



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, November 1, 2005**  
**(Part A)**

—

Speaker: The Honourable Peter Milliken

## **CONTENTS**

(Table of Contents appears at back of this issue.)

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# HOUSE OF COMMONS

Tuesday, November 1, 2005

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

•(1000)

[English]

### COMMISSION OF INQUIRY REPORT

**Hon. Tony Valeri (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I have the honour to table, in both official languages, a copy of the first report of the Commission of Inquiry into the sponsorship program and advertising activities.

Copies of the report are available in the government and opposition lobbies. Copies are also being provided to all members' offices by the House of Commons distribution office. The report is also available on the Internet at [www.gomery.ca](http://www.gomery.ca).

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•(1005)

### GOVERNMENT RESPONSE TO PETITIONS

**Hon. Raymond Simard (Parliamentary Secretary to the Minister of Internal Trade, Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Associate Minister of National Defence, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8) I have the honour to table, in both official languages, the government's response to 12 petitions.

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### PETITIONS

#### CANADIAN BROADCASTING CORPORATION

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Mr. Speaker, I stand this morning to present to the government a petition by concerned constituents in my riding concerning the CBC and its future.

JUSTICE

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Mr. Speaker, I have a petition from constituents of the riding of Renfrew—Nipissing—Pembroke with respect to Justin Schwieg, a

student in his final year at Queen's University and a member of the football team, who was murdered at the age of 22.

On March 24, Justin was stabbed to death during an unprovoked attack by a perpetrator who had a previous history of crime and a reputation for always carrying a knife. The petitioners would like the Government of Canada to have the House of Commons enact legislation that enforces more severe penalties for people who commit violent crimes.

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### QUESTIONS ON THE ORDER PAPER

**Hon. Raymond Simard (Parliamentary Secretary to the Minister of Internal Trade, Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Associate Minister of National Defence, Lib.):** Mr. Speaker, I ask that all question be allowed to stand.

**The Deputy Speaker:** Is that agreed?

**Some hon. members:** Agreed.

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## GOVERNMENT ORDERS

[Translation]

### ENERGY COSTS ASSISTANCE MEASURES ACT

The House resumed from October 26 consideration of the motion that Bill C-66, An Act to authorize payments to provide assistance in relation to energy costs, housing energy consumption and public transit infrastructure, and to make consequential amendments to certain Acts, be now read the second time and referred to a committee.

**Hon. David Anderson (Victoria, Lib.):** Mr. Speaker, during my remarks on this bill the other day, I referred to the three objectives the ministers have for this bill: first, to provide financial assistance to low income seniors and low income families with children; second, to help Canadian families reduce their heating costs by making their homes more energy efficient; and, third, to make the market more transparent and increase accountability.

*Government Orders*

[English]

Let me quickly say that there has been much discussion of whether the government ministers chose the right target group. We have to recognize that energy is so pervasive in the economy that essentially we come to a certain point of trying to help people affected by high costs where the government is trying to pull itself up by its bootstraps. In other words, the government is taking tax revenue from the same people it is giving the benefit to, so it makes sense to focus the attention on low income Canadians in particular circumstances as outlined by the government. I certainly agree with that approach.

The second point, however, is more difficult for us to get our minds around fully. Certainly there is a substantial increase in the amount of money being put into assisting people to be more efficient in the use of energy in their homes and of course we all applaud that. The trouble we face is that we keep hearing that the government intends to increase energy efficiency in Canada because of climate change reasons, high cost of energy reasons, and many reasons, but it only does a very small amount.

For instance, with respect to the houses that are to be assisted in this bill, not a large percentage of the Canadian stock of homes will be affected. In terms of homes in Canada, we are talking about 11.5 million and with respect to single-family dwellings or detached housing probably somewhere in the neighbourhood of 8 million; I do not have the exact figure. Here we are dealing with only a small percentage of that number, probably less than 5%. The question is simply this: if it desirable to do, why are we doing so little? That is the question I would put to the parliamentary secretary of the minister who will be handling this bill in the House.

We certainly agree with these issues such as energy efficiency, but that clearly is not being done on anything approaching a major scale and is clearly not a national objective, as outlined in this bill, despite a great deal of talk about a national objective in this area and also in the area of climate change.

The second point related to that is of course the increase in money for public transit. It is a very good thing to do. It is very desirable. I believe that our bus fleets in Canada are about four years older than the bus fleets of United States cities. A lot more can be done. This is just one indicator of many that we can do more to make sure public transit is efficient, quick, clean and of course more attractive for the public to use than the private automobile.

We must do that right across Canada. The companies attempting to provide public transit are doing so. They are doing a great job and I admire the work they do, but we certainly need to have a much more substantial system. The municipal governments, let us face it, must do much more in their field to give the advantage to public transit, such as one way streets for buses or public vehicles only or changing parking regulations to encourage the use of transit. This is the type of thing that can be done.

It is not just a question of putting money into buses. If we put money into buses that run on roads and the buses are empty, they are worse than useless. In those circumstances, of course, we would be blocking the roads for other vehicles and using a lot of diesel fuel for

the buses, or natural gas in some cases, or whatever the fuel might be, but we would not be achieving the objectives of the bill.

I think there is a question that really has to be answered here. Why is so little being done here? Why, when it comes to the private dwellings, is so little done? Why, when it comes to transit, is so little done?

With respect to commercial buildings, I believe the number in the background information suggests that there will be a little over 2,500 assisted with this program and yet that is probably less than 2% of the total number of commercial buildings in Canada. Why are we only dealing with such a small fraction? Why are we not trying to deal in a comprehensive way with what we and this bill recognize is a serious issue?

My time is limited. I have already had a few minutes in the previous discussion of the bill, but now I would like to turn to the third aspect of the bill: where does the money come from?

If we look at the papers provided with this bill, we will realize that of the \$2.3 billion or \$2.4 billion, more or less, that this is going to cost, about \$1.3 billion is from new sources, new revenues, new moneys, and the remainder comes from other programs. Of this total package, a large amount is recycled moneys. We must not get away from that. It really is a much smaller package than it looks at first.

• (1010)

Of the new money, the more than \$1 billion that needs to come into this, it is coming from general tax revenue. It is coming out of money that would otherwise be used for health, education, paying down the debt and the many things that public funds go to in Canada. There are of course many benefits to the public that come from the use of their tax dollars. That is what is happening here.

What really worries me is the fact that there has been such a massive increase in the price of energy, with a corresponding massive increase in the profits of the producers and the refiners of crude oil, and indeed of the distributors, and yet we have done nothing to have that massive bubble of money, and it was in the billions, diverted to pay the costs for these low income Canadians. In fact, what has happened is that instead of that unearned increase, that windfall profit of dramatic proportions, going to help the poor, we are having to take this out of the moneys that normally would be used for other public purposes. That is the worst problem we face in this area.

Let me give members a few examples. We all know that at somewhere between \$10 and \$20 per barrel even the oil sands break even and make money, yet we have seen the price of oil go up to over \$65 a barrel, to virtually \$70 U.S. a barrel. We are seeing really dramatic increases in profits.

Let us say there has been an increase from \$20 to \$60. Then \$40 is profit for producers of crude oil. Of course the argument is made by the industry that nothing can be done about this, that it is a world market and so on. Nevertheless, it is a massive increase in profit and nothing was done to recoup that profit to help the low income people who had to pay the dollars that made those profits for the companies.

*Government Orders*

That, I think, is a very important issue that has to be answered for by the government. Why was nothing done to increase the taxation level so that we would in fact have a transfer from those who made the money, these enormous profits, to those who had to pay them and therefore are suffering financially? That is point one.

Point two is about the refiners. The refiners happily said it was the price of crude going up that caused this massive spike in the price of gasoline when it went up to \$1.35. If we were to take the \$10 increase in crude between the beginning of the summer and September and work it through the system, we would find that the maximum the refineries and distributors should have charged by reason of that increase in crude oil would have taken the price of gasoline to 90¢. Yet it went to \$1.35.

That is another massive increase in profits. That is okay. That is the way the system works. I am not questioning that. I am simply asking why some of that was not transferred to the people who actually paid out those profits, the people who bought the fuel. I do not know why that was not done. Again, that question relates to both the production side and the crude side.

Let me quickly deal with the third part of the legislation about how we are going to have a new agency set up to deal with this problem of whether the oil companies are on the straight and narrow. As far as I can see, this agency is going to be useless, useless because we already have the Competition Bureau, which time after time correctly says there is no collusion among the companies. It says the prices go up because of competitive factors, not collusion.

I believe that, because it is the system causes the prices to go up. The companies do not have to collude. They do not need to have a few people sitting in a room dishonestly trying to say what the price will be. It does not happen that way. That is why we are trying to set up our organizations like the Competition Bureau and this new agency to look at petroleum prices. That is what they will focus their attention on: the system means that the price goes up. Then we see in the bill that there is going to be a \$25 million fine if it happens that the organization finds anything wrong.

On the Labour Day weekend when the spike occurred in gasoline prices, in regard to the extra made by the companies—and not the producers of the crude, but the companies that refined and distributed the crude and gave us the gasoline—the extra profits they made per day over what they were otherwise legitimately entitled to make and in accordance with the price of crude was \$49 million to \$50 million a day. Yet under the bill, we are going to have 12 hours of that profit as the maximum fine. It would make sense to collude under those circumstances if the fines are going to be so trivial.

•(1015)

I would like to know from the parliamentary secretary to the minister shepherding this bill through the House or some other parliamentary secretary, particularly the Parliamentary Secretary to the Minister of Natural Resources, why is it that we are setting up this new organization?

I have another point on this same issue. I have on my desk a series of documents from Statistics Canada dealing with what are called fuel facts. I cannot wave them around because that would be a prop

and that is not allowed, but day after day, week after week, month after month, Statistics Canada gives out extraordinarily detailed information on the industry, which we can use. All members can use it and all Canadians can acquire this information from Statistics Canada.

Why are we setting up yet another organization to look into this? We seem to set up organization after organization in the House. They all overlap, they get in one another's way, and they do not necessarily do a great job.

I would like to know why we would not continue with Statistics Canada, which has a phenomenal reputation for accuracy and precision. Why do we not continue with its work rather than setting up a new agency? If we are going to set up a new agency other than the Competition Bureau and Statistics Canada, what, really, is it going to do? Is it just that the people who drafted the bill did not know about the good work done by Statistics Canada? I do not know. We have that as another factor.

Going over the bill as a whole, we can see a number of issues that I think are really important for us.

First, with respect to who gets the money being allocated, we could argue until the cows come home about whether to add a group such as truckers or another group, but ultimately we reach a point where we are just taking money out of one pocket and putting it into another. We are taking tax revenue from ordinary Canadians and passing it back to them as a so-called rebate for high fuel prices. We really have to concentrate on low income Canadians.

