

I will now turn to the U.S. trade complaint. On March 31, 2003, the U.S. officially requested a WTO panel to examine U.S. allegations respecting the consistency with international trade obligations of the activities of the CWB in relation to the disciplines on state trading enterprises set out in article 17 of the GATT, and certain policies affecting the importation of grain, including the rail revenue cap, rail car allocation, grain entry authorization and grain mixing in relation to GATT article III.4.

Article III.4 of the GATT 1994 requires in the relevant part that:

> The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use.

● (1530)

This is generally referred to as the national treatment obligation.

Before I go on further about Article III.4 and the revenue cap, I want to reiterate that the WTO ruled in favour of Canada on the CWB issue. It is important to repeat this, particularly to the Conservative Party over the way, which still does not understand that aspect. The WTO found that the CWB and its activities are consistent with Canada's international trade obligations. That is clear.

In other words, the WTO confirmed that the Canadian Wheat Board is a fair trader, consistent with Canada's position at the WTO negotiating table. A number of members over there have claimed otherwise and I do not find it at all surprising that they were wrong.

In its complaint, the U.S. alleged that the revenue cap favours domestic grain over imported grain, and therefore is inconsistent with Canada's obligations under Article III.4.

The basis of the U.S. complaint was that the rail revenue cap applies only to western Canadian grain and that no imported grain is eligible to receive the benefits from the revenue cap. The U.S. argued this discriminatory treatment provides more favourable conditions of competition for Canadian domestic grain than for imported grain. In other words, we were accused of overprotecting western Canadian grain producers.

In its decision, the WTO panel noted that it may be the case that the revenue cap does not currently restrain railway rates, and that it is unlikely to do so in the future. However, the panel noted that it is not necessary to demonstrate actual adverse trade effects in establishing a violation of Article III.4, since Article III:4 protects conditions of competition and not trade effects.

The panel also noted that, according to GATT/WTO jurisprudence on Article III.4, the mere fact that an imported product is exposed to a risk of discrimination is sufficient to conclude that it has been treated less favourably. As such, the panel concluded that the revenue cap provisions of the CTA were not consistent with Article III.4 of the GATT.

The government considered various options to bring the revenue cap into compliance with the WTO ruling. One option would be to simply repeal the revenue cap provisions. That is not my personal preference. However, the government indicated in *Straight Ahead*, its vision for transportation in Canada released in 2003, that it would continue to monitor the impact of its grain reforms of 2000 before making decisions on further policy changes.

Let me assure members that the government has no intention of repealing the revenue cap in response to the WTO decision, and that is a good thing.

Instead, the government will bring the revenue cap into compliance with the WTO decision by extending the revenue cap to foreign grain that is legally imported into Canada. That is far more logical. This is the option that has the least impact on the grain handling and transportation system. Foreign grain would have to meet all of the existing requirements in order to be eligible for coverage under the revenue cap.

In January 2005, the Parliamentary Secretary to the Minister of Agriculture and Agri-Food held extensive consultations in western Canada on the government's proposed approach to address the WTO decision, including the proposed approach to the grain revenue cap. There was strong support for Canada to meet its WTO obligations and broad support for the government's proposed approach.

I would encourage this House to pass this bill as soon as possible, so that Canada can fulfill its obligations in accordance with the WTO decision.

● (1535)

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, earlier in debate there was some interesting discussion about the WTO between the member for Glengarry—Prescott—Russell and the NDP member who raised it and its relevance or assistance in the matter now before the House. It seems that there is a problem, at least with regard to grain matters. The WTO is causing some difficulties. I know from prior work on this file that issues to do with subsidies, particularly within European markets, put Canadian grains at a substantial disadvantage.

I wonder if the member for Glengarry—Prescott—Russell might be able to reaffirm the need for the WTO in regard to the broader context of a trade organization. I wonder if he would also indicate whether or not matters as they relate to Bill C-40 are now in fact a problem with regard to the recent rulings of the WTO.

**Hon. Don Boudria:** Madam Speaker, I will start with the last point raised by my colleague. In terms of Bill C-40, it is not that complicated for us to implement. As I indicated in the latter part of my remarks, the government is choosing the avenue that is most appropriate.

Second, the ruling is based not on the fact that there was a disadvantage, but that there was an increased risk even though no harm had yet been proven. That is roughly the sense of it. That is not the larger issue with the legislation. We comply and I believe we still get to protect the Canadian industry as well as before.

That being said, obviously we need to continue to do more to protect various industries under the World Trade Organization, agriculture more particularly. This is where both the member and I will disagree with some of the comments we heard earlier. This form of a Hobbesian state of nature that was described earlier, as if we could simply ignore international trading rules and that would be better, is sheer and utter nonsense. That was the NDP member. I see the member across seems to be worried that I somehow attributed that to him.

I, for one, am of the view that we need stricter international trading rules. In that environment, Canadian industry can better compete. I have no doubt that the farmers of my constituency are every bit as good as farmers elsewhere, not only in Canada, which is already the case, but internationally as well.

What we need is good trading rules so as to prevent countries from bombarding each other with subsidies, as the EU and the United States are doing now. This has the effect of lowering world prices and of course damaging Canadian agricultural interests in the process. And it is not just Canadian interests that are damaged in the process. Not that long ago, I was reading in a publication about the state of farming in Africa.

Madam Speaker, you and I are both members of the Canada-Africa parliamentary friendship group. We have been told, for instance, how the price of cotton in Africa has gone down to virtually nothing, which means that some of the poorest people in the world producing that particular agricultural commodity cannot get any price for it. People are starving because people in other countries are artificially subsidizing a commodity that has the effect of lowering that price.

What do we need, then? We need stronger trading rules, not weaker ones. We need a good multilateral environment that would protect farmers everywhere from the large treasuries of some countries when they do this kind of damage, not only to agriculture but to other areas as well.

● (1540)

**Mr. Paul Szabo:** Madam Speaker, the member calls for stronger rules, but I wonder if he would not agree that rules are fine but the enforceability issues also have to go in lockstep, as well as the timeliness of the decisions that are taken. Indeed, because of the importance of the agricultural sector, we need to have an adequate dispute resolution mechanism which would ensure that there would be no unintended consequences or penalties way beyond reasonableness, given the nature of the dispute.

**Hon. Don Boudria:** Madam Speaker, the hon. member is right. Stronger rules include stronger enforcement. That is part of having stronger rules. However, he is right in raising it as an issue. It must be stated often that the rules must be strict, but the component of the rules about the enforceability has to be strict as well.

He raises another good point too, and that is the rapidity of which we can get something acted upon. Here I will get into another issue completely, but it makes the point.

We have, for instance, a factory in my constituency that produces metal tubes. They are used for everything from toothpaste to ointments to cosmetics and other things. Right now they are suffering the effect of another country's exports. The other country's export has now been found in relation to a third country to have elements of dumping. The company in my constituency will have to launch a similar action to determine whether the product the same company located in South America is selling in Canada in competition to it is also dumping. One of the big concerns is the amount of time it takes to arrive at determinations in that regard.

It is my view this is probably one of the finest examples of justice delayed is justice denied. If in the process the factory is closed and then it wins the determination, fat chance that will reopen a previously closed factory. That is not the way things work in business. Once the corporate decisions are made, or once the company can no longer afford to pay the employees and all of those things, not that I think the company in my constituency is at that point, but as a general principle, sometimes it is too late for any reparation even if the company wins. In other words, even if it wins, it still loses except it loses knowing that it would have won had it been able to do something earlier, which hardly puts bread on the table for the families of my constituents, nor anyone else's.

There is strong support for actions being taken by some of our cabinet colleagues to strengthen WTO rules, and in the strengthening of those, I want the preservation of our supply management systems to be part of what will be the end result of those negotiations.

They are not a form of subsidy. They do not misplace foreign markets. Supply management is self-sufficient. It is supported by the three elements: the border controls that are manifested of course by way of a tariff; the production; and the other elements of the supply management system, namely the organized system that we have for it now. Those three elements, or the pillars as they are referred to, are important and they are not trade-distorted measures at the international level. We know that as Canadians and we have to continue to convince our ministers to keep with that position at the international level.

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● (1545)

## PRIVILEGE

REFERENCE TO THE STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

**Hon. Karen Redman (Kitchener Centre, Lib.):** Madam Speaker, discussions have taken place among all parties regarding the recorded division requested earlier this day on the motion of the member for Windsor West concerning privilege, and I believe that you would find unanimous consent for the following. I move:

That the motion of the member for Windsor West concerning privilege moved earlier this day be deemed carried.

**The Acting Speaker (Hon. Jean Augustine):** Does the hon. government whip have the unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

**The Acting Speaker (Hon. Jean Augustine):** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

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## CANADA GRAIN ACT

The House resumed consideration of the motion that Bill C-40, an act to amend the Canada Grain Act and the Canada Transportation Act, be read the second time and referred to a committee.

**Mr. Gerry Ritz (Battlefords—Lloydminster, CPC):** Madam Speaker, it is a pleasure to stand today on behalf of the producers of Battlefords—Lloydminster to discuss Bill C-40. This is the first chance we have had to look at the bill. It is a fairly innocuous piece of legislation, just a few little paragraphs that comprise the bill, but the effects are far-reaching.

We need to have rules based trade. No one will argue with that. The problem I find, time after time, is that Canadian producers seem to be held to a different standard from other producers in the world. We always seem to be getting the short end of the stick. I am not sure if that is because we bargained in bad faith or that we have turned in too easily and allowed other countries to overrun the system that we work with here.

I have some major concerns with this little piece of legislation. No one has a problem with the WTO and with good, sound rules based negotiations and trade around the world. The problem is how do we do that without having these sidebar deals constantly caught up in trade actions that take years to come to agreement and hundreds of millions, if not billions, of dollars in hurt that we, as Canadians, seem to face on many different levels. I have some real concerns with being forced to make these changes as quickly as we are being asked to do so.

The government knew this was coming down when it starting forming legislation in September. It finally got around to doing this now. This has to be in place by August 1, the start of the next crop year, or we will face sanctions. There is no doubt in my mind that someone will pull the pin and we will face sanctions. The concern I have is the government wants us to treat this as housekeeping, look the other way and let it go through.

A lot has been made about the so-called consultative process that the minister undertook through his parliamentary secretary. The parliamentary secretary had a few meetings across the country. He lands at an airport, books a room in a hotel, invites three or four people from around the area to make a presentation, jumps back on an airplane three hours later and he is on to the next venue. That is not really a consultative process. We need to talk to a myriad of farm organizations, not just the ones that are government-friendly.

The Minister of Public Health introduced the bill, which I found a little strange in that the agriculture minister is here. He was here in question period. It was strange to have the Minister of Public Health from downtown Toronto introduce a bill that really has far-reaching effects on my producers in western Canada.

There was not a lot of agricultural intelligence in that speech. I am sure it was a canned speech from Agriculture Canada. She talked about the glowing results of what we are looking at. It just did not go anywhere. I asked a question about the billion dollar bail-out about which she was going on and on and she did not have the answer. I would have thought that if she was appointed and gave a glowing recommendation of this last announcement, she would have some idea about the aspect of the delivery and how far along it was, but she did not. I suppose someone forgot to give her that sheet.

Bill C-40 talks about doing three things. The government will now require, under the Canadian Grain Commission, entry permits, but there is no timeline in place as to how and when that will happen. We know that this will face the oversight of the other countries, especially the United States to which this is targeted, on August 1. However, we have no idea what form those permits will take, how they will be authorized, what the chain of command will be and what the bureaucracy will shape up to be. That is a concern.

The Grain Commission has become a real thorn in various parts of western Canada in the way it is operating. It is very secretive. It cuts back services, yet gets more and more money in its budgetary process. We have some major concerns with that as western farmers.

Another thing the bill talks about is blending. A person has to have permission from the Grain Commission whenever this is done. We have always had a blending aspect, but my concern is that we are losing the capacity to do that on the prairies. The Grain Commission really only wants that done at port. That could potentially cost my farmers hundreds of millions of dollars in a crop year by not being able to blend like we do.

The member for Macleod made the argument earlier, and I totally agree with him, that we have far too many grades and too complex a system in the country. We are graded at the various levels in protein and so on under milling wheat, yet when it goes into the boat to head off to Japan or whatever country is lucky enough to buy our product, it goes back in as milling wheat, period.

● (1550)

We clean it to export standards on the Prairies at these big huge terminals we built. When it gets back to the coast, then they are allowed a different standard and they tend to load garbage back into the hold of the boat.

I have heard complaints from the Japanese who import about stratified boatloads of Canadian grain that I have sold at a certain grade, cleaned to export standards, the 1% dockage or less that I am allowed. It is cleaned, but when it gets to the coast, they are allowed up to 4% on certain grades and they dump in lumber, bottles, crap and corruption. We had loads rejected at the other end a few years ago because of deer droppings.

If anybody knows how many times that grain has gone up and down an auger and an elevator and through machinery into trucks and back and forth to town before it got to Japan, one would wonder how that product could still be mixed in with the grain other than somebody bought the screenings and dumped it back in the boat after the farmer was done.

Part of the major concern I have is at what point along that chain do I no longer own and am answerable for it. I have dumped it in the pit at my elevator, however many miles away from my farm. We are fortunate because my farm is very close to some large terminals. Six months, eight months later, I can get a letter back from somebody saying, "We have now rejected your malt barley because". How do I fight that?

In my role as an MP, I have had four of those instances come to the attention of my office. We have had three of them overturned and forced the company to take the hit, not the farmer. When is it no longer my product?

That is why I look to organizations like the Wheat Board, which is supposed to be there to help me. Lately it is not doing a lot of that. A gentleman by the name of Ken Ritter heads up the Wheat Board. Ken and I ran against each other in 1997. We get together a couple of times a year and I often kid Ken . I say to him that I supposedly won, but he got the better job. He gets to go home nights. His paycheque looks as good or better than mine. He does not have 75,000 people to whom he has to answer. His job can disappear, so can mine. That is the game we play.