The second point that I think is really important, which we must stress and recognize, is that in the whole area of trying to be more energy efficient, this bill will do very little. Furthermore, it will do it on the basis of money that was already allocated in other speeches by ministers, basically for climate change and eco-efficiency measures.

The third point I want to stress is that we have not actually touched at all on these unearned windfall profits of the oil companies. We should have. I actually wrote a letter to the Prime Minister—and if anyone wishes to have a copy, I will provide one—asking him back in September to call in the heads of the companies and say to them that we would not tax those windfall profits, but that they should be using that money to help people in distress from hurricane Katrina, the people whose misery led to these windfall profits. Of course I received a reply, which was less than satisfactory, I unfortunately have to admit.

Nevertheless, what I am saying is that if we are not going to do it through taxation, it is about time that the oil industry itself stepped forward and started dealing with some of these issues on their own, using their own enormous windfall profits to assist. ExxonMobil, which in Canada we call Imperial Oil, has never had such profits as it did in the last quarter. Company after company, with the exception of EnCana or Enbridge, I think, which gambled wrong on futures, have had these enormous profits.

We have a tremendous amount of money sloshing through the system. There has been a tremendous amount of money. It is not all needed for increasing supply. Some of it should be devoted to some of the purposes of this bill, namely, achieving eco-efficiency and helping people who are in need to meet their bills.

*Government Orders*

●(1020)

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Speaker, I would like to address a couple of issues. I hope there will be time to do so.

The member has expressed a concern about who is getting the money and where the money will be going. It is a valid concern, especially given the previous program and some of the places where the money ended up. He also said that this is basically taking tax revenue from ordinary Canadians and then passing it back to them. Because of that, I guess, he concluded that middle class Canadians should not be getting this money. He said we should concentrate on low income Canadians.

I have a question. I am wondering why he does not think that those hit hardest by energy prices should get some relief as well. I am thinking particularly of farmers and truckers. He mentioned truckers, but I come from a farming area and the situation right now is that things are as bad as they have ever been. Prices are very low and obviously the farmers are hit almost ahead of anyone else by high energy prices, spikes in fuel costs and those kinds of things.

Why does the member not seem to be concerned at all about those who are hit hardest by those energy prices, truckers and farmers in particular, especially when the farming community is in the emergency situation that it is in right now?

**Hon. David Anderson:** Mr. Speaker, the hon. member has just honestly admitted that he is speaking on behalf of the constituents in his own riding. I am sure members on all sides of the House would like to ensure the constituents in their ridings are given cheques by the government.

However the fact is that middle class Canadians, who again are singled out as a group, pay the basic tax burden in Canada. Therefore if we start handing out regular tax money to middle class Canadians we are simply taking from one hand and giving with the other. It is like taking from Peter to pay Paul or, in this case, it is taking from Paul to pay Paul and taking from Peter to pay Peter.

The issue is quite straightforward. We reach a certain point in these rebate schemes where it becomes self-defeating because of the very people who are paying. My hon. friend has perhaps missed the point of the enormous importance of getting the oil industry, both the production side and the refining side, to cough up the money to assist his farmers perhaps, if we had a bigger pool, and not to take it out of the normal money that is used to help farmers, that is used for education, for health care or for the many other things that people get.

I am in no way unsympathetic to the concerns of anyone or any group affected by these high energy prices but I think the member will have to admit that where the incomes are lower the impact is worse.

The increase in the consumer price index was 4.3%. Half of that is due to energy cost increases, a full 50% of the increase in the CPI.

Therefore it is not a question of us disagreeing. We would all like to hand out cheques to everyone, but it is a question of where the money comes from.

●(1025)

[Translation]

**Mr. Marc Boulianne (Mégantic—L'Érable, BQ):** Mr. Speaker, I listened carefully to the member. The Bloc Québécois supports the principle of this bill. It is important to say so. However, it contains some fundamental flaws.

I want to come back to a subject he mentioned: making housing more energy efficient. This is good, but there are always problems or surprises when it comes to program eligibility. I think that we must point out one of these problems, and I want to hear what the member has to say about it.

Families must make significant investments up front without knowing if they will qualify for government assistance. Assistance is granted in accordance with the resulting energy efficiency. This means that an individual may undertake extensive renovations without knowing for sure if a refund will be forthcoming.

Would it not be possible to amend the rules so that homeowners can obtain financial assistance from the government when renovations start instead of when they are completed, so there are no nasty surprises?

**Hon. David Anderson:** Yes, Mr. Speaker. What the hon. member has stated so clearly most definitely applies to any government program. There are areas that the programs do not reach, and so some people, some citizens, are not helped.

In his speech he has proposed changes, or perhaps he will do so later. I am in favour of a good discussion on points of contention, but in the time I have allocated to me I cannot say that we can settle this to the satisfaction of the 307 or so members. Each one has something different to propose, as the hon. Conservative member who has just spoken did. Each one of us needs to propose something. I hope the government will listen carefully to the comments from all parts of this House.

[English]

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Mr. Speaker, in our region there has been a great deal of concern about where we are going in terms of energy policy.

People who leave Toronto, fill up their gas tanks, drive six hours up the road to Englehart and pay 20¢ to 30¢ more and then when they go into towns like Kirkland Lake and Iroquois Falls they pay even more. They have a sense that they are being ripped off.

We have families and widows on fixed incomes who do not believe they will be able to actually heat their houses this winter. Where are the teeth in any government policy to ensure that the oil companies are not ripping the public off and gouging the public continually? Every time we turn around it seems that our working families in the north and our farming families are paying through the nose while these companies profiteer off their backs.

It is well and good to give a rebate but where is the commitment from the government to actually hold these companies to account so they stop ripping off our people?

*Government Orders*

**Hon. David Anderson:** Mr. Speaker, I am delighted to hear the hon. member agree with me on the basic point of my speech, which is that we are taking moneys, normal tax revenues contributed by every Canadian who pays taxes, that could be used for education, environmental purposes, health or to pay down this terrible debt we are leaving our children, and we are helping poorer Canadians to meet the energy increases.

We are not taking it from those whose very profits have come from those poor Canadians as well as other middle class Canadians. That is the point. The oil industry has made a substantial profit. One senior executive told me that in his entire lifetime in the industry there has never been a year like it. He would not comment any further than that, and he was right. This has been a remarkable windfall year but we made no effort to take the excess profits, the windfall profits, which came, let us face it, largely out of the misery of hurricane Katrina. To profit from misery and disasters of that kind raises a major moral issue, and I think my hon. friend agrees with me.

In any event, if we are not going to do it from the government side, and I certainly have urged them to do so but I have failed to do that, I suggest we ask them to voluntarily to do it. They should make their own funds available for the impact of those dramatic spikes that have led to these enormous profits. It is ridiculous to say that they will use it up creating more energy sources, discovering more, expanding refineries, et cetera.

They have so much money. If we look at the Imperial Oil quarterly results and the results in the United States, which again, for the same company were astronomical, I think it was \$8 billion. If we look at that kind of money we have to wonder why some of that has not been diverted to the people who need it. The government needs to answer that question. Why did it not do it through the tax system or why did it not call in the people, as I recommended to the Prime Minister, and tell them that this should be done?

I told the Prime Minister that this issue was about the unjust enrichment of the industry through the totally unearned price increases. The issue is the immorality of allowing the industry to benefit from the natural disaster of hurricane Katrina, from the misery of those affected and from the financial exploitation by the industry of gasoline consumers everywhere. That is the nub of what happened and that is why something should be done about it.

• (1030)

**Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC):** Mr. Speaker, I rise today to speak to Bill C-66, which is intended to help some Canadians with high and rising energy prices. As I have just said, some Canadians.

While I support the government in its intention to assist those who need it, the legislation really misses the mark. The Conservative Party of Canada believes that tax relief at the source would ensure that all Canadians who pay for energy receive assistance. This bill, by targeting it to a select few, ensures that many who need assistance will get none. In fact, a few who do not need assistance could end up with government help anyway.

It was not too long ago that we heard stories of the dead and the imprisoned receiving special government payments. Also, many Canadians do not know that the rebate program the government ran

last time took over four years to get a cheque into the hands of those in need. Canadians cannot afford to wait four years for help. Many are already struggling with rising gas and utility costs.

My main concern with the legislation is the people who need it and who are in need but who will not receive a dime of help. The only ones who will receive help are those receiving the national child benefit or the guaranteed income supplement. Therefore anyone who is not a low income parent with dependent children or one of the few low income seniors, they will get nothing. In fact, 300,000 seniors who are eligible do not receive the GIS.

My main concern is for disabled Canadians on fixed incomes. This group is 3.6 million strong. Most disabled Canadians, employed or not, have many expenses that other fellow Canadians do not. They do not have extra money. In fact, quite often we find them the poorest of the poor, something we Canadians should be very ashamed of. This Liberal plan does nothing for the disabled. Those on a Canada pension plan disability do not qualify automatically. These are people who are hard-working Canadians who now find themselves in need of extra assistance. They too will not get any help under this plan.

There are many other Canadians who will not get help either. They include those with a high dependency on fuel to do their jobs and run their businesses.

There will be no help for taxi drivers. Most are self-employed and already face skyrocketing repair and maintenance costs. They will not receive a cent of help from the government. Their extra gas money will have to come out of their salaries.

There will be no help for couriers. While we all know the large companies, most couriers are local independent operators. They are the ones who deliver our flowers, our pizzas and other local deliveries. They face a huge increase in their single largest expenditure category.

There will be no help for bus services. Most of the extra costs for fuel for the buses will be passed on directly to the consumer. Unfortunately, the consumer of bus travel is often too poor to afford anything else. These travellers cannot afford a price increase of any significance at all.

*Government Orders*

There will be no help for truck drivers. Truckers are constantly having to absorb extra costs that did not exist 10 years ago. First it was all the extra repair costs as the provincial and federal governments let the highways deteriorate. Next it was all the extra paperwork and delays associated with tougher border standards. Now it is the crushing cost of fuel. Some truckers can pass on these costs but many are in long term contracts. Even if the costs are passed on, it will only make their products more expensive. I can only imagine what fresh groceries will cost next February. The bill would not help the truckers or their consumers. In fact, I recently saw one hitchhiker with a sign offering to help pay for the gas.

The bill would not help cities meet the rising costs of transit, emergency services, public works or any other department. While the federal government rolls around in more and more budgetary surpluses, the local governments are desperate to continue their existing services. The cost of providing transit alone has increased significantly. At a time when the federal government is expecting everybody else to reduce pollution, it is making it more expensive for cities to provide an environmental alternative.

● (1035)

The bill would do nothing to help cities. The bill also would do nothing to help rural Canadians. Rural seniors are especially hard hit because of the expense of travel and the rise in cost of heating fuel and general necessities.

Those living in rural areas usually have lower incomes than those in the cities to begin with because of the types of jobs available. Compounding the problem is the fact that their fuel costs are often much higher as they have to drive long distances, driving their kids to school, shopping for groceries, travelling to work or appointments with doctors. Rural Canadians will not be getting any help with Bill C-66.

Rural Canadians who definitely will feel the gas crunch but who will be unable to afford it are our farmers. Farm input costs have skyrocketed in the last several years. At the same time, commodity prices have dropped. Fuel increases for farm equipment will remove any chance for farmers to make a profit. We have just come through the harvest season and it has cost farmers \$1,500 to \$2,000 a day to fuel combines. That is just combines and not trucks, tractors and all the other necessities of taking off the harvest.

Making a profit is a very relative term as most of these farmers are heavily in debt from years of struggle and inaction by the government. In 1948 a farmer could fill up his truck for \$5 and wheat's final price was \$4.50. In 2005 the same tank of gas has cost \$80 plus and the price of wheat has dropped to \$2.50.

Some farmers will be able to pass along the increased fuel cost to the local consumers. Our exporting farmers already are competing with heavily subsidized foreign competitors. Many of the countries that our farmers compete with do not rely on fuel as much as we do. Cheap labour is their constant competitive advantage. Our farmers will feel rising fuel costs more than any other nation's farmers. Unfortunately, our farmers will not get a single dime of assistance under Bill C-66.

As we can see, millions of Canadians will not get the assistance for which they were expecting or hoping. Furthermore, those who rely on fuel the most, those that are the hardest hit, will get nothing.

If the government had taken the advice of many Canadians and the Conservative Party, it would have cut taxes at the pumps. If taxes had been cut at the pumps, it would have ensured that those who used fuel the most would benefit the most. The relief would have been instant. Canadians could have been pumping cheaper gas and buying cheaper home heating fuels for over a month now.

Instead, the payment system proposed in the bill will ensure that nobody gets help in the near future. This will be the paper pushing project designed to employ Liberals for years to come.

I urge the Liberals to take a moment and seriously ask themselves who needs the help and if they will get any under the bill? I then urge them to look at their constant budgetary surpluses and ask if they need to keep overtaxing Canadians like this. Canadians are not looking for free fuel. They do not want to be paying so much in taxes when the Liberal government gets such a boost and such a surplus. It is time for fairness.

● (1040)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, why did the member not comment on the price monitoring agency as set out in the bill? The member mentioned a number of groups. In many of those cases the prices were passed on to the consumer. Therefore, it hurts consumers, especially low income consumers who may need help. That is why the bill is directed at helping those ultimate payers of the increase.

The reason I ask her about the monitoring agency is the previous speaker asked why we were establishing it. There are a number of reasons.

The Conference Board and the Competition Bureau showed that in all the previous big price increases there was no collusion. However, Canadians are not aware of that. Many Canadians are not aware that the taxes in Europe are more than ours. We have some of the lowest prices in the world. Canadians also are not aware that the other times, when the price of crude went up, the government did not have a choice. However, this time crude did not go up. We must get the information out to Canadians about that.

Canadians and some members of the House are not aware of the many investments we are making in renewable energy. The government has to get all this information out to Canadians.

*Government Orders*

The price monitoring agency is in the bill because it was unanimously recommended by a parliamentary committee, which I happened to be a member of in a previous life. All parties wanted it.

I am curious about the member's comment on that part of the bill.

**Mrs. Carol Skelton:** Mr. Speaker, before I answer the hon. member's question, I am splitting my time with the hon. member for Renfrew—Nipissing—Pembroke, which I forgot to mention in my speech.

The hon. member has put forward the Liberal statement on the whole issue of the monitoring agency. He said that people would be given money, that the rebate would help all those people to whom the price was passed on and that truckers would have to pass on their price increase to consumers. The member has not gone into his riding or spoken to the people I have over the last while. He has not heard what they feel about the bill.

An 82-year-old gentleman was in my office the other day. He and his wife depend on their very old car to take them around the city for medical appointments. He said that he could not afford to fill his car with gas. He cannot heat his home.

When an 82-year-old man tearfully tells me that he and his wife cannot afford to live in a home which they have struggled to live in all their lives, or cannot afford to drive to the doctor or the dentist for the minimal amount of services, the member does not understand what Canadians feel and what the Liberal government has done to them. The gentleman said that he was too proud to apply for any assistance. He does not want assistance. He wants to be able to carry on his life. He has been overtaxed and the bill will not help the people who need the help.

• (1045)

**The Deputy Speaker:** Unfortunately, the member for Saskatoon—Rosetown—Biggar did not tell me that she would be splitting her time, so we started the question and comment period assuming there was a 10 minute period of questions and comments. If the time is split, then that is not possible and there are only five minutes. That five minutes have expired and we must go on now to the next speech from the member for Renfrew—Nipissing—Pembroke.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Mr. Speaker, as the member of Parliament for Renfrew—Nipissing—Pembroke, I am pleased to participate in this debate on Bill C-66, an act to make a special payment to some voters in time for the next election.

The crisis many Canadian families will face this winter with the cost to heat their homes is a made in Canada crisis of the government's making.

While the Prime Minister would like to blame external events, the energy crisis in Canada is a direct result of the Prime Minister's dithering on the environment. That dithering resulted in Canada signing onto the Kyoto accord without any plan on how to live up to the obligations of that international treaty. Anything to deflect attention from the Gomery inquiry into Liberal Party corruption is the only priority of this scandal ridden government.

The absence of any plan to deal with the economic fall out from the Kyoto accord means that Canadians who heat their homes this

winter with natural gas could see the cost rise by as much as 50%. In time for a federal election, the Liberal Party response is a special bribe or payment.

For the benefit of Canadians who are following this debate, I want to clear up any confusion regarding the Liberal Party and the term "special payments". The special payment being proposed is not the same as the special payment that is paid to non-registered Liberal lobbyists who lobby for special favours. It is not a special payment that is made to Liberal Party ad men.

This also is not the same special payment that was collected by the Prime Minister's company, Canada Steamship Lines, in the form of grants from taxpayers to the tune of \$161 million. This is not a special payment in the form of registering company assets in a foreign tax shelter to avoid paying over \$100 million in Canadian taxes, similar to what the Prime Minister did with his personal family company, Canada Steamship Lines, when the Prime Minister, as finance minister, used the Barbados tax shelter so it would be there when he needed it. That special payment is better known in the boardrooms of Liberal Party supporters as a corporate dividend paid out to the principal shareholders, in this case the Prime Minister's family after he was caught and forced to transfer ownership to other family members.

This special payment is designed to get the current government through the next election in the face of voter fury over the high cost of energy, including the cost to heat their homes, and to deflect attention from the Gomery inquiry into Liberal Party corruption.

The bill has three main parts.

Part 1 of the bill outlines who would receive a payment and how much. The payment would be sent to the following groups: \$250 to families entitled to receive the national child benefit supplement, NCB, in January 2006; \$250 to senior couples where both spouses are entitled to receive the guaranteed income supplement, the GIS, in January 2006; and, \$125 to single seniors entitled to receive the guaranteed income supplement in 2006.

Part 2 of the bill would increase and expand federal assistance and programs for houses and housing projects that make heating system upgrades, improve windows, engage in draft proofing, et cetera. All this assistance would be delivered over five years.

Part 3 of the bill addresses public infrastructure specifically. It states that \$400 million, previously provided for under Bill C-48, will be freed up by Bill C-66 in each of the next two fiscal years for municipalities to boost investments in urban transit infrastructure.

Parts 4 and 5 of the bill are housekeeping measures.

I acknowledge that there is a problem with perception in Canada. Consumers believe there is price fixing in the oil and gas industry, no matter how many investigations are conducted. The industry can and should do more to explain price setting and price fluctuations.

*Government Orders*

Since apparently the federal government has not had the time to monitor or publish an energy policy or reports on gas prices, private companies such as MJ Ervin & Associates have stepped in to fill the void. Now that the government is collecting this information, some could argue that it will be subsidizing the oil and gas industry, the main users of such information.

MJ Ervin & Associates has estimated that the average price of home heating oil has jumped to its highest level on record, 93¢ a litre. The best guess is that homes heated with oil can expect to pay 32% more this year, while homes heated with natural gas can expect to pay 48% more. Electricity bills will also rise, but not as drastically.

• (1050)

In Ontario the Ontario Energy Board approved a rate increase for Enbridge gas that will increase natural gas bills by about \$123 a year. Union Gas also sought and received a rate increase. Sixty per cent of Ontario residents rely on natural gas for heating. Bill C-66 provides payment to some Canadians if they are lucky enough to qualify.

The Conservative Party supports measures providing relief for low income families. Parliament has an obligation to represent and support those who have much less than the average Canadian. The government estimates that 3.1 million low income families, or 10% of Canadians, will receive these rebate cheques. I am pleased some effort is being made to try to assist low income Canadians. These Canadians should not be left to struggle against rising energy costs on their own.

The problem is that the delivery method chosen by the Liberals will miss a great many Canadians who need help in paying for their heating and paying for gasoline for their cars that ferry them to and from work. Persons with disabilities who claim a disability benefit will not receive a payment. Seniors who qualify for the GIS but do not claim it will not receive a payment.

A Statistics Canada study released on Friday, October 21, 2005 found that 206,800 eligible individuals missed out because they do not claim the GIS. Students will not receive a payment. It will not help poor Canadians who are childless.

Research from Statistics Canada indicates that nearly two million individuals under 65 who fall below the income threshold have no children. These individuals will receive no help.

If anything represents the callous disregard for children and families, it has to be the government's record when it comes to child poverty. I listened very intently to the speeches from the government side regarding the legislation before us today, Bill C-66. While Canadians hear all the usual statements from the party that is campaigning for re-election, let us look at the actual record of the Prime Minister when it comes to children.

Poverty among children in Canada is rising. The government may talk in the billions of dollars it says are being spent, but when questioned directly about the plight of children, the same inability to provide a public accounting for how the dollars are actually being spent, which created the sponsorship fraud, applies to funds that the government says are earmarked for children but end up being siphoned off to other Liberal priorities like bogus ad campaigns.