I do not see a lot farmer farm gate-friendly resolutions coming out of the Wheat Board, the Canadian Grain Commission and a lot of the government programs out there. Therefore, I am very concerned about the bill and the impact it could have.

When we look at the blending and how we have to keep track of all the products now, under the legislation we have country of origin labelling inserted into Canada through the back door. There is a big uproar over why we would want to do that, and the cost of that labelling, but there it is. This is going to happen.

I do not know how they will do that without grain confetti or something. A few bushels here and there get blended off, but we do not run a separate train car or a separate truck for a few bushels of product. We tend to blend it and make the run pay. I am not sure how we will enforce that. I think we will see a tremendous amount of paper chase. A lot of bureaucrats will be happy with this. However, it will cost my producers a lot more in lost revenue because they will have to pay for it.

The third and final thing that is affected, and it is a sleeper issue, is the rail cap. This only affects board grains basically and it really will negatively affect our delivery, especially closer to the U.S. border. I know the member for Macleod made that point earlier about peak times when we need our grain moving. Right now there is no grain moving. He talked about the amount of elevators and granaries on the farms that were full. He is absolutely right, the system is plugged.

We have road bans on now in western Canada because of the spring thaw. We just had some more rain and snow up in our area so those bans will be on for longer than we would like. Farmers will then be in the field and forced to haul their grain while they try to do other portions of their farm work such as spraying in June and haying in July. Then we have the end of the crop year and they have been unable to move their product because they have not had the time to do so. However, will the cars be available?

This is a major concern in that the captive states in the north tier of the United States will, through this bill, be able to haul into the south part of Canada and use our rail system to get it to port. They will not like the turnaround times, but it does give them an extra access they do not have at this point. I know in the system, Portland. They drive right out on Roberts Bank and drop right into the containers that go off shore. We do not. We handle the grain three or four more times before it gets into the container.

● (1555)

I am not sure they are going to like the turnaround time or the freight rates, but the problem I have with this is that the rail cap was supposed to help western farmers access the 13,000 cars that the federal government owns and is in the process of supposedly rolling over to the Farmer Rail Car Coalition. It is a major concern at this point because then we would no longer control access to those cars to the same extent we do now, which is questionable.

We could not say no to a farmer from North Dakota, South Dakota or Montana who wants to make use of those same cars up into Canada. If he gets an elevator that will take his grain, under this bill we have to allow it. That is another concern in having access to those railcars: timely access to them. It may or may not put in jeopardy the whole Farmer Rail Car Coalition bid, because there will be some major drain on those cars. People have talked both sides of the fence in allocation of cars. This adds to that muddied water, let us say, in car allocation so that it is not in the best interests of our farmers in western Canada.

The U.S. has a vested interest in doing that, but the Americans also have access to the Mississippi River. They barge grain down at virtually no cost at all. Upgrades and maintenance required on the Mississippi are done by the Army Corps of Engineers. They use it as a training exercise. No cost goes back to the overhead for WTO compliance for American farmers. That is quite an ace in the hole. It makes a big difference. If the Americans start to load up our rail system plus having the ace in the hole of the Mississippi system, my guys are hit twice. That is why I have some major concerns.

I have no problem with this bill going through to committee, but I certainly want to see a full and open debate and a good strong witness list coming forward so that we can get this done in time for the August deadline.

We have another bill before committee right now. Bill C-27 is tying us up and does not have a snowball's chance in hell of passing before this session ends in the spring, election or not. No one other than the CFIA likes that bill. I would argue very strongly that the committee drop its hearings on Bill C-27 and get right into Bill C-40 if we are to make that deadline. This is something that we are going to have to do to hit that implementation.

Rules based trade is fantastic. My concern is that we seem to get mired down and continue to think that we are hewers of wood and drawers of water. We think that bulk commodities are all we can do in western Canada. A lot of this WTO compliance is targeted to our bulk commodities, as are the complaints, for that matter. If we were allowed to value add, to process that product on the Prairies, and if farmers owned those processing plants, we would see an extra $1 or $2 a bushel in added revenue, plus then we would be shipping a processed commodity that would not face all of this rigmarole under the WTO.

This would also get us into the emerging markets in the Pacific Rim that do not have the infrastructure to process. We could start to fill those markets. Right now we are not filling those markets. They do not want bulk grain. They want flour. They want malt ready to go into their malt plants that they have started to develop over there. They want the durum flour and pasta. We need to start filling those markets. This legislation does not help that out at all.

We really have to wonder whose side the government bureaucrats organizing these things are on. Are the bureaucrats thinking this through or are we just going in there being the white knight and signing all these international agreements while our producers here in Canada take the hit?

We are seeing emerging markets and emerging producers such as Brazil coming forward. They can produce twice the product for half the cost because they do not face the taxation and regulatory burden that my guys do, but we have to compete with them out there in the global market. Now, with WTO agreements and so on, I am going to have to start competing with them for the domestic market here in Canada. That is great. Good for them. Come on strong, I say, but let us get a level playing field. When they are starting to be the world supplier on several different commodities, how do they still fall under this developing nation preferred status and get the gold key to my domestic markets here in Canada?

Someone has to start to think this through and look after my farmers first, not someone else. As much as we like to see them coming forward as well, it cannot be on the backs of my farmers.

I do not really see how this rule change is going to help my producers in any positive way at all. Certainly until we get some amendments, as the member for Haldimand—Norfolk said today, this bill has no chance at all of getting through in time for the August 1 deadline.

Whose fault is that? Is that our fault for giving the bill due diligence as we should? Or is it the fault of the government, which agreed to this in this short term timeframe and is trying to push it through in the dying days of this session? Or in an election for that matter, it will try to point the finger and say, "You put our guys at risk". No, the risks are in the day we signed on to this stuff. That is my concern.

● (1600)

In 2002 there was a very fulsome report on the grain commission and the whole grain trade. No one has yet seen a copy of that report. It has been hidden away. I asked for a copy of that report over two months ago at the agriculture committee. I finally got a letter back. The clerk of the committee showed it to me at the last committee meeting, last Thursday. We got a reply from the government. The government will get the report to me just as soon as it has a chance to translate it.

As far as I remember, the Official Languages Act was in place in 2002, so if that report was tabled as it was supposed to have been and as we were told it was, it is already in both official languages. The government is stalling. There are things in the report the government does not want us to see. Let us imagine that: these guys are being secretive.

**An hon. member:** Have they ever done that before?

**Mr. Gerry Ritz:** Time after time, and I do not suppose the Prime Minister had lunch with that group either.

The government talks about the consultative process that the minister and his henchman have undertaken. They did not talk to anyone I know. I had three phone calls this morning from people who knew the bill was coming forward: one from the Canadian Wheat Board, one from the Western Grain Elevator Association, and one from the Inland Terminal Association, which I have worked with on different things in the House. They are all saying, "For God's sake, do not let this thing go through until we have a chance to come and talk about it".

So when the member who introduced the bill this morning stood up and gave us the wonder list of organizations the government talked to, organizations that agree with this, they are saying they are not on that list. They have no problem with being WTO compliant; the words that were used were very carefully chosen. These people are all in favour of being WTO compliant, and they are, but they are not in favour of being compliant to this Liberal government that is trying to sneak this in through the back door in its dying days.

We are going to stand up and say no. We are going to ask for a full consultative process; it is going to happen before anything like this moves forward.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC):** Madam Speaker, my colleague makes a formidable advocate for the farming community.

My question for him is the following. With the bill so badly flawed, why was this introduced? Why was a better bill not introduced? I do not understand how the government could put forward a bill that so badly misses the mark in meeting the needs of farmers. I would like an explanation, because I really am in disbelief that this could happen.

● (1605)

**Mr. Gerry Ritz:** Madam Speaker, I guess it leads to the whole problem that producers in Canada face. For the last 12 years, that government over there has never understood the validity and the value of the farm gate. Far more of its efforts go toward the agrifood side, the processing sector, which is alive and well in this country.

As for the farm gate, the farm family struggling out there has never found favour with this government. If we were to check into the last election and the ones before that one, we would see that when they had a choice on election day, rural areas of this country have not elected a person from the government side in the last little while. Rural areas do not see this government as farm gate friendly. All of these programs are developed by people in the Ottawa bubble who have probably never even seen a cow, let alone harvested grain, and have no idea of what is involved in making that happen, no idea of the sweat and anguish that goes into this thing we call agriculture now.

Canadian farmers are carrying a $50 billion debt load. There are many reasons for that. One of them is the huge transition phase in which we find ourselves in going global, but the problem is that we do not have the backstop of our own government in order to make that change.

The European Union, the Americans and even the Brazilians are doing a far better job of backstopping their farm gates than this particular Liberal government ever has or ever will, because the Liberals just do not understand it.

**Mr. Dale Johnston (Wetaskiwin, CPC):** Madam Speaker, I congratulate my colleague on a very well researched and well presented speech. The farm community is very fortunate to have someone of his calibre to advocate on its behalf.

I do have a question for him. My understanding is that if measures are not taken by August 1 Canada would be in a position where there could be retaliation through the WTO. Could the member explain to the House and for those who are watching today what he thinks the possibility of retaliation is, what the extent of it could be and of course what effect it would have on producers?

**Mr. Gerry Ritz:** Madam Speaker, here is my concern, which was talked about on the Liberal side in regard to the WTO challenge to the Wheat Board this last time around, a challenge for the 10th or 11th time. Supposedly we won, but it is like the fight in the schoolyard: we should see the other guy.

If we won, why are we forced to put in these almost punitive actions against our own producers? If we won, why are we doing that? Why are we looking at our rail cap other than in a positive way where we really get into the nuts and bolts of it and make it better for producers? Why are we changing our blending programs if that is not to the betterment of our own Canadian producers? On access to markets, if it is not going to benefit my own guys, why would we be doing it if we won the so-called challenge?

It is almost perverse in what we will face after August 1, because these guys did not see this coming. These deals are cut; the Doha round, Qatar and all these different things have gone on for the last number of years. Did they not see this coming? It just flies in the face of logic how they would not be prepared for actions taken by another government, especially the Americans as we thumb them in the eye constantly and kick them in the shins on different issues. Then these guys wonder why this type of thing happens.

We are facing these punitive duties on pork, on beef and on softwood lumber, and it is all because of processing. Once we process the pork and beef and so on, it moves. We have let the capacity in this country go. The government has talked about some measures to kick that open and start it, but one has to apply, get the money, run for two years and go broke, and then the government program kicks in. How twisted is that? There is nothing in there talking about tax incentives. There is nothing in there talking about two lines of processing. We have easily ramped up the 30 months and under cattle processing, but the older cows are still standing in the pastures wondering what is going on. These guys just do not get it. We need two different lines.

We need the Wheat Board out of our face in western Canada so that we can grind our own wheat and our own durum and start to set up a few more malt plants and so on without paying freight and elevation charges to Tidewater.

Let me give an example. As a former farmer, I used to haul our barley to the Biggar malt plant, 40 miles north. We did it with our own trucks and we paid the freight, but when I sold it to the Biggar malt plant 40 miles away I had to pay freight and elevation to Tidewater, Vancouver or Thunder Bay, and it never went there. It never went in an elevator and it never went on a railway, but I had to pay those horrendous charges and still pay the freight to get it there myself.

A friend of mine, Bob Chapel, was running the plant at that time. He said he was forced to work within the Wheat Board umbrella and he said at that point malt barley was at a low of about $2 a bushel. He said that whether it was $2 or $12 it made no difference on the price of his malt; the barley was that small a portion of the whole formula.

There are movements we can make, but with the Wheat Board standing on us we are not allowed to make those changes. I cannot for the life of me understand why western Canadian farmers alone face those restrictions when no other farmer across Canada does. Why are we not allowed the same openness and choices that everybody else has? I cannot for the life of me understand that.

This particular piece of legislation again targets western Canadian farmers far more than anybody else across the country. We have to do due diligence on this and make sure it is done properly.

● (1610)

[*Translation*]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ)** Madam Speaker, it is my pleasure to speak to Bill C-40, which partially reforms the operations of the Canadian Wheat Board.

I would point out immediately to viewers, to Quebeckers and to Canadians, that section 147 of the Canada Transportation Act, which applies to the Canadian Wheat Board, among others, pertains to grain grown in western Canada. Quebec, therefore, is not directly affected by Bill C-40.

The bill pertains to grains grown outside the country and imported into Canada. This could affect Quebec somewhat, however the aspect of transportation in the west does not. Still, the subject is of direct concern to us as it involves the Liberal government's handling of agriculture generally.

I recently attended a talk by Jacques Proulx, president of Solidarité rurale au Québec and former president of the Union des producteurs agricoles du Québec. He made it clear to his audience, very nicely and very politely, that, even if Quebec and Canada produced nothing, we would be lacking nothing. Clearly, we would be deluged by foreign products. The issue is their price and quality.

As our population is not the world's biggest, we must make sure we produce everything we need here at home. If we do not, we will be at the mercy of other countries that do not perhaps set the same high standards for food quality, even though we still have a lot to learn and a lot to do to ensure good quality foods on our table.

This is important, because the aim of Bill C-40 is to comply with a decision by the World Trade Organization. That is always very difficult. In fact, we have had a number of reversals before the WTO. We have also had some successes in other areas. There is softwood lumber, for example. Finally, the successes aside, there is always some hesitancy. We keep wondering whether we always have to agree and be the first to comply with WTO decisions.

I can understand my colleagues from the Conservative Party, among others, when they say we should look at the bill closely, take the necessary time to consider it and hear witnesses. I agree with them on that. Even though, in principle, we have to comply with WTO decisions, we still have to be extremely rigorous in how we interpret these decisions, in how we choose the type of intervention we will use and the impact it will have on our productions. I can understand them.

Bill C-40 proposes three decisions that will lead to three major changes to the industry. First, the grain entry authorization requirement has been dropped. This decision was made following a complaint filed by the Americans. Foreign grain entry no longer requires authorization from the Canadian Wheat Commission.

This means the borders are completely open. I can understand that grain growers in Canada are worried. There will need to be witnesses heard in committee to ensure we are not harming the industry more than we are helping it with this bill.