As finance minister the Prime Minister oversaw a deal in 1997 that resulted in the clawback of the national child benefit supplement from the pockets of some of our neediest children. Set up in 1997 to assist Canadian families with children, it replaced what many Canadians grew up calling the baby bonus. It was introduced as the Canada child tax benefit, the CCTB. It included a basic benefit and a supplement, the national child benefit supplement, the NCBS.

The NCBS program was supposed to be designed to reduce poverty among low income families and children. Negotiations between the federal and provincial governments around implementation of the NCBS resulted in some provinces, Ontario included, deducting the NCBS amount from the benefits received by families on social assistance. This is what is commonly known as the NCBS clawback. In the province of Ontario families who are entitled to receive the national child benefit who are receiving social benefits are subject to the clawback. What that means is social assistance recipients have the amount of the national child benefit supplement they are entitled to receive deducted from their social assistance cheques.

In the absence of any special agreement, the \$250 payment that is intended to benefit families with children on welfare will become a financial windfall for the government of Ontario. So much for the federal commitment to assist low income families with children.

This is being done with the full knowledge of the Prime Minister who designed the clawback system when he was Jean Chrétien's finance minister. The Prime Minister was the most senior minister in the Chrétien regime and was the senior minister in Quebec. No decisions involving money could be made without the present Prime Minister knowing. After all, he was the finance minister and he saw all the figures.

• (1055)

The current finance minister is fully aware of the clawback. When questioned in committee the best he could offer Canadians is that the government would encourage the Liberal Party at Queen's Park in Ontario not to claw back this particular payment.

The Minister of Social Development has once again dropped the puck on this issue as well. If the minister spent less time making campaign stops in other members' ridings and concentrated on the issue of child poverty in Canada, maybe child poverty rates in this country would drop.

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I would like to express my surprise at the speech by the Conservative member, who appears suddenly to have developed sensitivity to family and social policy. I am surprised. Good for her. I recognize that sensitivity.

*Government Orders*

As people know, I come from the riding of Berthier—Maskinongé, a rural region where most people are employed in the furniture sector. They earn between \$7 and \$10 an hour and so have a limited income. In addition, as it is a sizeable region, they often have to travel long distances—from 10 kms to 50 kms—to get to work. These workers are very brave. They are not all married and do not all have children. Some are single, others are in a relationship but have no children. They too should have some help from the government, which appears to be neglecting them.

Also living in the region are farmers, who are facing a major crisis in agriculture. This bill ignores them entirely as it does seasonal workers, who are also prevalent in my riding. They work five or six months a year in forestry or tourism. They too have to travel considerable distances, a fact that creates major costs and obstacles to their doing work that pays between \$7 and \$10 an hour. A car and special clothing are often required. There are therefore costs inherent in the labour market.

Some people collecting EI or social assistance would like to return to the labour market, as well. They need help. The bill, however, makes no provision for them.

I am rather disappointed, although it is clear some effort has been made. We support the bill, except we would like it to be more generous toward the layers of society not included in it.

What does the Conservative member think of this phenomenon? She mentioned it briefly. What could we do, however, to increase the Liberals' sensitivity to regional development and to society's most disadvantaged?

[*English*]

**Mrs. Cheryl Gallant:** Mr. Speaker, I concur with the hon. member. The special bribe or payment will miss most farmers who have been hit very hard by the energy price spike because they not only have to heat their homes but their barns as well. It will also miss many Canadians who are poor but not quite poor enough to qualify for a payment. Of course, it must be noted that this plan does not in any way, shape or form offer relief at the pump or compensate for the high prices of gasoline.

I caution Canadians not to be fooled by gas prices that have dropped in some areas recently. The Kyoto price of gas is \$1.40 a litre. By experience, Canadians know that the price of fuel will jump if the Liberals get re-elected.

In the 1980 election the Liberals campaigned against the 18% increase in the price of fuel. Once re-elected, they promptly increased the price by 56¢. That is the same party that made the solemn pledge to eliminate the GST. That is another broken promise.

Clearly a great many Canadians will be missed by this plan. Other than having the ability to say the government is doing something, thoughtful Canadians question why such a flawed program is being proposed.

The Conservative Party has a plan that will aid all Canadians. If the Liberals axed the tax on the tax at the pumps, it would give a tax break to all Canadians. Forty-two per cent of the cost of a litre of gasoline pays federal, provincial and municipal taxes, including the GST, compared to 27% on average in the United States. Certainly

the 7% goods and services tax, the GST, and the HST, the harmonized sales tax in the Atlantic provinces are charged on gasoline after federal and provincial and in some cases municipal governments have added their excise taxes.

The Liberal government continues to overtax Canadians. The government should not profit when people are feeling the effects of these increased prices in their pocketbooks and at the dinner table. For every one cent increase in gasoline prices, the federal government receives about \$32 million in extra revenue.

In addition, the Conservative Party will reduce personal taxes. A Conservative government will provide immediate and long term, broad based tax relief starting with reducing personal income tax rates and substantially raising both the basic personal exemption and the spousal exemption under the Income Tax Act. Reducing personal income taxes will hike the take home pay and raise—

• (1100)

**The Deputy Speaker:** We are out of time. The hon. member for York West.

**Hon. Judy Sgro (York West, Lib.):** Mr. Speaker, I was not sure whether you were going to be able to get a word in edgewise in order to continue the debate.

I am very pleased to speak in favour Bill C-66 and how important it is. When oil prices were rising, a lot of our constituents, especially those who earn minimum incomes, were really alarmed. They wondered how they were going to manage during the coming winter with the high cost of fuel. They wondered how they were going to heat their homes. I applaud the government and the fast action of our Prime Minister in coming forward with this bill. It is hoped that with the support of members in the opposition we can get this legislation passed as quickly as possible in order to help those people who most clearly are going to find themselves in a very difficult situation this winter.

I would like to speak for a few minutes on behalf of my constituents in the riding of York West and on behalf of a lot of Canadians who are concerned about this very issue.

Canadians clearly are concerned about the recent increases in energy costs and they have looked to their governments to take concrete action. They understand that we do not control the price of the crude oil or the price of gas, but when they are in need they still look to find a way to resolve the issue and offset some of the expenses.

Bill C-66 proposes a comprehensive package of short term and also longer term measures to help Canadians deal with the high energy costs. Thank goodness that energy costs have now come back down to a more reasonable level, but we have to be very aware that there could be a spike at any time.

*Government Orders*

The energy cost relief plan consists of a three-pronged approach starting with short term relief in the form of direct payments to millions of low income Canadians who were very worried about how they were going to heat their homes this winter. It is another opportunity for redistribution of our tax dollars to those most in need.

Longer term relief consists of measures to reduce energy costs for Canadians by improving energy efficiency which will bring lasting environmental benefits. Clearly, that has been a long time target for us beginning with the Kyoto plan. We want to work with homeowners and business owners to ensure that everybody takes advantage of the opportunity to get more energy efficient windows and doors to prevent the escape of that very expensive heat.

The government's approach consists of actions to improve energy market transparency and accountability. Our party has talked about that for a very long time, how to make sure there is transparency and that games are not being played. Canada continues to have one of the lowest costs when it comes to gas in and around the world. When I was in Europe recently, a litre of gas cost \$3. That is very expensive. We have to be very aware of what is happening around the world, and not just what is happening in Canada.

This inclusive and very effective plan will provide direct financial assistance called an energy cost benefit to more than three million low income seniors and low income families with children. We will also pledge to help families lower their future household heating costs in a variety of areas. We will make more and better pricing information available to consumers while taking legislative steps to deter anti-competitive practices. I believe it was about 10 years ago that the current Parliamentary Secretary to the Minister of Foreign Affairs and the committee produced a report on competitive pricing and the whole issue of gas prices.

We will also fast track money to municipalities for public transit. We all know how important public transit is when we talk about the smog, quality of life, and the traffic gridlock that is happening in our major cities. It is important for us to invest in public transit. Freeing up that money much faster and investing in our cities is critically important for everyone.

•(1105)

This comprehensive approach provides timely, short term relief to millions of low income Canadians while also setting the stage for meaningful and lasting benefits through greater efficiency and conservation. Again, helping us to meet our obligations to the environment and the Kyoto commitments. Making our homes and buildings more energy efficient is a key way for Canadians to offset higher energy prices.

The incentives we are providing will help Canadians save energy and money, as well as reduce greenhouse gas emissions that contribute to climate change. These measures also support project green, the Government of Canada's action plan to build a more sustainable environment.

We heard our former minister of the environment speak earlier about how important many of these initiatives are and how important it is that we meet our obligations. Yes, there is a lot we could still do, but we do have a plan and we are going in the right direction with

these initiatives to help improve the quality of life throughout this country.

Given the impact of higher energy costs, our government believes that these types of measures are a priority. That being said, we also remain steadfast in our commitment to balance budgets. This expenditure will not jeopardize our fiscal position, which is something that I believe we as Canadians and as a government are very proud of and clearly have no intentions of doing anything that would jeopardize that for us and for Canada.

These new energy initiatives will help reduce energy costs by an average of 30% per household while making housing more affordable. We are taking steps to make our cities and communities more healthy and sustainable.

When I was the chair of the Prime Minister's caucus task force on urban issues, there were several recommendations made which I would like to share with my colleagues in the House this morning. The task force called on the Government of Canada to consider creating a national building retrofit strategy to encourage and facilitate energy efficiency, which could possibly involve several things. One was providing tax credits to homeowners and businesses that undertake energy efficiency retrofits, as well as supporting a national community-based home retrofit advisory service network.

I am pleased to say, on behalf of my colleagues who also sat on the task force over that 18 months and met with many people across this country on what was important from an urban perspective to ensure the urban sustainability of our cities, that this recommendation has since become government policy. This is proof that our government is constantly listening and taking action to improve the lives of Canadians.

Those were a few of the recommendations. Overall, there were 52 recommendations in that report and all 52 have either been implemented or are in the process of being implemented. That says a lot for the government's response and the work that gets done in many of the task forces that the government sets up.

I would also like to speak today about the long term effects of this bill, particularly the environmental benefits. This is something that cannot be fixed overnight. We all know that, but we need to recognize the opportunity to ensure that our children and grandchildren can have a clean and healthy environment to grow up in. The government has taken action through significant investments in the environment and in sustainable infrastructure in Canadian communities.

We should listen to our children who have already become much more environmentally conscious than probably most of us for a variety of reasons, one being the programs they watch that talk about having clean air and a healthy environment. They are probably doing more.

*Government Orders*

Look at how smoking has decreased and how many times children go up to adults, and ask why they are smoking and polluting their environment. Twenty years ago nobody would have thought of saying that, but our children are very well educated and moving very positively along with these right ideas, and they are moving in the right direction.

Since 1997 the government has committed more than \$13 billion in new funding for environmental measures, putting Canada on the path as a leader to a sustainable economic future.

• (1110)

Some of these investments include over \$6 billion toward measures to address climate change; \$3.5 billion to help clean up the many contaminated sites across this country in order to use them for a variety of services, from community centres to housing to many other uses, because these sites are sitting there not being used at all; funding to design, implement and enforce framework legislation such as the Canadian Environmental Protection Act and the Species at Risk Act; and support for the development of environmental technologies.

We have done much more and we will continue to do more to help improve the environment for all Canadians. The main objective of the government's environmental initiatives is to have the most impact where it matters most in the places that Canadians live, work and play.

Canada depends on its cities and communities to attract the best talent and to compete for investments with the rest of the world. They are also vibrant centres of commerce, learning and culture. Canada's cities and communities must continue to be healthy, safe and beautiful places to live. It is very important that we continue our competitive edge, continue to be the very best place in the world to live, and that we be a healthy, clean environment for people to want to come to this country and enjoy the riches of it.

That is why, building on current financial support for infrastructure programs and the full rebate of the GST, budget 2005 committed \$5 billion in gas tax revenues over the next five years to support environmentally sustainable infrastructure for cities and for communities. We all recognize how critical that investment is and how important it is that we ensure our cities are moving into the 21st century, and have the support and the tools that they need to compete as well.

Bill C-48, which passed this summer, included environmental measures that built on the budget 2005 initiatives by providing funding for public transit as well as \$100 million over two years for a low income energy retrofit program. I would remind hon. members that the initiatives in Bill C-48 are contingent on surpluses of \$800 million over two years. May I repeat that we do not intend to go into debt, as I indicated earlier, and we intend to continue to be good financial managers.

This brings us to Bill C-66, the bill before the House today. This bill complements the government's previous initiatives by taking action to help families lower their future household heating costs by making their homes more energy efficient. Again, we are reinvesting tax dollars into our very communities where this money comes from.

It fast-tracks, extends and increases five-fold the low income energy retrofit program which will support grants of up to \$5,000 per low income household, or about 130,000 homes. Without that help, many of those households will continue to consume huge amounts of energy. That is not a good thing for us, nor is it a good thing for them.

Further, hon. members will recall that in order to encourage further action by Canadians, provinces and territories, budget 2005 allocated \$225 million over the next five years to quadruple the number of homes retrofitted under the EnerGuide for houses retrofit incentive program. That is some \$40-plus million a year to help retrofit homes. That is a huge help to homeowners. Bill C-66 enriches this program, so that almost 750,000 home will be retrofitted by 2010, instead of the 500,000 originally projected in the budget.

• (1115)

Furthermore, Bill C-66 strengthens the financial incentives to encourage Canadians to upgrade to energy efficient oil and gas furnaces. It also provides corresponding incentives for households that heat with electricity. Bill C-66 also increases retrofit incentives for public sector institutions such as hospitals, schools, municipalities and provincial governments.

My constituents in the riding of York West will truly benefit from the government's responsible course in this and in many other areas. Specifically, many of my constituents will benefit from the energy cost benefit program, a total of \$565 million which will be paid out to 3.1 million low income families and seniors who will receive anywhere between \$125 to \$250 per household. These payments are a first down payment on further tax relief being introduced over the next five years.

I also mentioned the sharing of \$5 billion of gas tax revenue to help municipalities with infrastructure needs, for public transit, for example. In recognition of the immediate need for improvements in public transit, Bill C-66 proposes to make certain and fast-track money to municipalities for investment in public transit infrastructure, with \$400 million to be made available this year and \$400 million in 2006-07.

Canadians look to their government to develop sound policies that will help improve their quality of life. At the same time, they want action that is practical, effective, reasonable and responsible. In other words, they do not want their government to put Canada's solid fiscal situation at risk. Bill C-66 meets that challenge head on.

Given the impact of higher energy costs, the government believes that this balanced package containing aspects that address market transparency and longer term measures to reduce energy dependence along with some limited short term relief is a priority. At the same time we remain committed to balanced budgets.

*Government Orders*

This is an important bill for Canadians. I look forward to its swift passage and call on parliamentarians from all sides of the House to support the legislation as it will improve the life of all Canadians.

\* \* \*

**BUSINESS OF THE HOUSE**

**Hon. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I rise on a point of order. Discussions have taken place between all parties concerning the recorded division scheduled to take place on Wednesday, November 2, 2005 on the motion to concur in the 14th report of the Standing Committee on Justice, Human Rights, Public Safety and Emergency Preparedness requesting an extension of the time to consider Bill C-215. I believe you would find consent for the following motion. I move:

That the recorded division scheduled to take place later on Wednesday, November 2, 2005 on the motion to concur in the 14th report of the Standing Committee on Justice, Human Rights, Public Safety and Emergency Preparedness, be deemed concurred in.

• (1120)

**The Deputy Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

**ENERGY COSTS ASSISTANCE MEASURES ACT**

The House resumed consideration of the motion that Bill C-66, An Act to authorize payments to provide assistance in relation to energy costs, housing energy consumption and public transit infrastructure, and to make consequential amendments to certain Acts, be read the second time and referred to a committee.

**Hon. David Anderson (Victoria, Lib.):** Mr. Speaker, when I spoke earlier today, I neglected at the end of my speech to table a document that I had quoted. With your indulgence and the agreement of the House, I would like to table the document at this time.

**The Deputy Speaker:** Does the hon. member for Victoria have the unanimous consent of the House to table the document?

**Some hon. members:** Agreed.

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, I appreciate the opportunity to ask my colleague a question on Bill C-66. It is important to note that the bill does not really deal with the systemic issue of the oil and gas industry in the Canadian industrial as well as consumer driven society.

Despite the testimony we heard before the industry committee on this issue, there has not been a progressive approach to dealing specifically with the issue of refining capacity. The testimony before committee stated that 95% to 97% is done in Canada. At the same time, we do not have the oil and gas industry making the investments back into the system which is necessary to solve this problem.

Currently, the federal government provides tax incentives and subsidies of \$1.4 billion annually to the oil and gas sector as well as having a corporate tax reduction, which will fall significantly over the years. It will fall from 28% in 2000 to 21% in 2007 at a time

when we have had record profits at the pump as well as record prices at the pump.

Does the hon. member agree that this is the best way to go or should we actually be taking that money away from the oil and gas industry and investing it back into alternatives which will be more successful for our future?

**Hon. Judy Sgro:** Mr. Speaker, these are critically important issues for all of us. We have to look at a variety of things.

Clearly, we need more refining opportunities because this is of such critical importance to all of us as we go forward in ensuring that our country is competitive. There are several other points. The crude oil that we get from the tar sands requires special refining. Oil from the tar sands cannot be processed with the current equipment or with what someone else has. The tar sands require a special process.

One of the things we are not talking about because frankly it is not what we want is that with that huge hike in gas prices a huge amount of that money will come back to the government, which will provide the government with money to reinvest in our cities and our communities and to look for other opportunities to help other Canadians.

**Mr. Guy Lauson (Stormont—Dundas—South Glengarry, CPC):** Mr. Speaker, I have been trying to ask questions. We heard many comments about this bill, some of which I found to be quite alarming.

My colleague from the Conservative Party mentioned that 3.6 million disabled people probably would not receive any benefit from this bill.

I come from an agricultural community. One of the small custom operators told me that his fuel costs have increased \$4,000 per week. He told me that he could not pass this increase on to the people hiring him because they are only getting \$95 a tonne for their corn. He is wondering what he should be doing because of this huge price increase. Taxi drivers in my community are asking me the same question.

The hon. member who spoke is a member of the government. The first speaker was also a member of the government and asked why so little is being done. I think as a member of the government the hon. member could inform us as to why so little is being done by this government to address such a severe problem.

• (1125)

**Hon. Judy Sgro:** Mr. Speaker, I would like to know what the hon. member suggests the government should do.

I think the first people we need to help are the most vulnerable, which is exactly what the government has done. The government has targeted the poorest of the poor to get help to them as fast as possible. Remember that this is something that was not even talked about three months ago.

The government has put a bill together very quickly to make sure that there will be help this winter, not two years from now. There will be assistance this winter for the people who need it the most, which is the poorest of the poor. They are the ones who need the help the fastest. The assistance will be for those people who are earning an income of under \$30,000.

*Government Orders*

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, clearly the government is on life support. It is one thing after another.

Although Bill C-66 has some good intentions, it has a lot of loopholes in it. I heard the member opposite mention that 10 years ago a report was done on rising gas taxes because the government wanted to fast track it. The member opposite also talked about investing in our cities and all the things that are coming forward, such as infrastructure money and so forth. That was an election promise a year and a half ago and my city of Winnipeg does not have a signed agreement.

When I look at the bill I see so many loopholes. Many people will not be receiving this money. I hear members across asking what is wrong here and saying that we need to do more.

Would the member opposite please answer why has it taken more than a decade and a crisis for the government to implement a bill? Why has it taken this long to be alarmed at what is happening right now? Does the government not have any predictions for what is happening?

Throwing a bill together with some good intentions is fine, but it will not address the problem.

**Hon. Judy Sgro:** Mr. Speaker, I have not been here that long and I still consider myself to be a new member, but clearly my hon. colleague has been here even less time.

Nothing moves that quickly in government. It has to be carefully thought out. The government was able to pull together Bill C-66 so quickly and it needs to be applauded for its fast action. I was surprised at the government's ability to do it so quickly. The government should be applauded rather than criticized for doing that.

When we talk about the money going to cities, the money that we are investing in the new deal for cities is a new direction for this government. Clearly, the opposition does not support it anyway. Part of the \$800 million that we talked about earlier will be going into the very city that the member represents. It might be possible to have additional discussions to help move that agreement along and get it signed. Many other cities are signing the agreements and one would have to question why it is not getting done in the member's city. I do not know if it is the MP who is not moving the discussion along, but I think we would want to see that money invested as quickly as possible.

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, as hon. members know, the Bloc Québécois will be supporting this bill. There are, however, some areas of concern. One of these is the seniors who receive the GIS and could benefit from a measure such as the one proposed by the government.

The 2001 report by the Standing Committee on Human Resources Development indicated that over 270,000 Canadians were not receiving the benefits to which they were entitled. Since then, efforts have been made to contact the seniors in question. We are all familiar with the efforts by the member for Saint-Maurice—Champlain throughout Quebec in connection with the guaranteed income supplement. It appears that half of those entitled have now been found.

If eligibility for this fuel program is based on an incomplete list of GIS recipients, that could result in some people who were entitled to it not being able to benefit from it. How is the government going to remedy this?