The second measure has to do with the authorization formerly required for the famous mixed grains. It will be replaced by information only and by labelling. It will ensure that grain products in Canada are labelled “grains from Canada only” and that they are not mixed with foreign grains. Finally, the required authorization is replaced with simple information. This opens the markets to foreign grains even more. Again, I can understand the industry questioning the pertinence of this change and the obligation to conform to it so quickly.

● (1615)

The third measure deals with the railway companies' maximum revenue entitlement. This is a cap on the revenue railway companies can earn from the movement of grain. There was a revenue cap for domestic grain, but not for foreign grain. Shipping foreign grain probably cost more than shipping domestic grain. Now, a cap is imposed on foreign grain as well. This means that the cap for the movement of Canadian local grain will apply to our foreign competitors.

I can understand the concern of industry and producers, because the border will now be wide open. What impact will that have on the industry? We will have to be very vigilant, and the House can count on the Bloc Québécois. While this situation does not primarily affect Quebec, it can affect the entire agricultural industry. As hon. members know, and we can never stress it enough, in Quebec, what matters to Quebeckers is that the producers be the ones making marketing decisions about their production. That is why we have a very strong supply management system in three sectors in particular: dairy, table and breeder eggs, and poultry. Some sectors are supply managed and subject to quotas.

So, it is important that I explain what supply management is and how Quebeckers are protecting their agriculture. Having said that, I want to come back to the statement made by Jacques Proulx, the president of Solidarité rurale and former president of the Union des producteurs agricoles. It is true that, even if we did not produce anything, there would be no shortage of food on our tables, but at what price and what quality? We have to take charge.

That is why, in Quebec, there is this strong will to have the agricultural community, the producers themselves, decide how they want to handle the marketing of their products. This way, they can ensure the best quality and some degree of profitability, to avoid experiencing the kind of situations we are witnessing now. This is disastrous for agriculture across Quebec and Canada.

The mad cow crisis and the problems facing grain and large-scale producers are very serious and are hurting the entire industry. If we go along with the WTO, given what is happening with the Canadian Wheat Board, will this apply to production in Quebec and supply management? Will the Canadian government abolish the whole supply management system and, one day, introduce a bill in the House to that effect? That is the problem, and that is why we object so strongly to this bill.

Once again, I want to explain what the management of products such as eggs and poultry involves: it is based on import control; by limiting foreign imports, we protect domestic markets and reduce the risk of price fluctuations tied to increased supply.

The first measure in managing supply is to control imports.

The second measure is to control prices. By controlling retail prices, we can ensure better prices for consumers, without government subsidies to the industry, in addition to providing producers with a more stable income. For example, the price of a quart of milk is set by a national board, so as to ensure reasonable profitability for producers. The last measure is production control, or quotas. By controlling domestic production, we can ensure stable income for producers and good retail prices.

This is the system. It is a whole. We cannot get rid of one part of the whole, because this would create a total imbalance. This imbalance would call the entire system into question and would weaken it. Consequently, we would no longer be able to meet our own needs for these products. We would be at the mercy of other countries. Some of you will say that all these products should not be subject to any import standards so as to ensure the best price. When would it end?

When we no longer produce what goes on our tables—when our markets have been completely destroyed—perhaps then retail prices would be lower. However, what about when we are at the mercy of foreign markets?

● (1620)

We will have nothing left to use as a guide, and will be totally at the mercy of foreign business and industry. Perhaps that is when people will understand what the supply management and other systems in place in Quebec are all about, involving joint plans with other products as they do, potatoes for instance, where the joint plan is in the process of being revised, and will become increasingly strict, with a system that will gradually head toward supply management.

The problem is that, when all these approaches are abolished, there comes a day when industry needs to be subsidized. Supply management means there is no industry subsidy, and independent revenue is possible. This needs saying more than ever. I am proud to be able to refer to Friday's decision to adopt a Bloc Québécois motion on supply management in committee. In short, the federal government must at all times support supply management at the WTO. That is the objective and that is what the Bloc Québécois wanted, and still wants.

There is no guarantee that the government will take such action just because a motion has been adopted in this House. It is a matter of providing the government with our opinion. What we have today is a bill that will change the Canadian Grain Commission and the entire industry. It is therefore up to the producers, and those who represent their ridings, to take great care, in the west in particular, to ensure that the Liberal government does not go too far and set itself the objective of no longer protecting the interests of the farmers of Canada and of western Canada, but rather of playing by the WTO rules.

This has, of course, been brought up by the Quebec dairy, egg and poultry producers in connection with supply management. There are instances where Canada has been tolerant, despite decisions that have been taken, cheese sticks and whether or not they are dairy products, butter oils. There is a whole system in Canada that attempts to show we are open to foreign markets, that we allow certain products in, that we have tightened up the law because anything that contains more than 50% dairy products cannot enter Canada.

It is possible to get around this by fractioning milk products. There are high performance machines that fraction milk products to a point where they can enter Canada as derivatives, even if it means reconstituting them in Canada to finally put them on the market. This technology exists and is currently used. Milk is broken down into derivatives with a milk product content of less than 50%, and then allowed into Canada, and all this is done openly.

The industry takes notice. It makes recommendations to the federal government. The Liberals wait, listen, check the market. The problem is they are wasting too much time. I will say that the Prime Minister is a case in point, with his new title as Mr. Dithers that suits very well the handling of agricultural issues. The industry complains, asks for changes and, in the end, the government dithers, waits, examines, listens while our industry is being penalized. I hope that, with Bill C-40, the western grain industry will not be penalized by this laxness, this approach of never knowing where you are going.

That is the problem: the government does not know where it is going, or where it is coming from for that matter. We have seen it with the sponsorship scandal. We are realizing that, with their approach, they were having problems knowing where they were coming from. It is very hard to know where you are going when you do not know where you are coming from. That is the problem with the Liberal Party. Now, the entire agricultural industry is waiting to see what the Liberal Party will do in the WTO negotiations. Let me just give an example taken from the brief the Government of Canada submitted to the WTO in August 2002. This brief was presented at a Liberal caucus meeting held in Saguenay in August 2002.

● (1625)

The Liberal Party targeted the problem. I quote: “The problem: negotiations involve compromise”. A document that begins with “The problem: negotiations involve compromise” makes it clear from the outset that our system perhaps is not up to standard. In other words, in negotiations, compromises will have to be made.

Reading further: “Supply-managed producers of eggs, poultry and dairy products, the textile and clothing industry, and certain service sectors will probably object to any changes that would lead to increased foreign competition.” Liberal supporters are being told that all these people will hold huge demonstrations to show their opposition to change of any kind and that the good Liberal Party must resist to ensure standards are met. These are the men and women at the heart of our farming, textile and service industries they are talking about, the core of our economy, and they say these people will resist. That is to be expected.

If the government adopts the whole WTO system, jobs must not be lost totally to the outside in the end, and we must not become consumers only, because then we will be producing nothing. That is the problem.

When documents begin this way, and bills, such as C-40, are introduced, vigilance is essential. We must make sure the industry understands the issues very well, that all the relevant witnesses will be called to appear in committee and that the necessary time is taken. Nothing is perfect, but the broadest possible range of opinions must be obtained from people with various levels of involvement in the industry to ensure the right decision is made so that we are not relying solely on imports and that we are not just buyers or consumers because we will not be producing anything anymore. That is often the problem of countries with 30 million inhabitants facing competition from countries of 300 million, 400 million or 500 million or all of Europe.

So we have to be careful. We have to be firm in our discussions. This is the problem with the Liberal Party: it is dithery, unsure of where it is headed, never firm in its stance. It must state strongly that we are a consumer society, but want primarily to maintain our production, including farm production. We must be able to feed ourselves by producing what we put on the table. This is a major advantage of a society, and one we must keep.

That is why, even though we are open to Bill C-40 and we are interested in taking part in the debate, we are trying to make sure that the debate in committee will be comprehensive and that all relevant witnesses are called so that the grain industry in Canada, once this bill is passed, is not weaker than it was before. There must be no repercussion on all the other sectors. The government must not take advantage of the situation to weaken this industry, in the name of the WTO, only to come back later—even if Parliament passes the Bloc Québécois motion not to call into question supply management—and table a bill in this House to do the exact opposite, in the name of the sacrosanct WTO.

The government knows full well that a rigorous approach is needed in a country as vast as ours, which is less heavily populated than other competitors. We must protect our industry on behalf of our fellow citizens. In the short term, they could face terrible competition in the food sector and one day our agricultural production could disappear. The future would be very difficult for our children and our grandchildren. One day they will be angry with us for making decisions in this House that jeopardize but one part of agriculture in Quebec and Canada. The food we eat is far too important. We must maintain control of it for the sake of future generations.

● (1630)

**The Acting Speaker (Hon. Jean Augustine):** Before proceeding with questions and comments, it is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon—Humboldt: Equalization Program; the hon. member for Acadie—Bathurst, Employment Insurance.

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Madam Speaker, I listened closely to the hon. member. He never used to be a demagogue. Of course, he also used to be a Liberal. No doubt, at the time, he was not a demagogue, because that would have been a contradiction. However, since then, he has changed his position with regard to his party and also, clearly, with regard to demagoguery.

I must tell the hon. member that the bill before us today does not weaken the role of the Canadian Wheat Board. If the member was listening carefully to my remarks a bit earlier today,—and I am sure that he was—he would know that the tribunal ruled in favour of Canada. The United States appealed that decision and Canada won again on appeal.

It is important for us to pass this bill before the deadline to ensure that we can continue to protect the Canadian Wheat Board. We are not abandoning it. This bill seeks to better protect it.

The hon. member attempted to draw a parallel between that and milk supply management. Last Friday in this House I asked a question of the Minister of International Trade, in which I asked him to take all necessary steps particularly under GATT article 28 to block those who want to erode the supply management system. The minister replied very clearly and I will share his reply with the hon. members. He first of all congratulated me. I will spare you that part. He then said the following.

> Let me assure the House that the Minister of Agriculture and I will work as hard as we possibly can, leaving no stone unturned, to protect supply management and our milk producers. The number one thing that we have to get through is the WTO negotiations where we have worked to date, along with the supply management, to protect those industries.

So on Friday, in response to my question, the minister confirmed the government's commitment to protect supply management.

Secondly, as the hon. member is well aware, we also held a division on this motion which originated with one of his colleagues, and the government members supported it. We all collectively supported the motion calling for protection of the supply management system. Even a little earlier today I referred to it. The text of the motion by his colleague, the hon. member for Montcalm, which we all supported, including the ministers present, reads:

> That, in the opinion of the House, in the current World Trade Organization negotiations, the government should not agree to any concession that would weaken collective marketing strategies or the supply management system.

Then, his colleague's amendment, which reads:

> and should also seek an agreement establishing fair and equitable rules that foster the international competitiveness of agricultural exporters in Quebec and Canada.

There is the motion and the amendment proposed by his colleague, which we all supported. So, with all that support, the hon. member ought not to be claiming today that the bill before us weakens our systems. It is intended to give them an even more solid foundation.

● (1635)

**Mr. Mario Laframboise:** Madam Speaker, first, I have not caught the Liberal disease but my colleague, who probably has it, may one day succumb to it.

I want to remind him that the reason the Bloc Québécois has introduced a motion in this House, is certainly not because we were satisfied with what the minister in question said when he went before the WTO.

It is precisely because of Canada's brief to the WTO that the Bloc has introduced this motion. I am grateful that the government, shortly before an election either very soon or this fall, has decided to rally. The problem is that we cannot trust it. I remember a passage from the brief, which was translated into French,

> The problem: negotiations involve compromise.
>
> Supply-managed producers of eggs, poultry and dairy products, the textile and clothing industry, and certain service sectors will probably object to any changes that would lead to increased foreign competition.

It has already been acknowledged that there will be changes. All the good partisan Liberals should know that the industry will indeed experience some ups and downs and we have to be prepared.

The problem is that although the hon. member for Montcalm introduced this motion and it was unanimously passed by the House —and I am very proud of that—we have to make sure the Liberal government stops beating around the bush and starts defending the agricultural industry so that, regardless the negotiations, we do not always end up losing, but winning for our farmers and Quebeckers.

[*English*]

**Hon. Peter Adams (Parliamentary Secretary to the Minister of Human Resources and Skills Development, Lib.):** Madam Speaker, like my colleague I believe very strongly that we should do everything possible to nurture and protect agriculture in all its extraordinarily diverse forms in Canada.

If we think of Quebec and Ontario, it is amazing to consider that at one end there are wine growing areas and at the other end there is salmon farming and seal hunting. Commodity groups in those provinces alone are absolutely extraordinary and each of them is different. Grains and oilseeds farmers have particular needs. There are also farmers involved with soft fruits, greenhouse industries, and market garden industries. My riding has beef, sheep, and goat farmers. There is also a very large bison herd.

We have to nurture all of those industries not only this year or next year but nurture them in such a way that each of those areas remain attractive to farmers. The success of us feeding ourselves depends on the success of farmers in all of these areas.

My colleague mentioned the point that this is a small country. Canada has a population of 31 million people. There is only a certain amount that 31 million people can eat even if they eat five meals a day.

The province of Quebec is by far the largest province in this huge country of ours. We have an incredible amount of productive land, some of it in production some of it not. We have a moral duty to produce food for the world.

I wonder if my colleague would care to think aloud, perhaps a little philosophically, about how we, as a small country, could produce vast quantities of food for the rest of the world. How could we do that on the world scene?

● (1640)

[*Translation*]

**Mr. Mario Laframboise:** Madam Speaker, I understand the dilemma my Liberal colleague faces. In order to guarantee exports, we have to allow imports.

Bill C-40 will allow foreign grain entry without authorization. I can understand why our Conservative colleagues are wondering whether the industry will be well served. That is why I was saying that although we may be in favour of the bill, all the stakeholders have to have a chance to be heard in committee and any decision made has to enhance our industry, not hinder it.