[*English*]

**Hon. Judy Sgro:** Mr. Speaker, there is currently a huge advertising campaign to reach out to people to make them aware that they may be entitled to the GIS. We want everyone who is entitled to it to get it.

Recently in one of the agencies in Toronto we were talking about putting out different messages in various languages, which is what the government is doing in order to reach people. Many people in the ethnic communities still have difficulty with English but are entitled to the GIS if they would only apply.

One colleague talked earlier about an 82 year old who did not want to ask for any help. The reason we have social programs is to help people. If people do not want to apply for them for whatever reason, it is difficult for us to force them to accept help that is there as a result of their tax dollars.

We are moving forward to make sure that people get the help they want, need and deserve.

● (1130)

[*Translation*]

**Mr. Marc Boulianne (Mégantic—L'Érable, BQ):** Mr. Speaker, I am very happy to rise and speak in this debate on Bill C-66, An Act to authorize payments to provide assistance in relation to energy costs, housing energy consumption and public transit infrastructure, and to make consequential amendments to certain Acts. In regard to energy costs, the government has been slow to take action, even though it was important to do so. There will also be two other measures. The first is the petroleum monitoring agency, which is something that the Bloc Québécois has been requesting for ages in order to lower prices. The second is the Competition Act, a separate act, which will bring about improvements.

First of all, I would like to reiterate the Bloc's position on this bill. We are in favour of it, especially in principle. The Bloc Québécois thinks that the measures in this government plan are quite good. One can hardly be opposed to virtue itself, and this bill provides relief to people who need it in order to reduce our dependence on petroleum. Nevertheless, there are some deficiencies in the bill. As earlier speakers have indicated, the program is incomplete. Some people or groups are not only neglected but completely abandoned.

Think of the budget of a poor family with children. My colleague from Berthier—Maskinongé just spoke about seniors who receive the guaranteed income supplement. It is a good measure in itself, but \$565 million is not enough. Improving the energy efficiency of housing, providing additional funding for public transit and creating a petroleum monitoring agency are all positive principles. On the other hand, the bill lacks teeth.

*Government Orders*

We have a few more suggestions or remarks. First, the Bloc Québécois wanted \$1.5 billion for disadvantaged people. That is three times as much as what the government is providing. Again there are oversights. In his question, my colleague from Berthier—Maskinongé mentioned single people and disadvantaged couples. Some single people in rural ridings have to drive a very long way to work. They earn between \$8 and \$10 an hour and have to pay their fuel costs, but there is nothing in this program for them if they do not have children.

The same is true of taxi drivers and truckers—every speaker has said the same thing but the government seems impervious to it—who represent an incredibly vibrant sector of our economy. They spend a lot on fuel but do not receive any assistance.

We must focus on two sectors in particular: farmers and independent woodlot operators. There the shortfall is particularly devastating. For example, farmers have not only seen an increase in the price of fuel: they will also be hit by increases in the price of a number of items that are essential to any farming operation, such as the fertilizer used by grain growers. These increases will not allow them to offset their losses. According to estimates, Quebec farmers will have to absorb over \$40 million dollars in additional energy costs. In Canada, the total is some \$250 million. We believe that a refundable tax credit could allow the government to provide help up to this amount. Two hundred and fifty thousand Canadian farms need help with energy costs. Another option would be a refundable credit equivalent to 10% of income, with a ceiling. Those are steps that can be taken in agriculture.

I will take another example, that of maple syrup producers in my riding, who face a different set of problems—there are the burners. Their production is crippled in the absence of action in this industry, just as it is in other types of farming. It is the same thing in the case of the independent forest producers. They depend on the use of fuel to harvest the wood and deliver it to the mills. Once again, nothing is being done to help them.

The Bloc Québécois has proposed that forest producers be allowed to deduct 150% of their fuel costs.

• (1135)

This is a reasonable provision, which would allow independent forest producers to continue to operate and to think of tomorrow. The future of these businesses is at stake. The cost of fuel would be reduced.

Obviously, the same principle would apply to other sectors. For example, I spoke earlier about the bill respecting housing, repairs and work. The Bloc Québécois deplores the fact that families must initially spend large amounts of money without any assurance that they will eventually be reimbursed. This program involves an element of risk, and there are always unpleasant surprises. Someone may think they are eligible for the program, but for a variety of reasons they are not eligible. For example, they do not meet the conditions. There are always things to do and often people have invested large amounts of money.

So in terms of housing energy infrastructure, it is absolutely essential that we have assurances that they will not wait until the work is finished to tell people that they are not eligible for a subsidy

for part of the work and they have to pay for it out of their own pocket. That is the reason why what we are proposing in this area is so important.

First of all, the program's budgets for housing energy efficiency should be doubled. It has become clear to us that there was a certain rigidity in the eligibility criteria. We should maintain and guarantee those criteria but, once again, make them more flexible. Another suggestion could make the bill even more effective. That would be to provide for a specific envelope within the program for conversion to fuel oil and electricity. The situation in these areas is hazy and vague: it is not quite clear where the bill stands in this regard.

Also, on housing, there should continue to be substantial grants to reduce the costs of conversion. This is a subject which has arisen very often in our ridings. Of course, when these programs come up—as the hon. members know—people come to see us, they make inquiries and they try to find out whether they qualify for the programs.

I also said earlier that we would like to change the operating rules, so that home owners can receive the grants at the beginning of the process. My colleague replied to me earlier that this was possible. It is one way of doing things. This is what the government should be asked to do, except that it still does not have the interest of consumers or the regions at heart.

In this bill, it is quite clear that the government is being election-minded and partisan in its advocacy of one important element. It is not necessarily giving priority to consumers or to the regions. This is nothing new to us so far as the regions are concerned. For the Liberal government long ago abandoned the regions, especially those that are very remote. We need only take a look back at the principal bills and motions that have been tabled. When we live in the regions, we are cast aside.

I was speaking earlier of my region, a farming region where one can find the maple syrup and dairy industries. There are currently surpluses—nearly 55 million pounds of maple syrup. Yesterday, with regard to the Pacific gateway, the government was talking to us about consulting the municipalities, the government and the arbitration tribunals. Meanwhile, there are no emergency measures and, in the countryside and the regions, we are faced with certain problems. The same thing is happening with this bill. Farmers and loggers, who are part of the remote, even the very remote regions, are developing the regional economy, and employment as well. Even if we asked the government for something, we would not get it, because that aspect still remains, that central electoral focus in this document.

That is serious in itself, but there is worse still. I refer to the funding of this program. It is paid for by taxpayers only, not by those who have caused and profited from the crisis, the oil companies.

• (1140)

Before the session began, as a member of the Standing Committee on Industry, Natural Resources, Science and Technology, I had the opportunity to hear witnesses from the oil industry for a whole day. They were boasting about the fact that the oil companies had made money and huge profits.

*Government Orders*

Last week Exxon announced \$10 billion in profits. Petro-Canada's profits had increased by 38%. The witnesses from these oil companies came to tell us that the companies were making money and that they would continue to do so. The government lacks courage. It is unable to intervene or assume its responsibilities.

It is unacceptable for this program to be funded solely by the taxpayer. That is the major flaw in this program. Furthermore, oil prices will continue to increase.

At some point, obviously, oil prices stopped increasing, but that was just strategy. When these big companies saw that people were talking about this a great deal, that a committee was sitting and that the government was prepared to take action, they eased off on the price of oil. Nonetheless, this will begin anew because the government is in cahoots with the oil industry.

They have some advantages over the mining industries, like the ones in my region, for instance. The mining industry does not receive the same tax benefits as the oil industry. We can see that several members of the government, including the Prime Minister, have interests in oil. It is therefore very risky for them to be assertive.

The Bloc thinks quite clearly that we must call on the oil industry to contribute at least \$500 million of their record profits to meet all the needs. As I was saying earlier, the lack of courage is the major flaw in the plan. That is certain.

It was also mentioned earlier that a great deal of people, groups and sectors are not covered, including seniors, disabled people and singles. We could probably cover more sectors with this \$500 million. What is more, we could take care of people and regions the best way possible.

The same thing goes for the office of petroleum price information. We can see that in creating this office, the government is still lacking in courage—which is logical and in keeping with their bill. This is of course something that the Bloc Québécois has demanded, not merely suggested, for a long time. We have long called for an independent and transparent body to monitor petroleum prices or at least provide us with explanations. This office ought to be able to carry out investigations, but of course will not be able to. In fact, if certain things were to come out, that might be very embarrassing to the government. It will not have the power to make recommendations to the House of Commons.

The Liberal government—that is, the government of the sponsorship program—is saving face with the creation of this office, but not giving it any real powers. It does not want to give it any. So it has no interest in asking the oil companies to at least cut the losses a bit for consumers.

Clearly, this bill needs improving, if only in the two areas I have mentioned, that is creating a price control office and putting more teeth into the Competition Act. The latter must be done immediately. In Canada, in Quebec in particular, and we have seen this often in Montreal, telemarketing is the hub of all manner of fraud. The sanctions are not stiff enough. I repeat, the Bloc is in favour of beefing up the Competition Act. If there were major penalties, this might bring the oil companies in line as far as prices are concerned. The increasing prices must absolutely be controlled, and both

laxness and repeat offences must be stopped. The Competition Act must be made more effective.

In addition, as recommended by the Standing Committee on Industry, Natural Resources, Science and Technology, there must be a reverse burden of proof. That is important to the process of determining whether there has been a conspiracy. There may have been damages and the oil companies must be made aware that they will have payments to make.

The Bloc Québécois is in favour of this bill, but it needs considerable amendment in order to provide general assistance to all economic sectors, especially those that have been the hardest hit.

● (1145)

I want to talk about truckers again. This is extremely important to them, and to forestry workers, low-income families, seniors and the disabled.

As I mentioned earlier in a question, consumers have concerns about this bill. Quite often, people are convinced that they are eligible for a program. However, as things progress, there are some nasty surprises: they learn that they do not meet the criteria. I gave the example of renovations: an individual may invest \$3,000, \$5,000 or \$10,000 and, ultimately, some bureaucrat may decide that the project is not energy efficient, that the individual is ineligible and that the money must be repaid. These programs are full of surprises. To be honest, there is a huge difference between the program or legislation in theory and in practice. At times, we may be in for a very nasty surprise.

In short, the government's plan is very misleading. It must be improved in a number of areas, including those I mentioned earlier. I want to mention them again. It is unacceptable for taxpayers to fund this program. This makes no sense. We must look to the oil companies to do their part, so that the program has the necessary resources to meet the needs of society, for all organizations and individuals.