[*English*]

**Mr. Garry Breitkreuz (Yorkton—Melville, CPC):** Madam Speaker, I have been listening with interest to this debate as it has unfolded here today. I will take the opportunity to remind those listening what the debate is all about before I address some of these issues and give the views of my constituents.

The bill that we are discussing is Bill C-40. It is a small bill that amends the Canada Grain Act and the Canada Transportation Act. Those two acts are being amended with some minor adjustments to Canada's system for handling and transporting foreign grain and grain products in Canada. These measures of course will reflect a recent decision made by the World Trade Organization dispute settlement body.

I want to point out that this decision was released in April 2004. The decision ruled in favour of Canada on the Wheat Board issue and in the rail car allocation issue but against Canada on three things: the rail revenue cap, the grain entry authorization and the grain mixing issues. That is what is being dealt with by this bill. Canada did not appeal the policy issues which it lost. The U.S. appealed its decision when it lost in regard to the Wheat Board.

The deadline that was created as a result of this is August 1, 2005. The government has delayed until the eleventh hour and now seeks to quickly rush through this bill. That is why we as Conservatives will have to hold our noses and support this as we have to do it at this point, but we will try to make an amendment. Hopefully the government will consider to have a review of this entire issue because there are huge concerns, as my colleagues have pointed out.

The American government has requested that the WTO examine the consistency of certain activities of the Canadian Wheat Board and other policies affecting the importation of grain and whether they adhere to WTO rules. I have just explained how these rulings came to be and the deadlines involved.

Now let me talk about the substance of this bill. This bill amends the Canada Grain Act to remove the requirement that authorization must be sought from the Canadian Grain Commission before foreign grain can enter licensed grain elevators. That authorization requirement will be removed. It no longer has to seek the approval of the Canadian Grain Commission.

The second thing Bill C-40 does is amend the Canada Grain Act and Canada grain regulations to remove the requirement that operators of licensed terminals or transfer elevators must seek the permission of the Grain Commission to mix grain. Third, it amends the Canada Transportation Act, so that the railway revenue cap will be extended to imported grain.

This bill, of course, will have the greatest impact on the Prairies, the western Canadian grain industry. I would like to point out, before I go further in my remarks, that one of the things desperately needed when we make these international agreements, and I think we have to do this for the future, is to negotiate mechanisms that more quickly resolve disputes. Some of these issues in regard to trade drag on and on, disrupt trade, and have a very negative effect on people who are involved in the particular industry that is under dispute.

International trade agreements like NAFTA and the WTO will only work for us if we can make the appropriate changes in Canada to adjust to them. We signed these agreements many years ago, but yet have failed to properly make them work for us because we do not ensure that our economy and the industries involved in these negotiations are structured to take advantage of these free trade agreements.

● (1645)

Market economics often do not drive the process, yet they should. We have to make a lot of regulatory changes in Canada to adjust to the new realities of our trade agreements, yet we have not properly done that.

I agree with my colleagues who have said that we need to have people come before our committee and explain to us what needs to be done. I also wish, while I am on this topic, that the government would be as quick to fix our agriculture programs, especially the CAIS program, as it is to fix other problems. Here we have something being rushed through. Liberals quickly address it, but we have huge problems in the agriculture industry, such as the CAIS program, which is a huge problem for farmers. It is very costly but not addressing some of the issues that are on the farm in a timely fashion.

As I talk about the regulatory changes that have to be made, let me point out that we have already had two major commissions, the Estey commission and the Kroeger commission, who made recommendations in the nineties to fix our grain handling and transportation system and the Wheat Board. They made very good recommendations and yet the government failed to implement these. This is the problem. We study these things and then we do not make the changes that we should make, and then all of a sudden we are rushing through things like this when we would not have to do so if we would have made the proper changes that we should have made ahead of time.

One of my colleagues pointed out that we need to go to a more commercial transportation system and I would agree with him. We have problems within our system and one of those is that the Canadian Wheat Board takes charge of our grain but then has to negotiate with the railroads. I will point out a little later on how that has created huge costs for farmers because we are not using a more commercial transportation system to drive the process. And it can be done.

Australians have made the necessary adjustments. Their farmers have opened up their wheat board and privatized it. They can buy shares in it and it has helped them. It has not hurt them. The scare tactic that if something is opened up or changed, it will destroy our marketing system is not true. In fact, the reverse may be true, that if we do not make some of these changes, it is going to have a very negative effect upon us.

I have many farmer friends in the U.S. and we compare our grading systems. I farmed for a few years and became quite familiar with it. They are flabbergasted at the archaic method that we use in grading. Very often someone takes wheat to the elevator, the agent there will look at the outside colour characteristics and a few other superficial things, and will grade the grain accordingly. This is so out of date. We have so many different grades that it almost becomes impossible to understand the system.

In fact, the 40 or 50 grades in our grading system tend to be quite arbitrary. When it comes to consumers trying to understand our system, they give up. It is not meeting the needs of a market driven economy and what we should have. For example, wheat should be graded on its milling characteristics, the quality of bread that it can produce. That is really not happening at this point. We have moved a bit to looking at the protein content and so on, but it is still not what it could be. Because the government has refused to implement the Estey and Kroeger commission reports, we have the problems before us.

● (1650)

I want to read some comments from a farmer in Wawota, Saskatchewan, which is not far from Yorkton—Melville. Keith Lewis writes:

> The Grain Commission has become a problem for grain farming. In particular, the grading system. We've got just way too many grades and the segregation creates a lot of extra costs that really aren't necessary. The whole idea has to be looked at. I have talked to a number of grain farmers and we all agree that it is so difficult to manage separate grading factors.
>
> Another problem is visual distinguishing. It is kind of unique to Canada. Our wheat has to be visually distinguishable. It is a factor that costs a lot of money.
>
> We need to make the Canadian Grain Commission more relevant. In order to get a grade, the commission has to give it seal of approval. There are other guys able to do it, but it has to be the Grain Commission. The Grain Commission charges for all these services and in most cases it is not necessary.
>
> There are a lot of issues that surround grading at the elevators— inland terminals and elevators at the port. The fact that these people work for the Grain Commission and can go on strike when there are other privately-run agencies who can do the same job...Any time there is a disruption, it comes out of the farmers' pockets.
>
> The Canadian Grain Commission is almost outdated, it's not relevant any more. We need to determine the role of the commission.

He makes some excellent points. There are other people who can provide the service. There are private corporations and private companies that can do the job probably for much less cost. Farmers are being saddled with these costs. They have no choice in the matter. They have to comply with this. Yet, it is not a service that is provided at the lowest cost to farmers.

I will not go through all the other points that he makes, but I think we have to listen to people like this who have experience with it and can point out to us the problems.

Another problem with the Grain Commission is that it is very secretive. Just like many parts of government we need to have more transparency. If we had that transparency, we could begin to make it work better.

Farmers are often forced to pay for this and yet they do not have any choice in the matter. If anyone else is interested in this I think the *Hansard* record will contain that letter.

I would also like to quote from a news release that was put out by the Western Barley Growers Association. I think it is useful for me to put this letter on the record as well because it points out other huge problems that we have.

We have the Liberal government opposite often defending what it is doing and saddling western farmers with its policies. I think this example is just unbelievable. It will point out that we have huge problems and we need to take another look at how we are dealing with the grains issue on the prairies. The title of the news release is "Canadian Wheat Board shipping fiasco costly for farmers". It states:

> "This backhauling of grain by the Canadian Wheat Board is turning top quality wheat into $80 per tonne wheat" said Douglas McBain, President, Western Barley Growers Association, when commenting on the fact that wheat in store in Churchill, Manitoba is now being reloaded and railed west to Vancouver.

I just want to interrupt this. The $80 per tonne is not a price that farmers can receive for their grain and still be economically viable. That is less than a quarter of what they should be receiving. People who are not familiar with this issue may not know that $80 a tonne for wheat is a deplorable price. In any event, I will go on to the next paragraph:

> In November 2004, after shipping was closed for the season, the CWB moved wheat to Churchill. The farmers paid all costs of transportation and handling. That wheat is now being reloaded and shipped west to Vancouver to meet a sale commitment. The cost of extra elevations and handling and the additional rail freight charges could cost farmers another $100 per tonne.

● (1655)

> "Why was this wheat shipped to Churchill in the first place, especially when the shipping season would be closed until sometime in June 2005?" asked McBain. "What we have here is the CWB calling contracts on wheat and putting it into commercial storage when they have no sale for it. This kind of action costs farmers some $80 million each year in storage costs with no one being held to account" said McBain.
>
> Wheat and barley exported by the CWB is in the grain handling system some 40 days longer than canola which is handled outside the CWB (59 days versus 19 days).
>
> "In western Canada we have a world class grain handling and transportation system which is capable of responding to market demands. If the system were allowed to function without CWB interference, farmers would save $80 million annually. This fiasco demonstrates that the CWB must be removed from any involvement in the gathering and shipping of grain" commented McBain.

It is astounding that wheat is taken from the Prairies, shipped all the way to a port in Churchill on Hudson Bay, put into the terminals there and then unloaded and taken all the way back to Vancouver. It is unbelievable that this kind of thing is happening. The cost is being borne by prairie farmers and they have no choice in the matter.

Let me also quote from a recent news release by the wheat growers and barley growers:

> Farmers questioned Measner on the Board's recent decision to ship wheat from the ports of Churchill, Baie-Comeau and Thunder Bay to meet sales contracts at the Port of Vancouver.
>
> "I don't think most farmers were satisfied with the explanation the CWB provided," says WCWGA President Cherilyn Jolly. "Of course we understand the need to meet sales commitments, but there has to be cheaper options than shipping grain backwards all the way across the country."
>
> Canadian Grain Commission (CGC) Chief Commissioner Chris Hamblin discussed the many downgrading factors in the 2004 harvest. She also spoke about the CGC's view that the industry needs to retain KVD as the cornerstone of Canada's grain grading system. The Wheat Growers and Barley Growers responded with a joint resolution calling for changes in Canada's grading and marketing system to allow for grain to be purchased from farmers on the basis of its quality attributes, as opposed to its visual characteristics.

This is the point that I was making before. We have to change our grading system. The bill does not address some of the serious problems. That is why we, as Conservatives, will be asking for a review by the government of this entire issue. It just cannot be a review that then is forgotten and gathers dust on the shelf. It must be a review that is acted on. The Estey and Kroeger reports are now gathering dust on a shelf. We have to ensure that this report does not.

Let me continue the quote:

> "KVD imposes too many restrictions on our ability to develop and market varieties that both farmers and our customers need," says Jolly. "We need to move beyond a rigid visually-based grading system to one which is responsive to the quality traits that end-users are seeking."
>
> Saskatchewan Wheat Pool CEO Mayo Schmidt gave the keynote address last night saying we need to restore the profitability of wheat. Instead of it being a crop most farmers use to get rotation, we want to make wheat win. Schmidt stressed the global competitiveness of Canadian wheat will depend on greater research, improved market access, lower worldwide subsidies and a focus on product innovation.

That is why I was saying that we need to ensure that our international agreements begin to work for us. We need to make the changes here.

There are other things I could mention, but I think that members get the drift. We have to remove barriers that are restricting value added on the Prairies. The present structure is not working, and the wheat board is included in that structure. The claim is it does not hinder that in Canada, but when we talk to some of the people who really are involved in the industry, they will tell us otherwise.

● (1700)

In summary, we will be supporting Bill C-40. We will hold our noses and support this bill, even though there need to be a lot more changes. We are hoping the government will act as quickly to address many of the other problems in agriculture that do not seem to be on the top of its agenda. We will be pushing an amendment to Bill C-40 to have a review and make sure that Bill C-40 gets passed in time to comply with our agreement at the WTO.

**Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC):** Madam Speaker, my hon. colleague talked so eloquently about what is happening in the farm communities. I would like him to tell the House more about what is happening to grain farmers in his area.

Some of the young people in that area know me and they have called me and talked of the things that are happening. I would like him to tell the House what the people in his riding are telling him about the grain industry.

**Mr. Garry Breitkreuz:** Madam Speaker, I appreciate the opportunity to explain to our city cousins, so to speak, some of the problems that are experienced on the farm. Very often people in the cities will have the attitude that there are a few problems, that people tend to whine and complain, but it is really not all that serious, that people are still going to make a living from agriculture and so on.

I have never seen the situation in agriculture as serious as it is at this point. People have likened it to being worse than in the 1930s when agriculture was at a low point some 70 years ago.

One of the things that really strikes someone when visiting with farmers is that many of them have tried to adjust to the realities of the world situation. They have adjusted by changing their farm operations, but because the government programs that are supposed to provide for a level playing field are not doing what they are supposed to do, the farmers are in really tough shape.

Our major competitors have large subsidies. They support their agricultural industries. We as Canadians do not. That makes it very difficult.

I could describe in detail some of the problems that they have experienced. For example, a devastating frost last August 18 killed many of the crops in a band right across Saskatchewan. It was not an isolated area. Because the frost was untimely and because we had one of the coldest summers ever on record—global warming has not reached our province yet—the crops were not well developed. The frost that hit on August 18 and another one which hit at the beginning of September absolutely decimated the crops.

Wheat, which normally would have gone 60 bushels to an acre if there was a good crop in our area, went two or three bushels to the acre. In fact, the crop looked beautiful but because the frost stopped the wheat from developing, the kernels were virtually green and shrivelled and could not be harvested. They blew out the back of the combine. Farmers were unable to harvest some of those crops. The crops that they were able to harvest were not of a sufficient quality to command the price that would keep the farmers on the land.

Input costs have gone up and commodity prices have not followed. Commodity prices around the world remain depressed, partly because of the subsidies in other countries, but the input costs that farmers are experiencing right now are astronomical.

Natural gas has gone up in price. It is a key ingredient in nitrogen fertilizers. Those fertilizers have risen dramatically in cost. Farmers need to use those in order to grow their crops. Fuel costs are a major expense for farmers. Our city cousins know what has happened to the cost of fuel. It has a huge impact on agriculture.

If only farmers could get a decent price for what they sell, this would not have such an effect upon them, but because these factors are beyond their control, they are in big trouble. Other countries recognize the importance of keeping a large number of middle class farmers on the land. Europeans starved during the second world war. They know that agriculture is absolutely essential to a country. When times get tough, people want good quality food. If we do not do something about our agriculture crisis, we will regret it one day.

● (1705)

The difficulties on the farm right now are beyond the management of the farmers, who are trying to do their best. The border closure, the BSE crisis, has had a huge negative impact on agriculture. Many grain farmers in my area went into cow-calf herds to supplement their income. Those cow-calf herds of course did not in the last couple of years bring in the income that would have helped those farmers remain economically viable.

All of these things have an impact.

There is one more thing included in the question my colleague asked and that is youth: because of the difficulties experienced by farmers, young people are not entering agriculture. If we do not have a turnover of farmers, if we do not attract young entrepreneurs to the agricultural business, there will be nobody to take over when the time comes for people to retire.

We may think that is not a serious problem. We may think that somebody will come along. It is not easy to come in and take over a farm. People cannot simply go to university to study agriculture and suddenly become good farmers who are able to manage. It is something we have to grow into. Our youth need to be nurtured. They need to be attracted into it. Right now they look at agriculture and they do not see it as viable.

As an aside, it is also an essential part of Canadian culture, I believe. Many people do not realize how important the maintenance of our rural areas in Canada is to our culture as a country. I cannot go into that as it really does not relate to what we are talking about right now, but we need to ensure that we have a strong, viable rural Canada in order for Canada as a nation to be strong.

I hope that people listening will take this to heart. I appreciate the opportunity to make comments in this area.

● (1710)

**Mr. Dale Johnston (Wetaskiwin, CPC):** Madam Speaker, I listened with great interest to the comments of my colleague from Yorkton—Melville. Certainly he knows whereof he speaks, because he is also in the agriculture business himself.

I realize this is a bit of a loaded question, but what relation does he see between the fact that this particular bill has not been dealt with before now and the fact that there is a great feeling of alienation in the west and particularly in his area? How does he relate the two?

**Mr. Garry Breitkreuz:** Madam Speaker, I agree with my colleague. That is a loaded question. One of the issues I am always faced with is that the people in my area have the attitude that the government in Ottawa does not care about our problems. The government will put forward an act on the Canadian Wheat Board that will affect only Alberta, Saskatchewan and Manitoba and it is passed by members in Ontario and Quebec who do not have to live under its auspices. It will put in place an agriculture program such as the CAIS program. It is supposed to address problems on the farm but does not work and the government does not fix it so it alienates the people in the west.

It is just one of a number of grievances people have. This is not just in the agriculture sector. We could go on. Let us go on to electing senators and the Prime Minister not appointing the senators picked by the people of Canada.

We have huge problems on the farm. When those problems are not properly addressed by the government here in Ottawa, that leads people to feel they need to separate from Canada in order to take charge of their own affairs. That kind of attitude is deplorable. It makes people have a very negative attitude to government, to those elected representatives who are sent here but do not seem to take seriously the problems people have.

When we deal with issues such as this one with the Canadian Grain Commission, we need to keep in mind that these problems affect real people. We need to deal with those problems even if we do not thoroughly understand them and they do not affect our region of the country. We still need to deal with them in a timely and fair manner.

**Mr. Dale Johnston (Wetaskiwin, CPC):** Madam Speaker, I am pleased to be able to speak to Bill C-40 today. I wish to remind the House of what Bill C-40 is actually about. It is "an act to amend the Canada Grain Act and the Canada Transportation Act".

One thing I noticed right off the bat is that this refers to the Canada Grain Act and the Canada Transportation Act, but really it is what I would call "the western Canadian grain act and the western Canadian transportation act". It has very little if anything to do with Ontario. Ontario falls under a set of circumstances that is different from the western grain marketing system.

Agriculture is in a tremendous crisis and has been for some time. For the last four years we have dealt with droughts and low commodity prices. Since the spring of 1993 we have had to deal with the fact that the border has been closed, so any time that grain farmers are able to export their grain and make a profit doing so certainly is desirable. It is much more desirable than to have the government coming up with programs.

I have been a farmer for 35 years. I do not know of a farmer yet, and I have known a lot of them, who would want to have an income from the government. Farmers want to be able to raise their crops and their livestock. They want a market for their crops and livestock and they want to sell them at a decent price. A reasonable expectation of profit is all that farmers are hoping for.

As my colleague from Yorkton—Melville pointed out, it is becoming more of a struggle all the time. We are having a tremendously difficult time trying to attract young people to the farm and the agricultural way of life because that expectation of profit is simply dwindling all the time.

Bill C-40 seeks to make amendments in order to comply with the WTO ruling. Although my colleagues are much more versed in this, I find it rather unusual that we would in fact win the Canadian Wheat Board issue and the railcar allocation issue—we won them, but the U.S. immediately appealed—but be ruled against on the railcar revenue cap and the grain entry authorization and mixing issues. We did not appeal this and I am wondering why.

Why would Canada not appeal that? Why would we stand by and watch our neighbours to the south appeal the decisions that did not go their way while we simply stand back and accept the ruling that we did not win?

It is unfortunate that we are on such a short timeline on this bill. We need to have these amendments in in order to comply by August 1. My colleague from Haldimand—Norfolk has suggested that we amend this bill. I certainly hope there is time to do so. I am confident that the amendment will not only be an amendment but an improvement.

Bill C-40 is necessary to respect our international trade obligations. We recognize that this tight timeline certainly puts us under the gun. I really admonish the government because it did not do something sooner about this. I think it is a tremendously important issue, one that we should not rush through the House or take lightly or not give due and appropriate consideration to.

● (1715)

Our amendment would draw attention to concerns raised both by farmers and by the grain industry. I think that is what is important. It is not just the farmers who are concerned about this. The grain industry is very concerned.

What is also at stake is our credibility as an international supplier of a quality product. Canadians grow some of the finest quality grains and oilseeds in the world. As my friend from the Battlefords said, we have to clean it to a very high international standard. Once it reaches port we have to clean it down to 1% dockage, that is, 1% foreign material. Once it is loaded on the ship it can contain up to 4% of foreign material. I think that is totally unacceptable. I think it is damaging to our international reputation. It is also not fair to our customers, who then have to clean all the foreign material out of the grain in order to process it.

Our grain is used for livestock feed but most of our customers buy it for human feed, so as agriculturalists we should try our very best to keep it pure and clean. We should also expect that much from the people who handle it and ship it and certainly our customers should expect that.

I am interested to hear what my colleague from Haldimand—Norfolk has in the way of an amendment. Unfortunately, I do not have it in front of me. I would like to see it and I look forward to debating that too.

Other colleagues who have spoken on this issue have said they are going to have great difficulty supporting this legislation, but I do not think we have much choice. I think our backs are against the wall. We have to support this legislation in order for it to get through the House and in order to comply with these extremely short timelines.

The United States of course has been a big customer of ours as far as agricultural commodities are concerned. There is an onus on us to provide the Americans with a high quality product. Time and time again we have provided that high quality product and yet the United States has been challenging us under the WTO because it feels we are unfairly subsidized or for some financial reason. The United States challenges the WTO decisions, but we win these challenges over and over again. It does not seem that we benefit all that much from winning all these challenges. I have to agree with my colleague from the Battlefords who said we entered into this back alley fight but did not emerge as victors. We were beaten up pretty badly.

With respect to Bill C-40, I will go with the recommendation of our agricultural critic, who I think has been doing a great job on this file. I will be supporting the bill, but only in the hope that we can get an amendment to it and get agricultural products back on the front burner of Parliament.

I asked my colleague from Yorkton—Melville about western alienation. I really think the way this government has treated agriculture in general and western agriculture in particular has a lot to do with this whole feeling of western alienation. I am probably a bit off topic, but in the western alienation realm, let me say further that the way the Liberal government has treated the petroleum industry, the energy industry, which is largely in the west, has certainly contributed significantly to the feeling of western alienation.

● (1720)

The Prime Minister talked about fixing the democratic deficit. What is definitely a big part of the democratic deficit is the fact that western Canadians feel there is little or nothing being done to correct the injustices taking place as far as agriculture and, for that matter, petroleum and energy products that come out of the west.

We need the Canadian government to pay attention to our agricultural industry. It has reached the point where I own a farm and neither of my children want to have anything to do with running it. What will happen to it? Will it become part of a large conglomerate, a large factory farm industry, or will we expect young people to run it?

There is kind of a joke, and there is a lot of bitter irony in it, that says if farmers insists that their children stay home and farm, that is one of the most severe forms of child abuse. The fact of the matter is—

**Mr. Rob Merrifield:** It's not a joke.

**Mr. Dale Johnston:** As my colleague from Yellowhead says, it is not a joke. If people try to set their kids up in farming, what they do is saddle them with huge debt. They pay exorbitant prices with the taxation on fuels. They pay exorbitant prices for their machinery with the taxes and excise taxes, all that goes with buying machinery. They have very little expectation for profit. They can do almost anything else. They can train to become tradespeople and make many times more money and work far fewer hours.

My reason to speak to the bill today is to give my grudging support to it, but also to draw attention to the fact that agriculture has been and always will be the backbone of the country. Certainly we have manufacturing and service jobs and all the jobs in the information, tourism and energy sectors. Those jobs are all important, but without agriculture those people will go hungry. There is another old expression that says, "If you ate today, thank a farmer". That is an absolute truth.

We have been neglecting the farm community far too long and have not placed high enough priority on its needs. We should be searching out markets for farm products. We should be helping to secure capital at least for individuals who want to set up packing plants, have good business plans and secure markets in other countries of the world. We should be helping people to realize that goal so they can kill off some of the old cattle that are plugging up our system and piling up more and more all the time. There are markets all over the world. It is a hungry world. People want beef and are willing to pay for it. We need an opportunity to realize that processing and packaging.

As my friend referred to earlier, we feel as though we are hewers of wood and drawers of water. To me that means we put everything in its most primal form and that is the wrong thing to do. When we ship raw product off our borders, we send jobs along with that product. There should be more processing in Canada. We should have more pasta and packing plants for beef.

● (1725)

Those markets are out there. All we need to do is have the packing and the processing capabilities of doing that. We need a farmer-friendly government to help that happen. We do not need its subsidies and we do not want to have it saying, "Check the mailbox because that is how you make your living". They do not want to make their livings by checking the mailbox. They want to make their livings by a reasonable expectation of profits. I could go on and on.

**Ms. Diane Finley (Haldimand—Norfolk, CPC):** Madam Speaker, I would like to congratulate my colleague from Wetaskiwin on his passion. Agriculture is obviously something near and dear to my heart as well, and I thank him for sharing his concerns on this subject.

This morning we heard the minister, who presented this legislation and who led the debate, refer to numerous consultations that had been done with industry. She rhymed off at least a dozen different groups that she said had been consulted. Yet shortly after her presentation, a representative of one of those groups called my office and said that the group's definition of consultation was something different. Representatives of the group had attended a session, along with many others, and listened to one of the representatives of the government talk about the issues. They did not consider that consultation.

Would the hon. member for Wetaskiwin be willing to share with us his views on the importance of consultation, particularly in light of the amendment that I will be proposing, which is that a full review and study of the Canada Grain Act be conducted within 12 months and that review would include a complete look at the role, responsibilities and governance of any organizations that operate under that act, including but not limited to the Canadian Grain Commission?

● (1730)

**Mr. Dale Johnston:** Madam Speaker, consultations are good, but we have to act on the consultations. Every time I go back to my riding, I consult with my constituents. They are not shy about sharing their thoughts with me and I am sure that is the same with all members, regardless of what side of the House they are on.

A formal consultation absolutely is worthwhile. I now have the amendment that our critic has put forth, and it is a very good one. We need to ensure that the people affected by this legislation have a voice in it. We need to ensure that they tell us how this affects them rather than have some bureaucrat in Ottawa tell them how we will fix their problems.

It only makes sense to me to have this review completed within 12 months. We need to talk to as many actual producers, not necessarily farm groups or interest groups or lobbies, who are willing to share their experiences with us and the problems they have encountered from first-hand experience.

We can get an awful lot of good information from the grassroots. If we go to the grassroots and talk to people, we will find out where the pitfalls are and where improvements can be made. I would concur with the comments of my colleague.

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** Madam Speaker, my colleague from Wetaskiwin talked an awful lot about how agriculture is in crisis, that we are currently faced across this nation with a government that does not really know what happens on the land. He also talked an awful lot about the increased amount of regulations in the shipment of wheat, the cleaning of wheat and those types of things. I do not imagine that is helping the farmers with that project too much either.

We seem to have left the legislation to a very late date. Maybe he can help guess for the government's side as to why this was done? Why has it left this to hurry through when the August 1 date looms in front of us?

**Mr. Dale Johnston:** Madam Speaker, I see an opening. I really cannot speculate as to why the government would wait until the last day at the eleventh hour, other than to speculate perhaps that it just simply places a low priority on something like this, which is a tremendous mistake.

As I said in my comments, not only is agriculture in a financial crisis, but in the west we suffered through a drought for the last four years when we just barely got by, fortunately not so far this year. Members will recall the hay west initiative that started in this part of the country where hay was shipped out west to us. It was very unusual thing, but it was a very neighbourly gesture. It is the kind of thing one would expect a farmer to do for a farmer. We were overwhelmed by the generosity of Ontarians.

However, we are completely underwhelmed by the performance of the government when it comes to agriculture. I have been asked to speculate and I can only speculate it is because the Liberals place such a low priority on this. To put this into perspective, imagine farmers with herds of cattle and land bases. They can put up enough feed to keep the cattle through the winter and enough pasture to keep the cattle through the summer. Then they are faced with several years of drought where their feed supplies dwindle off and they should be selling off the cattle, but the cannot because there is no market for them. Can we think of a worse situation than that? I cannot think of a worse situation for any business to be in.

It is like being in the shoe business in a community of people who have no feet. That is exactly the kind of situation in which they are. There is no market and there is no feed for the cattle. Every year there are more cattle because they cannot be sold.