In this regard, we have a number of recommendations, as usual. Whenever the government manages to improve its bills, most of the time it is thanks to recommendations and suggestions made by the Bloc Québécois. However, the government goes out of its way to avoid recognizing the Bloc Québécois as the author of such improvements, by saying that it had talked about them two, three or four years ago. However, it is well known that the Bloc Québécois, thanks to its rigour and its suggestions, makes these bills better.

Now, once again, we are asking the government to improve this bill so as to benefit all sectors and all regions.

[*English*]

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, every once in a while the Bloc Québécois members give a demonstration of why they will never form the government and that speech was one of them.

*Government Orders*

I find it inconceivable that somehow or another the government should just simply hand Canadians money and hope they spend the money on energy retrofits, but if they do not that is just simply too bad.

That seemed to be the central thesis of the hon. member's speech, which was, "What a terrible system". The terrible system is that the government says Canadians may or may not qualify for this particular program. If they do qualify, we will give them moneys based upon the areas in which their retrofit qualifies. I cannot fathom how the government would approach it in any other way.

We simply cannot write cheques to people and say that we hope they do something, that we know their Jacuzzi was a little extra but we will pay for their Jacuzzi, or that they were not entirely putting insulation in their roof but were putting in some nicer windows and things of that nature, which may or may not be better in regard to retrofits.

I frankly do not understand how the government could approach it in any other way, other than to say that this is the program that is available, and yes, the risk is theirs. If they make renovations to their houses which do not qualify, then they will not receive government money, nor should they receive it. The hon. member seems to be upset that this will be a risk on the part of the homeowner. That is my number one question. I cannot imagine why he would propose what he is proposing.

Number two, he seems to think that the energy companies are not participating in funding for this. I would ask him to look a little more closely at the financial statements of the Government of Canada, particularly in the section on corporate income tax revenues over the last one or two years, which have increased from about 10% of the revenues of the government to 14% of the revenues of the government.

There is a taxation point at royalties. There is a taxation point at dividends. There is a taxation point at the corporations themselves. There is a taxation point at the recipient of the dividends. There is a surtax. All of this leads to an effective marginal rate of something in the order of 36% to 38%.

• (1150)

[*Translation*]

**Mr. Marc Boulianne:** Mr. Speaker, first, in terms of forming the government, we have no intention of doing so. I can assure the member. The Bloc's intentions are very clear. Our goal is sovereignty as quickly as possible and not to govern Canada.

Second, there are formulas for avoiding risk. It involves home evaluations and advances. Some programs are designed this way. Once the evaluation is complete, an advance is made to cover a percentage of the cost of the work. These programs are for people who have difficulty getting their work done. They are not all earning \$100,000 or \$200,000. Their finances are tight. They have a very difficult time investing \$4,000 or \$5,000. If the work is very carefully evaluated, a system of advances can be put in place. A number of programs are designed this way.

Third, in terms of profits, I would point out to the member that we pay taxes too. At issue are the taxes paid by the oil companies making the profits. I mentioned earlier that Exxon had made some

\$10 billion in profits. These surpluses are not taxed. The case is the same for Petro-Canada. The government has been negligent and will have to pay the price at some point.

**Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ):** Mr. Speaker, I thank my colleague from Mégantic—L'Érable for his presentation.

First I want to ask him whether, in response to the extremely arrogant comments made by the parliamentary secretary, he agrees with me that among the measures a creative government could introduce to help families that are less well off wanting to take advantage of a home energy improvement program, it could include tax credits.

The parliamentary secretary's main concern is overpayments, in other words, that people will be given too much money. That shows how little confidence he has in Canadians and Quebeckers. He does not believe that people will file claims based on a well known culture, but that instead they will go after the money for another use.

Accordingly, does my colleague agree that these measures could have been tied in with tax credits? In the event of an overpayment, the recipient would have to pay it back. That is how it works in other cases.

My colleague also said that the price increases were a recurring problem. Ever since the representatives of the oil industry appeared before the committee, the prices have gone down. Is that a coincidence? My colleague thinks that the prices will increase. When we think about this recurring problem and the future of our environment, then should this program not also include a long-term investment in clean energy? I am referring to converting to wind energy and solar power.

**Mr. Marc Boulianne:** Mr. Speaker, I thank the member for Rimouski-Neigette—Témiscouata—Les Basques for her questions.

With regard to her first question, she is correct. We must have faith in Canadians and Quebeckers. The parliamentary secretary suggested that people might inflate the cost of their renovations or invent expenditures in order to get more money. The Liberals are used to such talk. This will not happen here. We must have faith in those undertaking renovations.

Both my colleague's suggestions are fundamental. This program should have included a tax credit. It is easy to recover the money in the event of an overpayment. Quite often, the government finds a way to recover the \$2 it is owed. It is true that it is not trying nearly as hard to recover the \$100 million. Whatever the case may be, this measure affects us. My colleague's suggestion is very important.

As for the recurring problem of increasing gas prices, this is true. Anyone with a little political experience need only look at what is happening: when the oil companies are cornered, they start to admit that they can influence prices. Then, when the crisis is over and they see that the government does not have the courage to protect consumers, prices go up. We see this dynamic time and again.

*Government Orders*

My colleague's suggestion with regard to alternative energy is also worthwhile. The Bloc Québécois put forward a similar proposal, particularly with regard to wind energy. There are already supplementary energy programs in place. This is important too, but the government sees it as secondary.

• (1155)

[*English*]

**Mr. Lui Temelkovski (Oak Ridges—Markham, Lib.):** Mr. Speaker, I would like to ask the hon. member a number of questions.

First, he baffled us a little when he began his speech by saying that he supports the bill in principle, and then, a little further on in his speech, he said that he supports the monitoring agencies and then, near the end, he said that he supports the retrofit program. The only area in which I see him disagreeing is that he would like to see a lot more money put into the program.

We would all like to see a lot more money put into the program but Canadians do not want to pay more taxes when they have a huge mortgage to pay off. They would rather pay down their mortgage than have their taxes increased.

I think what the hon. member across is suggesting is that we put more money into the program. The only way the government can put more money into the program is by taxing people more or by not paying down our debt and allocating the money toward this program.

I would ask the member what he would do in that situation.

[*Translation*]

**Mr. Marc Boulianne (Mégantic—L'Érable, BQ):** Mr. Speaker, I thank my colleague for his question. First off, it is true that the Bloc expressed its support in principle. We pointed out, however, that the program was far from comprehensive. It failed to include the disabled, seniors, workers, farmers and forestry workers, for example. Many groups are not covered.

I disagree with my colleague's suggestion that we are asking for money. That is not what we said. We said the oil companies have created the crisis and have benefited from it. They have an obligation to the public and to those who have been abandoned. They should be approached for the money, some \$500 million or \$1 billion. They who deliberately created a crisis and will continue creating it should pay for part of it or contribute to the program for everyone.

[*English*]

**Hon. Maria Minna (Beaches—East York, Lib.):** Mr. Speaker, I am pleased to rise today in support of Bill C-66.

Every hon. member in the House knows that rising energy prices have an impact on Canadian consumers and on our economy. The bill demonstrates our government's commitment to action that will make a difference for Canadians, and in particular, Canadians who live on low incomes. It demonstrates our attention to the needs of people, such as many of our seniors who we know are feeling the pinch of high energy prices.

Bill C-66 is the result of listening to Canadians and looking at the evidence. Bill C-66 is about making responsible choices with public dollars that allow us to identify how we can do the most good for Canadians who need it the most.

Our government and, I am sure, many of us as parliamentarians have heard from organizations, such as the Consumers Association of Canada and Option consommateurs in Quebec. We have heard from many business groups, community organizations and individuals. They have pointed out the many ways that rising energy costs affect us all in terms of fuel costs for cars and trucks, in terms of the oil and natural gas that Canadians use to heat their homes and in terms of the cost of making and shipping products from farms and factories.

Their stories are important but hearing from these groups and from citizens is only part of making effective policies. We also need statistical evidence on issues, such as energy prices and impacts, which Statistics Canada has in abundance. We need evidence on consumer patterns, which Industry Canada is able to provide with its Consumer Trend Report.

That is the difference between being in government and being in opposition. In government we need to listen and use the evidence that finds those places where we can actually make a difference, not just a headline. That is the reason an across the board tax cut in some area is not at the top of our list. It would do little to help the people who are facing the biggest challenges today. That is the reason massive intervention in the energy marketplace is not on that list either. In today's global market it simply does not work and only triggers negative impacts for our economy.

On the other hand, the energy cost benefit would provide the kind of targeted assistance that three million low income Canadian seniors and low income families with children need. That is real action, not rhetoric.

We know that a lasting way to help a lot of families control rising energy costs is by making their homes more energy efficient for the long term. This is not new to us. Our government has launched many programs to help consumers choose wisely when buying products that use energy or when they buy fuel. Programs, such as the new ENERGY STAR program, are helping consumers every day. They are making it easy for Canadians to choose the most efficient electrical products and appliances in the marketplace.

The same is true for the auto fuel consumption data that Natural Resources Canada publishes annually based on information collected by Transport Canada. In that way consumers can choose vehicles that are the most fuel efficient.

*Government Orders*

I am sure my hon. colleagues know that our government has also put in place the EnerGuide program and programs to assist consumers to conduct energy audits of their homes. Those audits are already enabling Canadians to cut their heating and cooling bills in the most cost efficient way possible. If consumers act on the recommendations of these energy audits by making energy saving investments in their home, they can look forward to as much as \$150 of the cost of the audit being refunded. This is already in place for Canadians.

The legislation would enable our government to go even further to help Canadians with a focus on assistance to help pay for items such as draft proofing, improvements to heating systems and the replacement of windows under the new EnerGuide program for low income households.

• (1200)

As I believe members know, the bill would enhance market transparency and accountability. It would do this through the new office of petroleum price information, which is a very important office.

If we were taking these actions, all would be important steps ahead. However, we have been getting ahead of the curve. We have been taking actions that are designed to reduce the dependence of Canada on conventional energy sources. I am speaking of initiatives like support for demonstration projects that are producing ethanol from crops such as corn, straw and other forms of cellulose. We aggressively are pursuing alternative energy sources such as wind power and solar energy.

I am a member of the finance committee and it is in the process of doing prebudget consultation hearings. I believe tomorrow, Thursday and Friday the committee will be in Toronto.

During the panel on the environment, some fantastic presentations and recommendations were heard. One of them was on wind power. In fact, the presenter stated that we would be able to provide all the energy requirement for remote and small communities in our country through wind power in the near future. I think that is a fantastic way to look at our society. It is a way of dealing not only with the environment but with the cost of energy.

There are many other examples that were presented at that hearing. Europe has a great many to offer us already. If I am not mistaken, Germany already provides 6% of its energy through wind power. We need to go in that direction.