For some years now we have been trying to get this message across to the government that there is a crisis in agriculture because of the BSE, the low commodity prices, the drought and the high debt load. If farmers cannot sell their product, they have to borrow money. Now the banks will not loan the money.

Why has the government not dealt with this sooner? I am at a total loss as to any logical reason why it would wait so long and leave this until the last minute. The only thing I can think of is that it does not place much priority on the western Canadian farmer.

● (1735)

**Mr. Vic Toews (Provencher, CPC):** Madam Speaker, I would also like to add some comments to the debate. Although my profession is not out of the agriculture business, I come from a rural riding that depends heavily on various sectors of agriculture, including supply management, grain, hogs and cattle. In many ways it is a microcosm of all of Canada. My farmers are struggling because of the unsatisfactory trade mechanisms in resolving international disputes.

One thing I do not understand, and perhaps many of my constituents do not understand, it this. Whether it is grain disputes, hog disputes, or even softwood lumber disputes because I have softwood lumber in the northern part of my riding, how can we ask our farmers, our producers to put up money at the border when the disputes have dragged on for years? Although they eventually get their money back, there is no financial disincentive for those objecting to the trade from making these complaints. How can we improve this?

**Mr. Dale Johnston:** Madam Speaker, that certainly is a shortcoming in the whole WTO. The way it is set up now, the Americans would be foolish not to challenge our goods entering their country.

Even when we win the dispute, we do not really win the dispute. We are not properly compensated. I think that if they put up an embargo against our hogs, lumber or whatever and it goes to the tribunal, the tribunal rules in our favour, we should be in a position to apply for recompense. Otherwise, if they find in our favour over and again then it gets to the point where it appears that the challenges are frivolous and vexatious, and I think there should be some kind of a penalty attached. At the moment there is not. I think that is a true shortcoming.

● (1740)

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Madam Speaker, I am privileged to enter this debate on behalf of farmers in our country.

A little known fact is that I grew up on a farm. That is where I learned my love of food. It is also true that the very first dollar I ever earned in my life came from the farm, which they say among young people is significant. They ask, "How did you earn your first dollar?" Well, believe it or not my first dollar was earned by taking over a shed on the farm that my dad said I could have.

We moved to a different place and when we got there, there was this one shed that had nothing but junk in it. It had old wood and old barrels. Among other things, I found a really wonderful antique clock in that shed. That started another love that I have, and that was repairing mechanical clocks. I do that to this day as much as time permits. I still have that clock. It is on the wall in my office at home. I cherish it because of what it represents.

Anyway, I got into the chicken business as a young man. I had to buy the chickens. My dad was interested in not only teaching me a worth ethic but also in making sure that I understood the principles of business. So even though I lived on a farm and the granaries were full of grain, I had to buy the grain from him. He insisted that I keep track of it. Later on when we sold the chickens in the fall, and let people make soup out of them or whatever they did, maybe even Kentucky Fried Chicken, I had to take that money and pay back the debt I had. My father helped me a great deal with that.

At the time, I sort of thought he could have just given me the wheat. However, later on I realized the wisdom that he had in teaching me the principles of business.

I should maybe tell members that in that first year, after looking after all these chickens, my net profit was $6. I will never forget that either. I took them right from the time they were wee, little, itty-bitty guys right out of the hatchery and I looked after them. I will not give the House the graphic details of some of the things that one has to do with little chicks, but sometimes, for example, they get plugged up and one has to unplug them, and I did that. Again, I look back at it now and think that maybe that was part of the preparation of my future life in politics. At any rate, the farm was just an integral part of it.

My father loved farming. He started farming in 1935, when things were really tough in Saskatchewan. There were some really rough years. I remember when I was born, well I do not remember the day I was born, but shortly after, that we were exceptionally poor, but we did not know it because we were so happy. We lived in a wonderful, loving family, with extended family around as well, grandparents and so on. We all stuck together. Even though we did not have money, we had everything else that one would need in life. One of the things that a farm provides is the ability to produce food for the farm family as well. We butchered our own chickens and slaughtered our own animals, and we dressed them right on the farm. We did not have all these fancy abattoirs and all those other things. I remember taking eggs to town and selling them.

My dad told a story. He was part of the credit union movement in Saskatchewan for many years. On his retirement, after serving for many years on various boards with the credit union, he was given some tributes. One of the gentlemen got up and said, "I knew Corny Epp". My dad's name was Corny, Cornelius actually, but everybody called him Corny, which was his nickname and was not a pejorative term in those years. "I knew Corny Epp when he was an MP", he said, "Oh, no, he's never been a member of Parliament. I knew him when he was meat peddler". That is how we made our living. Things were tough, but we just got to work and we did it.

Farmers have been that way throughout the years. They are very innovative. If they cannot buy something they need, they make it. If they cannot fix something that needs fixing because parts are not available or they are too expensive, they improvise. In fact, one of the jokes going around Saskatchewan in those years was that some farmers tied together their machinery with baling wire. They made it work and they survived.

● (1745)

One of the despicable things though that has happened to farmers is that as their costs have gone up dramatically, lo and behold, they have not had the luxury that so many other people in the country have had, and that is the cost of living allowance.

Whether we are talking about members of Parliament or members of other professions, or the profession that I was in, the education profession, we were always contracting and negotiating agreements. We would always put cost of living increases into those agreements. Why? It was because fuel went up and therefore we needed more income, so that we could afford to buy the fuel. Groceries went up, so we needed more money to feed our families. It went on and on like that.

The truth of the matter is that farmers have had just the opposite. It is just amazing, when we think about it, that our agriculture industry in the country is as strong as it is because of the huge challenges that it has had over the last number of years.

I know that the cost of chemicals, pesticides, machinery, fertilizer, and the whole cost of fuel and property taxes, all of these things have gone up dramatically, and yet can the farmer demand a higher price for his product? No, he cannot. He has to take what he can get.

I remember having a number of farmers over the years talk to me, both before I was in politics and since, about the dilemma they face when their costs keep increasing and they land up actually borrowing against their capital equipment. They cannot afford to replace it and decide to make it go one more year. One more year becomes two years, three and four. Finally, they have decrepit old equipment and they do not have enough income to actually replace it. Eventually they get driven out of business. That is not acceptable.

We need to do everything that we possibly can to strengthen the agricultural industry in the country. This Liberal government has done a dreadfully awful job of recognizing the importance of the agricultural industry, and of doing anything proper with it.

It just so happens that our daughter married a farmer in Saskatchewan. When I graduated from university, I moved to Alberta and subsequently that is where our children were born. Then one of our kids goes and moves back to Saskatchewan, and marries a farmer. I thought, well, kid, I wish you well. I hope things go okay.

We went to Regina about a year ago or so. It was the first time that I saw this. Some farmer had rented or bought an old used, probably unusable, 40-foot trailer and painted a big sign on it, and parked it on his field so that visitors from the United States could see it. The sign said, "Welcome to Canada, the country where rapists, murderers and robbers go free, but farmers who sell their own grain go to jail". Imagine the depth of frustration that illustrates.

I talked to another farmer, also in southern Saskatchewan, who said he was in a real dilemma. This was a number of years back before I was in politics. He owed money to the Farm Credit Corporation. The Farm Credit Corporation, a Government of Canada organization, was telling him to pay. It wanted its money back. He told them he had no cash and that he could not make his payment. However, he said his grain bins were full of durum wheat that the Wheat Board would not sell for him.

That particular farmer told me he had driven across the border to Montana and found an actual pasta plant. Can we believe it, an actual pasta plant? They are not permitted in Canada under the rules. The Liberal government faced that issue in Saskatoon a couple of years ago and with its policies made it impossible to have a home-grown pasta plant right in our own country for added value and a market for our own farmers' grain.

● (1750)

The farmer told me he could have taken his wheat across the border and could have sold it. Instead of getting $4 a bushel that the Wheat Board would offer if it had a quota, he would get $2 now and then hopefully another $2 when the final payments came in. If he took it to Montana, he would get $8 a bushel, cash, right away. The guy would write a cheque when it was delivered.

Under Canadian rules he was not permitted to take it into the United States. He had to sell it to the Wheat Board for $2 a bushel and then buy it back. This has nothing to do with the Americans preventing him from taking it into the United States. The Canadian government told him he could not sell a single kernel of wheat unless it went through the Wheat Board.

One can only imagine the farmer's frustration. One government agency, the Farm Credit Corporation, was telling him, "Pay us some cash". He had the chance to convert his grain into instant cash but the other government agency, the Canadian Wheat Board, told him he could not do it. What is he going to do? The interest has been piling up. Threats from creditors have increased. He is getting more and more frustrated. I cannot for the life of me understand how a government that uses the word liberal, which means freedom, liberate, can pound a farmer into the ground so hard that he cannot survive.

The government ought to be ashamed of its record over the last 11 years. In the 11 years it has been in power, it is absolutely atrocious that it has not been able to address the agriculture issue with some long term solutions and some innovation that would provide farmers with the ability to market their product at a competitive price. Instead, farmers have to go through the Wheat Board where the lowest price is the law. It is like Zeller's, except Zeller's gives a bit of competition in its business.

I am not against the Wheat Board. Some people love it, and that is fine. I have no problem with that. Anybody who wants to market their grain through the Wheat Board should absolutely have the freedom to do so. I also think that a farmer who has found a market for grain that the Wheat Board is not selling should have the right to sell that grain to the highest bidder, just like every other merchant in this country. Whether I order water for my office or whether I am buying groceries or clothing, no matter what product I buy, I can see what kind of deal different people will give me. I am able to make a decision.

What is doubly offensive is that the Wheat Board only applies to the prairie provinces, which is incredible. I cannot believe the government would allow this to continue over all these years. The government has been crowing about being the party of national unity, but the things it has done in the last five or six years with respect to ad scam has done exactly the opposite. This country has never been so divided and un-unified as it has been because of the policies of the government.

The same thing is true when it comes to treating farmers across the country equally and equitably. The government has rules which apply in one part of the country but do not apply in another part. Obviously that makes competition very difficult.

Bill C-40 deals with some of the problems that farmers have had with marketing their grain, particularly with the WTO. This is another case of the government dithering on an issue which should be dealt with expeditiously. At the last minute the government is trying to push through some legislation which the World Trade Organization's dispute settlement body says must be done by August 1.

All parliamentarians are being backed into a corner. I am one of them and I will accept my responsibility. I will support Bill C-40 because of pragmatic necessity. We cannot afford to invite more WTO trade sanctions against us. The legislation must be implemented. Therefore, I will reluctantly support the bill so that it can get done.

● (1755)

At the same time I must emphasize I am willing to do that only because I expect that when the bill goes to committee, the amendments that will be put forward at committee will be dealt with rationally and decently by all of the people in the committee and also by the Liberal members for a change.

We need to look at this in the long term. We need to look seriously at the whole Canadian Grain Commission. We need to make sure the issues that are always before us are solved.

The amendment, for which we are asking for support as a condition of our supporting the bill receiving second reading and going to committee, would actually say that we want to have a comprehensive review of the Canada Grain Act and all of the organizations mandated by that act, and that the review should be completed within one year. If a Conservative government of the day had any say in it, we would certainly be acting on those recommendations. We would try to bring some long term stability and business balance to the country's agriculture industry.

One of the issues in dispute was with respect to transportation. Rail car allocation and grain transportation is a huge issue. People have no idea of the tonnes and tonnes of grain that come from our farms, particularly in the Prairies.

I grew up in Saskatchewan, the wheat basket of the country, acres and acres of fields of flowing grain. It is a beautiful sight. When we get in there with a swather or a combine and the sickle makes that swishing noise, it is such a thrill. My brother, who farmed for many years, said that there is something very special in knowing that his profession provides food for hundreds of thousands of—

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## BUSINESS OF SUPPLY

**Hon. Tony Valeri (Leader of the Government in the House of Commons, Lib.):** Madam Speaker, I rise on a point of order. I wish to inform the House that Wednesday shall not be an allotted day.

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## CANADA GRAIN ACT

The House resumed consideration of the motion that Bill C-40, An Act to amend the Canada Grain Act and the Canada Transportation Act, be read the second time and referred to a committee.

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Madam Speaker, talk about being interrupted in the middle of a sentence, almost in the middle of a word; I do not know what happened there.

My brother farmed for many years. He said he was proud to be in a profession that provided food for not only hundreds of thousands of people in this country, but around the world. People have heard of the Canadian Foodgrains Bank, which is a wonderful charity that distributes food around the world to people who are suffering from famine. My brother had a bumper sticker on his half-ton which read, "When you complain about the farmers, don't talk with your mouth full". I thought that was a great little bumper sticker. My brother worked hard.

I remember when I was a youth on the farm, the rule of thumb was that the sun was there as a light for us to do our work and we did not waste it. If the sun came up at five in the morning in summer, that is when we were in the field and we worked until it was dark.

I also remember my father, speaking of transportation, saying, "How come when I buy a tractor or a piece of farm equipment, a half-ton or a grain truck that is built in Ontario, it is FOB factory and I have to pay for the freight to take it out to my farm, but if they buy my wheat, I have to pay the freight to deliver it to their doorstep". Farmers in Saskatchewan, Alberta and Manitoba have had to pay the freight both ways all these years. It is another case where we have neglected the issue of national unity.

Madam Speaker, I stopped my watch during the interruption, so I still have 12 seconds. In those seconds as I wrap up, I would like to say that I appreciate the opportunity to speak on behalf of farmers. I know that they are in desperate straits these days. We need to do something that gives long term stability to their industry and, we hope, the ability of farmers to make a proper living for themselves and their families.



● (1800)

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Madam Speaker, I enjoyed very much my colleague's rendition of growing up on a farm. It brought back a lot of memories for me because, although I was not born and raised on a farm, I spent a lot of years on my grandfather's farm. I can relate to a lot of what the hon. member has talked about.

This past weekend I met with a group of farmers and farm organizations. I asked the question again which I had asked a couple of weeks ago about the CAIS program. I asked if they thought that the CAIS program worked. I took a vote, the second vote in two weeks, and not one hand came up. Again it shows that the farm community is left out when policy is put together. It seems that the bureaucrats in Ottawa decide what is good for farmers.

When we look at some of the proposals that are here and because the matter has been left until the eleventh hour, I would like to ask the hon. member if he thinks that this is a way for the bureaucrats to push something on to the farm community.

I made a suggestion one day in one of the heritage committee meetings. There was a conflict among two or three witnesses and I suggested that the best way to fix the problem was to bring everybody into a room, supply them with good food and facilities, lock the doors and have all the people involved sit down and come up with a reasonable solution.

It can be done that way. I figure we should bring in the farm community, all the people who grow the grains and oilseeds, and have them sit down with government, not only the federal government but the provincial governments at the same time. Put all the various people involved in the industry in a room and lock the door until they come up with a good policy. Then we should not let the bureaucrats change it all around saying, "This will be good for you".

Why does my colleague think this matter has been left until the eleventh hour?

**Mr. Ken Epp:** Madam Speaker, the short answer to the question is that the government is just incapable of getting its head around what is important and what needs to be done now. A phrase has been developed here, since just before Christmas, calling the Prime Minister "Mr. Dithers", but I would attribute that particular characteristic to the whole government. It seems to push off until the last minute, and sometimes even after it is too late, some of these necessary things that need to be done.

One of the issues the Liberal government has failed to address is the very nature of farm income. Farming is one of those businesses which has so many variables. The business that I was in before I became an MP, as an instructor at a technical institute, gave me a salary. My salary was almost to the penny the same month after month, with the exception, of course, coming after my annual contributions to Canada pension had been paid up. Then my income went up a bit for the last part of the year, but it was very predictable and always the same.

Many other businesses are that way. Historically some of them may go up and down seasonally to some degree, but it is always fairly predictable. However, we have had in this country many years now where farmers have struggled with many variables.

There are some variables over which nobody has any control except the Liberal government, which I think would like to pass a law to control the weather but it cannot be done. There are droughts. There are times of floods. There is too much rain or too little. There are storms. I remember growing up on the farm. There were occasions when a hailstorm would roll through and all of the anticipated income from several fields would disappear in just a matter of minutes. Those are variables that cannot be anticipated.

There are various plant diseases. There are insects. There are, as I said before, increasing costs of chemicals, fertilizers and farm equipment and the cost of operating and repairing that equipment. Those things are beyond the farmer's control. They happen and there they are, but there are some things which will occasionally bring a farmer down to where his income for the year is almost non-existent yet the expenses have still all been there.

If we want to have a long term policy that will give stability to the farmers, we must have some system whereby in good years farmers should be able to put away some of the excess money in those good years without having to pay a bunch of taxes on it. It should be like a really high limit RRSP. They could put their money away and it would carry them through if they were to have a year or two in which their incomes were suppressed.

Besides that, though, there is the much longer term issue and that is the value of the farm product itself. We have allowed this to deteriorate beyond comprehension. The government has done nothing. Today we are talking about the World Trade Organization. When this ruling came down, the Americans immediately appealed the parts that went against the United States. Did this government appeal the items that went against our farmers? No, the Liberals dithered and sat on their hands and twiddled their thumbs and played their violins or whatever they did. They did not do anything. That is of course typical of this government. It dithers and dithers and does not do things promptly.

I do not have all of the answers, but as my colleague has said, we need to sit down with farmers, with producers, with people in the agrifood industry, and we need to seriously talk about how to develop and implement some plans that will increase the stability and the viability of being a farmer.

I think it is sad when I see and talk to young people who would love to go farming. In fact, I have experienced this within my own family. They just love it. There is something special about getting one's hands in the dirt and making food. It is really something special. There are young people who want to farm, but it is virtually and totally untenable now. It just cannot be done.

● (1805)

There is no way that a farmer can pass off the farm to a younger person because there is no money for any kind of retirement, let alone continuing to operate the farm. The farmer is almost always forced to sell. The family farm, which in some cases has been in the family for 100 years, is lost to the family. All of that is because of government policies.

● (1810)

**Mr. Vic Toews (Provencher, CPC):** Madam Speaker, as I listened to the member's comments, an issue came to my mind which deals with the Canadian Wheat Board. I know he touched on that very generally, but I am always troubled about this issue. I know that in my riding there is a division among farmers about whether the Canadian Wheat Board is a good thing or a bad thing. There is some controversy in that respect.

My colleague indicated that he would feel very comfortable for any farmer who wants to market their grain under the Wheat Board to be able to do that. I had always understood, until I was educated by farmers in my riding, that the Canadian Wheat Board was the Canadian Wheat Board, but in fact what I find is that it is only the western Canadian Wheat Board and that in Ontario farmers operate under very different rules.

That is, in western Canada our farmers are forced to sell their wheat through the Wheat Board, whereas in Ontario farmers have a measure of freedom of choice where they can use the wheat board there as essentially some kind of marketing board. It is not compulsory and they are not sent to jail for selling their grain outside of that Ontario wheat board.

Why would a government take this difference to parts of the country? One would think that if the system is good in one area of the country it should also be good for the other. And why the penalties that attach to western Canadian farmers? This is something I simply do not understand. Perhaps the member can explain it to me.

**The Acting Speaker (Hon. Jean Augustine):** I would imagine that the member for Edmonton—Sherwood Park would know that his time has expired, but I will be very generous and give him a few seconds to respond.

**Mr. Ken Epp:** Madam Speaker, I think it is just a matter of plain contempt by the Liberal government for the western farmer. Contempt is a very strong word, but the fact of the matter is that the number of electoral seats in the west is very low. Liberals know they would never get away with it if they imposed that kind of a restriction on Ontario or Quebec where 60% of the Liberal seats lie. In the west, it does not matter, they think, so if they do not win some seats it does not matter. I think that is the reason.

On the other hand, though, I would like to say, because there are some people who are listening to this, my argument always has been that if the Wheat Board participation were voluntary, it would improve the prices for those who are selling to the Wheat Board because then it would have to compete with other buyers for the product and everyone's price would increase. I am quite convinced of that from an economic—

**The Acting Speaker (Hon. Jean Augustine):** Resuming debate, the hon. member for Yellowhead.

**Mr. Rob Merrifield (Yellowhead, CPC):** Madam Speaker, it is a privilege for me to stand on behalf of the residents of Yellowhead on this particular piece of legislation before us, Bill C-40.

I will say right off the top that I am not necessarily opposing this piece of legislation, but I do want to lay before the House some concerns I have as a representative of the people of Yellowhead.

Actually this issue is a little closer to my heart than many in this House, because agriculture has been my profession for as long as I have been in the workplace. My family and I started with a dairy farm and milked close to 100 cows. I had a very modern dairy operation and was very proud of raising my two boys in that situation.

I took very close note of the comments of some of the other members who said that people who pass on an agricultural industry to their children could be charged with child abuse. That is a standard joke, but it is actually a very sobering thought. When one understands what actually is happening with regard to agriculture in communities and ridings like mine, one becomes sober at the thought of what is actually happening down on the farm.

We sold the dairy operation in 1996 and moved on to a beef operation as well as grains and oilseeds. We farm up to 3,000 acres, which is one of the larger farms in the area, and we are very proud of it. It is a wonderful profession. It is one of those professions where one goes to work in the morning, very early, I might add, and does not really worry about what time it is. In fact, quite often we will miss meals and not be too concerned about what hour of the day it is because our whole motivation is not so much about what time we get home in the evening. Our whole motivation is what we can get accomplished during that day.

It is an exciting profession from that aspect. Because of that, a lot of people are drawn to it. If one can be drawn to it and still make a good living, that is a tremendous success, but I want to lay before the House some of the pressures people are facing so that members can understand.

I would like members to realize that in my riding of Yellowhead, in our area of Alberta, we have had a significant number of years of drought. We have had two years of very significant drought and one year of unbelievable pest problems with grasshoppers. They ate absolutely everything that did grow in the midst of the drought. That was devastation.

As has been referred to in other speeches, there was the problem with lack of feed, but there was Hay West and how farmer to farmer actually rallied in this country and sent hay into my riding and ridings around my area to provide some relief. One has to understand that the Hay West project was not necessarily started by a government in power at all; it was initiated farmer to farmer. Farmers understand the pressures and they wanted to help out where they could. That is something that every profession and industry in this country could learn from.

Something else we should also take note of, because it has been mentioned by many of my colleagues, is that the Liberal government has failed farmers. It has failed to understand the pressures and failed to understand that it has to support agriculture.

Before I get into that, I want to explain for members that after the drought and the grasshoppers, we had the BSE issue. The beef industry is a significant part of the primary agriculture of my riding. I cannot explain how dramatically this has impacted my area. I can say that there have been many, many calls to my office from individuals who are beside themselves, who do not know what to do. Some are suicidal. My staff can tell horror stories from over the last couple of years. Some of the calls they received were unbelievably intense. That gives members a perspective of how we are coming at this piece of legislation and the stress that is on it.

Why should the government even protect farming? I think that is a fair question in this House and I believe it is one that our colleagues on the other side have wrestled with, because budget after budget, if one reads between the lines and understands exactly the lack of support that has come forward for agriculture, one gets the sense that the government has no intention of supporting agriculture and would prefer that farmers were out of the industry.

● (1815)

It is unbelievable it would think that way. When we look at the actual number of spinoff jobs that are created for every primary job in agriculture, it is one to seven. It is much different than the oil patch or in the lumber industry, where it is one and four. In small communities or in rural areas where communities grow and thrive on the strength of agriculture, it has immense repercussions to them and the livelihoods of the people who live there.

When bills like this come forward, we get into this whole idea of "Why should we support agriculture?" It is because of that impact. It is also because it is very important as a sovereign nation that we can feed ourselves and continue to do that long into the future.

A lot of Canadians say that we have such a small population compared to our land mass and that they do not believe we will ever go hungry. Therein lies a bit of a problem.

In Europe, it is a little different. Europeans have gone hungry. They support their agriculture to the tune of 75% or more in subsidization.

The United States does it as well. In fact, in the years ahead, if we look at the amount of money the Americans will put into agriculture, they will eclipse the subsidization in Europe. They understand that to be a sovereign nation they must have secure, safe food for their society.

Unfortunately, in Canada the government does not believe that this will be problem. It is a problem. It is something that we have realize, if we lose our agriculture and our agricultural sector.

I have always said that our farmers should be subsidized because they have subsidized low food costs for many years. Farmers do not appreciate going to a mailbox and getting a cheque from a government. That is not the intent. I do not know a farmer who wants to do that. However, farmers want fair value for their product.

This brings me to the legislation, If as a country, we are not prepared to at least support some of the rules so they are fair, so farmers have a fighting chance when it comes to some of the trade issues and fairer value for product, then we have failed them miserably and we have failed society as a whole because of the repercussions of it.

International trade is a major issue. We have talked about the Wheat Board. Many have spoken about its inability to be flexible with regard to allowing farmers to trade internationally on their own, only in western Canada, not in all of Canada.

We have had many repercussions of international trade, particularly with the United States. It has a population of 300 million. We have 30 million. It is 10 times larger. We have a tremendous amount of resources with regard to agriculture that we would like to trade into a market that large. We can compete very easily on a fair and level playing field, and we have a free trade agreement. However, when a neighbour to the south becomes aggressive, whether it is with softwood lumber or with the BSE, which has yet to be proven that it has do with science or health, it is all about politics and bad politics at that, there is a negative repercussion on the agriculture industry and that has some tremendous impacts.

With regard to the legislation we have to ask, why did we not appeal the decision made by the WTO panel? The United States has appealed any decision that went against it. However, when it comes to our side of it, we have been very slack and lax in doing that.

That sends another message to our people down on the farm that we are not prepared to stand behind them and to work for them in an industry with which they are have a tremendous amount of problems and stress. I do not believe that is where Canadians want us to be. Most Canadians want us to look after the farming industry. They have a sense and an understanding that it is an occupation that is worth supporting and worth looking after.

I had the opportunity to be in Taiwan about three weeks ago. We used to trade a tremendous amount of beef with Taiwan before the mad cow issue. In fact, it was about $4 million a month and could progress to about $8 million a month. When I was there, Taiwan had just announced it would open the border to United States beef as of April 16. We argued that if it were to open the border to United States beef, then it would have to come up with a very good reason why not to open it up to Canadian beef.

● (1820)

Not only is our protocol on beef with regard to health and safety better, which the people of Taiwan were somewhat concerned about and that was the reason they had shut the border, but it is a better quality and a better price.Those were three good reasons to open it up and we pressed upon them to do that. I believe that will happen. It is important not just to Taiwan, but it will send a message to all the Pacific Rim countries that it will have major repercussions as far as an agricultural community.

Why do we need that? We have to depend on more countries than just the United States as trading partners. If we are to have a thriving agricultural community and a community that has to compete internationally, then we have to do these things.

Where have we been in the last decade? Not only has the government been trying to shut agriculture down in the country, but it has been retarding farmers from pushing for international trade in other countries. That has been a tremendous failure of the government, and it is unfortunate. Understanding the agriculture community really starts with knowing a bit about it and knowing where people are hurting, then discerning how we can help to create other markets and support the industry.

Diversification on the farm was the call of the age about a decade ago. We knew that to survive in agriculture we needed to diversify. Canada has beef herds, grains and oilseeds and an elk industry, which is another industry that has been badly hurt by international trade.

The elk industry has gone through the BSE crisis just as our cattle industry went through it. The big problem is the government does not understand the impact of chronic wasting disease on the elk industry. However, chronic wasting disease has been looked after and we have not had a case in three or four years. We have to aggressively pursue international markets to get that industry back on its feet.

Our agricultural industry was impacted by mad cow disease through no science whatsoever. What was amazing was when a Liberal member of Parliament went to the association a week ago and said that he knew absolutely nothing about the problems in the elk industry. That amazes me because he is a member of Parliament who sits on the other side of the House, but comes from my province. An article appeared in the *Western Producer* last week about this.

I get frustrated when I see members of Parliament make decisions on issues that they do not clearly understand and that have major repercussions, especially on an industry that is fragile and in such dire straights. I know how fragile it is because the farm development company, which is a federal banking organization, phoned me at my office and told me that if the border did not open on March 7, many farmers in my riding would be in serious trouble. They would be unable to support their loans throughout the summer. Not only can they not get capital, but they cannot get any support from the government or a government agency which is supposed to be in the business of supporting them.

In defence, I am sure my colleagues on the other side would say that they have been putting billions of dollars into agriculture over the last couple of years. We have to work in conjunction with farmers. A systemic problem has happened, not only over the last couple of years with mad cow disease, but it is a philosophy that has gone on with the Liberal government over the last decade. While it has been in power, it has destroyed the agriculture industry by not promoting it in the way it needs to be promoted or supporting it in the way it needs to be supported on both the international side as well as on the domestic side.

● (1825)

We have seen a shrinking number of farmers right across the country. Small family farms are no longer able to support their livelihoods. They are being forced to sell out to larger ones. The larger corporations are taking over and that is a sobering thought. We should be asking ourselves if that is the direction in which we need to go. Is that a positive direction for Canada as a society, or is it something where we should put measures in to have some checks and balances?

We have to take a serious look at what is in the best interests of Canada and what is in the best interests of the taxpayers of this country, because we are all taxpayers. Some governments will say that the farmers are always asking for more and more money. As I said earlier, I do not believe any farmer wants subsidies. What farmers really want is fair market value for their products. They want a government that will support them in achieving that in the most aggressive ways it can.

Pieces of legislation like this one and rulings from the WTO have got to be dealt with. We will support the bill reluctantly in the sense that it should have been done much more aggressively. We look forward to some of the amendments that we will be able to capture as the bill goes into the committee process. Hopefully coming out of committee we will be able to support the bill in a much more fulsome way.

## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

● (1830)

[*English*]

EQUALIZATION PROGRAM

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** Madam Speaker, tonight on adjournment proceedings I am rising to bring forward the issue of equalization. This is a question which I first brought to the House some time ago.

It is a question which has united almost all of the politicians in Saskatchewan from all parties. We have had unanimity among the federal Conservatives and the provincial Saskatchewan Party, the provincial Liberals, the provincial NDP and the federal NDP. Only one elected politician in the whole province of Saskatchewan has stood against the province of Saskatchewan's interest. Only one politician from Saskatchewan voted with the separatists, the Bloc Québécois, in this House to stop Saskatchewan from getting a fair deal on its equalization. That is the one politician who had the ability to do something, the Minister of Finance, the hon. member for Wascana.

Why are we so passionate as a team of Saskatchewan politicians? Why are we so passionate across all political parties? The matter of equalization has to do with Saskatchewan's natural resources which by right of the Constitution we should have complete access to, we should have total and complete benefit of. It is a right which is being taken away from us through the equalization process.

The way equalization is currently structured, people of Saskatchewan are losing benefits from their natural resources. Every time the government of Saskatchewan gets a dollar in royalties for oil, or uranium and so forth, the federal government claws it back, and the people of Saskatchewan no longer get the benefit of that wealth which is supposed to be theirs under the Constitution.

The purpose of the question was to have the same principles apply to Saskatchewan that Newfoundland and Labrador and Nova Scotia received in the deals they made, and that is the full utilization of their



natural resources for the wealth of the province. Many academics have demonstrated that the way the equalization system is set up currently is unfair. We end up with double counting in general GDP and then in specific revenues with the equalization. Unique categories such as asbestos and potash are counted one way, heavy oil another, hydro another, and so forth. We want nothing more than the basic principles of fairness applied.

To the province of Saskatchewan this would mean $800 million a year according to Library of Parliament estimates. What could $800 million do for the province of Saskatchewan? What could it do for the people? What is it in practical, concrete terms? Let me give a couple of examples.

Saskatchewan could have 260 MRI machines, which perhaps is too many but the province could have them. It could have 26 four lane bridges with full cloverleaf entrances. Again it is probably more than we need but that is how many we could have. We could completely abolish all the education property tax for everyone, farmers, businesses and homeowners, throughout the province of Saskatchewan.

That is the practical meaning of what equalization is. It is fairness we seek, fairness for the province of Saskatchewan.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Madam Speaker, it is a pleasure to talk about equalization, which is a government program, the basis of which is the measurement of fiscal capacity, that is, how much money a province can raise each year to fund programs and services.

In the case of Saskatchewan, it is about 16% of Saskatchewan's revenues that will be equalized and impact heavily on its level of entitlements. Saskatchewan is the happy beneficiary of non-renewable resources and has benefited in particular from the strong rise in energy prices resulting in lower equalization. As energy prices rise, more money is generated, and therefore the province's equalization entitlements decline. The happy result was that in the year 2003-04 Saskatchewan became a have province joining Alberta, British Columbia and Ontario.

One of the features of the equalization program is the floor provision which protects provinces from large annual declines in equalization. It provided over $100 million in benefits to Saskatchewan in the year 2002-03. The floor provision protects the finance department in Saskatchewan from ups and downs that would otherwise impact negatively on its budgeting process.

Non-renewable resource revenue is forecast to be $1.4 billion in 2004-05, twice the amount of the $700 million figure projected in the 2004 budget. As I said, the idea here is to protect against volatility, so that treasurers going forward can analyze what revenues they can reasonably expect. In the negotiations with the premiers and Prime Minister, that was effectively taken care of with a guaranteed floor by the Government of Canada which essentially bought the risk of the entitlement.

In the case of Saskatchewan, the Government of Canada has taken action to improve the operation of the crown leases tax base and in March 2004 Saskatchewan was compensated with a one time payment of $120 million. In budget 2005, Bill C-43 will provide a further $6.5 million adjustment to Saskatchewan in 2005-06 for the same purpose.

Saskatchewan's situation is relatively prosperous. In addition to receiving the $590 million in additional entitlements this year out of the equalization program, Saskatchewan will happily be running an economy at 3.4%, a debt to GDP of 19.3%, which is substantially better than pretty well anyone else in the country. The national average is about 25.1%. This will be its 11th consecutive surplus budget this year and the unemployment rate is at 5.5%. As we can see, its situation is substantially improved over that of pretty well any other province in the country, let alone the situation where the folks in Newfoundland and Labrador and Nova Scotia find themselves.

This is a program that is working tremendously to the benefit of Saskatchewan in particular. The Minister of Finance has done an extraordinary job in addressing those particular items that affect Saskatchewan in unique ways.

● (1835)

**Mr. Bradley Trost:** Madam Speaker, the people of Saskatchewan are going to hold the finance minister and the Liberals to account for not offering the province of Saskatchewan the same deal on equalization that they made with Nova Scotia and Newfoundland and Labrador.

When talking about all those numbers, what the member did not say is per capita GDP, per capita income, and real money in real people's pockets. The people of Saskatchewan are considerably poorer than other provinces. Let me use the example of Manitoba, not to pick on it, that receives a billion dollars a year. We are a poorer province. Only funny math shows any difference. We should have received $8 billion over the last decade. To have received $500 million, $600 million or $700 million, when we should have received $8 billion is almost an insult. All we ask for is fairness and some real representation in government, not just a figurehead.

**Hon. John McKay:** Madam Speaker, it is pretty hard to cry poor when the numbers do not back it up. As I said earlier, Saskatchewan is hardly facing the same economic and fiscal challenges that Newfoundland and Labrador and Nova Scotia face.

In Saskatchewan's case, net debt was one of the lowest in the country at 19.3% with 11 consecutive surplus budgets. Newfoundland and Labrador's unemployment rate is 17.5% and Saskatchewan's is 5.5%. The debt to GDP in Newfoundland and Labrador is 63% and 43% in Nova Scotia.

Therefore, it is pretty hard for the hon. member to claim that it is a terrible per capita situation, when in fact the numbers speak exactly to the opposite. As I said before, the Minister of Finance has been the one to advocate Saskatchewan's issues before the cabinet table and I would argue that $710 million is a pretty darn fine—

● (1840)

**The Acting Speaker (Hon. Jean Augustine):** The hon. member for Acadie—Bathurst.

[*Translation*]

EMPLOYMENT INSURANCE

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Madam Speaker, on March 8, I asked a few questions in the House of Commons. I would like to refer to the second question I asked:

> Mr. Speaker, while the Minister of Transport was in Chicoutimi saying that the reform was over, at the Liberal convention this past weekend Liberal members from New Brunswick and Quebec, and the president of the Acadie-Bathurst Liberal Association, Marc Duguay, voted in favour of a resolution to relax EI rules.
>
> In light of the adoption of the resolution, does the Minister of Human Resources and Skills Development agree with her Liberal colleagues and Marc Duguay that the latest reform did not go far enough to eliminate the gap and will she accept the 28 recommendations of the parliamentary committee?

The Minister of Human Resources and Skills Development responded with:

> Mr. Speaker, it is incredible how popular a topic the Liberal Party of Canada convention is with the opposition parties. I can see that it was closely watched.

The minister continued:

> It was a very good convention. All the resolutions we considered had been tabled. Hon. members may not be familiar with our party's constitution, but all these resolutions had been tabled long before. Accordingly, party supporters from New Brunswick and across Canada were very pleased with the improvements to the EI system.

A month has gone by and I can assure the House of Commons that the people of Acadie—Bathurst are not happy with the changes to the EI system. The people of Gaspé have said they are not happy with the changes to the EI system either.

[*English*]

I can assure the House that the people of Newfoundland and Labrador are not happy with the changes to employment insurance. That is what the people are saying.

[*Translation*]

It is true that people in the southern part of the province werepleased, perhaps, with the changes the minister proposed regarding the best 14 weeks. I congratulate them if they are lucky enough to have 17 or 18 weeks work, when there are people in the Acadian Peninsula and other places in the Gaspé, as well as in Forestville in Northern Quebec, who have trouble getting 10.

I have trouble understanding how it is that 420 hours are needed to qualify for EI, the equivalent of twelve 35-hour weeks. These people usually work for minimum wage and receive only 55% of their earnings, and on top of that, there is talk of the best 14 weeks.

I would therefore like to ask the minister whether a new study has been done to see whether everybody is happy. Is she going to make the changes? This very day, a press release from the minister announced that such and such a change would be made in EI. But not one change has been made.

When will the changes be made? Is the minister going to heed the parliamentary committee and make the 28 proposed changes?

[*English*]

**Hon. Peter Adams (Parliamentary Secretary to the Minister of Human Resources and Skills Development, Lib.):** Madam Speaker, our government is committed to ensuring that employment insurance remains responsive to the needs of all Canadians, including seasonal workers. The Government of Canada pledged to take action to address the most pressing challenges facing the employment insurance program, and that is what we have done.

We have a long history of ensuring that the employment insurance program remains responsive to the needs of all Canadians. We are giving careful consideration and will respond to all the recommendations concerning changes to the program.

As recently as last spring, the government introduced a pilot project, providing five additional weeks of EI benefits to assist workers who face an annual income gap. The EI program enhancements we announced in the budget of this year represent an investment of over $300 million. The changes in the EI program will assist over 225,000 Canadian workers and their families.

Those announced changes will reduce the eligibility threshold to claim EI. We will also now calculate benefits based on workers' best 14 weeks of earnings. We will better enable workers to work while claiming benefits. We announced that we will extend benefits to specific areas of especially high unemployment.

We have in fact been reducing premiums every year for 11 years. As a result, the premium rate has dropped from $3.07 in 1994 to $1.95 in 2005, the lowest level since 1940. Our objective is to balance revenues and expenses and we believe we will achieve that this year. Employment insurance continues to provide temporary income support to people who involuntarily leave employment. For example, in 2002-03, 1.4 million people received $8.2 billion in regular income benefits.

May I remind the member for Acadie—Bathurst of all the changes the government has already made to the employment insurance program, so that it can continue meeting the needs of Canadians and a rapidly changing labour market. For example, the intensity rule was repealed because it did not help increase labour market participation. The clawback provision was amended and now no longer applies to Canadians who seek temporary income support for the first time or who receive special benefits.

The government has understood what Canadians need and that is why I am proud of the improvements we have made so far, and the improvements we will continue to make to this program. It is clear that we are committed to helping workers in this country. That is precisely why the government has kept its promise and announced these changes that I have mentioned.

● (1845)

[*Translation*]

**Mr. Yvon Godin:** Madam Speaker, although the parliamentary secretary has said that his government has made changes, he is not saying that, only last year, the employment insurance program produced a surplus of $3 billion, which belongs to the workers, while he is proposing changes worth some $300 million. The figure appears big, but compared to surpluses of $3 billion, it is a problem.

While people need to have their benefits calculated on the basis of their 12 best weeks, the program continues to take the 14 best weeks into account. People in ridings like mine—and certain Liberal organizers as well—have said on television and radio and even in the papers, that the Liberal government did not go far enough. That is what the people of the Gaspé and Newfoundland and Labrador have said as well.

Now, I agree with the parliamentary secretary's remark that, for the past 10 years, EI premiums have gone down. In fact, the Liberals have responded for 10 years to the call by the Conservatives in this regard. Still, no real changes have taken place, although change is what the people want.

[*English*]

**Hon. Peter Adams:** Madam Speaker, let me mention some of the other changes. The maximum benefit period for EI parental and maternity leave was increased, as the hon. member knows, from six months to a full year.

To ensure that claimants can accept lower paying jobs without reducing the benefit amount to which they are entitled, we made the small weeks provisions a permanent and national feature of the program. In addition, we increased the threshold from $150 to $225.

We also brought in the new six week compassionate care benefit. To help workers who experience an annual income gap, the government has implemented a two year pilot project providing five additional weeks of regular EI benefits to claimants in regions with very high unemployment rates.

We are reviewing with great interest the recommendations of the subcommittee on EI and we will report back to Parliament within the prescribed period of time.

**The Acting Speaker (Hon. Jean Augustine):** 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 6:49 p.m.)

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