In September our government's Atlantic Canada Opportunities Agency contributed \$3.6 million to help establish the Canadian Wind Energy Institute at North Cape, Prince Edward Island. We are moving ahead ourselves quite aggressively in that direction.

The Prince Edward Island wind-hydrogen village project is in operation to test ways to use wind energy as a primary energy source. That project is exploring how to use wind energy as a way to produce hydrogen to provide backup and primary electricity for industrial, farm and household needs, not to mention hydrogen fuel for transportation.

We are doing that and a great deal more. Solar energy was another one.

My corner of Beaches—East York is doing its part. I was proud to be at Glen Stewart Park a couple of weeks ago to plant trees in memory of the late Bob Hunter. As I pressed the sapling into the soil, I could not help but reflect on the positive difference Bob had made with his life. Greenpeace International put it well on its website when it said, "Perhaps more than anyone else, Bob Hunter invented Greenpeace. His death on May 2 nd 2005, of cancer marks the passing of a true original, one of the heroes of the environmental movement..."

We have one of our own eco-warriors in Beaches—East York. Ours is one of the most environmentally conscious ridings in metro Toronto. We have in our midst some eco-pioneers of whom Bob Hunter would be very proud today. Take Alex Winch of the Beach Solar Laundromat on Queen Street East, for example. When I brought environment minister Stéphane Dion to meet Alex this spring, the minister was very impressed with the solar laundromat and of the—

• (1205)

**The Acting Speaker (Mr. Marcel Proulx):** May I remind the hon. member to not name ministers but rather use their titles, please.

**Hon. Maria Minna:** Mr. Speaker, the Minister of the Environment was very impressed with the Solar Laundromat and the big plans Alex has for designing and introducing sound environmental solutions.

Neighbourhood Link-Senior Link, for example, is using Alex's technology to heat a new affordable 25 unit home for seniors it is building at Danforth and Main. This is a great project because it is housing with which the Government of Canada is assisting, combined it with energy savings.

Plans for the new building include a green roof and courtyard garden. The building will also have significant environmental features, including solar thermal collectors, energy efficient lighting, heating, cooling and appliances, and reduced flow bathroom fixtures. It is a project that will be a model for future energy efficient affordable housing initiatives.

Just last week Alex's company announced that it had been retained by Neighbourhood Link-Senior Link to generate renewable thermal energy for the domestic hot water needs of its 64 suite seniors residence located at 11 Main Street and at its 44 suite residence at 680 Kingston Road. The two buildings are currently joined by a common hot water heating system.

The company owns and maintains a system of 80 flat plate solar thermal collectors with a total area of 160 square metres. The collectors are expected to displace 18,600 cubic metres of gas annually, reducing carbon dioxide emissions by 37 tonnes annually. The emission reduction equates to 221 kilograms per occupant, representing almost one-quarter of the federal government's one tonne challenge for the residents of the buildings.

Eco-entrepreneurs like Alex Winch are an integral part of the project green, an initiative announced by the federal government earlier this year, which includes investments in the order of \$10 billion between now and 2012 for the climate change programming.

*Government Orders*

Our plan provides new resources, instruments and incentives for business, industry and all levels of government to support action on climate change. It incorporates a range of measures including: encouraging the development of renewable energy and green technologies; collaborating with industry and setting an effective, fair reduction target; preserving Canadians' health and quality of life through cleaner air and greener communities; and using tax incentives and programs that range from fostering small hydro production to cleaning up brownfields.

Project green encourages the development of new environmental and energy efficient technologies and practices such as those pioneered by Alex Winch. It also uses market based approaches that will offer monetary incentives to encourage greener and cleaner industry. Together these efforts will honour our Kyoto commitment by helping Canada reduce its greenhouse gas emissions by 270 megatonnes.

These are success stories in this one riding alone. We also have in our riding a building that has a solar wall which will again reduce the energy costs from the grid. This gives the example of just one corner of our country. I presume a great deal more is happening across the country.

Industry Canada's technology support programs have supported the development of new fuel cells that we may soon see in our homes, cars and in public transit use. Indeed, this kind of commitment to energy innovation has made Canada a world leader in this important new sector.

Looking further ahead, the government is supporting companies with demonstration and early adoption of projects involving hydrogen and related technologies. This is through the h2 adopters program, and it looks to be the way of the energy future.

In addition to all that, the government is investing heavily in public transit and infrastructure. It is absolutely clear that to cut down the emissions, we need effective public transit in the country. The Government of Canada has been committed to this for a very long time. In fact, in many ways we need the partnership of our partners, both in the municipalities and in the provinces, to stop the urban sprawl that has taken place in many parts of our country.

●(1210)

The development of urban sprawl has not taken into consideration the need for energy efficiency in public transportation. We know some of the suburbs cul-de-sac streets are not friendly to public transit. It makes it extremely difficult to provide public transit in some of these places. It is important that we increase the density of housing, although in some places we still have not done that.

We need the partnership of our municipal and provincial governments to increase the density and to plan new communities with energy efficiency. Public transit is part of the development. Not only that, we have to take into account public buildings and institutions because it is a fantastic way to save energy. If public buildings, especially the new ones, whether they be federal, provincial or municipal, take into consideration solar energy and other energy efficiencies, we can go a long way, just like the little not for profit organization in Beaches—East York has done.

We also should be retrofitting as many public institutions as possible. I would love to see hospitals and nursing homes, as is being done by Alex Winch, retrofitted to reduce the costs of energy, overheads and public dollars. That money could then be used for health, for seniors and for other uses. We are not taking advantage of the tremendous amount of potential in this area.

Also, I believe very strongly that we have to take trucks off the highways. We have talked about the fact that the Government of Canada has invested in infrastructure since 1993 in collaboration with the Federation of Canadian Municipalities. Green energy always has been part of that component. However, we also have to look further down the road. We need to look at trucks. How many of us have been surrounded by huge trucks on the highways? Not only do they affect the environment, but they also ruin our roads. It is important to build up our railway system and put trucks on the railways. That would go a long way in cutting back on emissions.

Bill C-66 is a very important part of a much larger agenda for our government, as I have been trying to elaborate. It is the part of the agenda that enables us to meet the immediate needs of our fellow citizens who are most severely affected by rising energy prices. It is part of the agenda that enables the government to help people who face real challenges with few options for addressing them easily.

Bill C-66 would enable us to expand our programs that already have done so much to make it easier for Canadians to identify how they can save energy in their homes and then do precisely that. This is not a new set of actions. It is part of an effort to give consumers the tools to help them adapt in a marketplace where prices are rising. This is part of an effort to encourage the private sector to develop new technologies that would help reduce our dependence on ever more costly petroleum based sources of energy.

That is a sensible approach. It is a forward looking approach. It will bring real and long lasting benefits to consumers by dealing realistically with a problem that will be with us for many years to come. It is not something we can put aside and not deal with immediately.

Some statements earlier made reference to the problem of reaching the population, seniors especially, who are receiving the guaranteed income supplement. It is important to note that the Government of Canada in the last couple of years has had an aggressive campaign to reach as many, if not all, seniors who should receive the guaranteed income supplement but who are not, or who were not aware of it and had not applied for it.

*Government Orders*

In fact, the government went further. When seniors file their income tax, if they qualify for the guaranteed income supplement, they will receive in the mail an application that has already been filled out. All they have to do is sign it and send it back. In addition to that, through senior files, the renewal of the application is done. Instead of having to renew again, it is automatically done through that process. This is an example to show how important it is for us to ensure that all the seniors who qualify for the guaranteed income supplement in fact do receive it.

• (1215)

There are probably others who still have not heard the message. It is important to communicate in different languages. It is important to get the message across. The government has been very involved and very engaged in this area. The government has reached not 100% of those eligible, I would say, but very close to 100%.

I have spoken a great deal about many different aspects of our program, but most important is the fact that not only is it important to make sure that people who are paying extra money for gas and energy this winter are assisted, it is also important to ensure that in the long term our environment and the future of our children in fact are protected. The earth we live on needs to be protected.

I have given some examples of what is going on in my little corner of Beaches—East York. I know that there are thousands of other examples all around the country. We have mentioned Prince Edward Island with wind power and so on.

I encourage the House to support Bill C-66 because it is forward looking.

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, I am happy to rise in this period of questions and comments on Bill C-66, a bill which, as I remind the House, the Bloc Québécois supports in principle.

We have had a number of representations in recent weeks from people who have told us that Bill C-66 is a step in the right direction. However, there are some gaps and omissions. Two groups in particular have sent us a number of e-mails and have come to our offices.

First, there are the elderly. The hon. member is right when she states that elderly people who receive their guaranteed income supplement will be eligible for the additional benefit. There are, however, many elderly people who are not receiving the guaranteed income supplement, who do not have astronomically high incomes, and who would like to receive this additional payment.

In my riding, Mr. Jean-Paul Leblanc came to see me in my office and we spent 45 minutes discussing the gaps in this program. He said he was frustrated to find out that he would not be able to receive the payment because he was not receiving the guaranteed income supplement.

The middle class is also affected. In many, many cases, this middle class and these elderly people live in underprivileged areas of Montreal and use oil for heating. There are no provisions to encourage the conversion of our systems from oil to electricity,

particularly in Quebec, which would have the effect of reducing greenhouse gas emissions.

I would like to ask the hon. member the following question. How can she claim, today in this House, that Bill C-66 will help the elderly, when she knows full well that some of them do not have high incomes, and do not receive the guaranteed income supplement? They will, in short, be penalized by Bill C-66.

I would also like to ask the hon. member what she would say to the fact that, in many cases, the list of people eligible for the guaranteed income supplement is inaccurate. The campaigns conducted by the Bloc Québécois are intended to ensure that more and more elderly people receive the supplement and are eligible for benefits.

• (1220)

[*English*]

**Hon. Maria Minna:** Mr. Speaker, as I said in my final comments, the list of seniors is in fact updated. It is updated in the extreme, because as I said earlier, not only have we had an aggressive campaign to ensure that each and every senior who is qualified knows that he or she can apply, but in addition, everyone who files an income tax form receives an automatically filled out form. All they need to do is sign it and send it in and the renewals are there. I am not suggesting that there will not be one or a few people who are not on the list, but it is an extremely updated list. That is number one.

Number two, for the rebate we are looking at those with an annual income of \$30,000 and below. This will be going to poor seniors, seniors who are receiving the GIS. This is the intent of the bill. I think that is clear.

I think the hon. member was wrong when he said there was nothing for those seniors who do not receive this assistance and have high fuel costs. What is also important is the fact that there is the conversion project, which I mentioned earlier. This applies not only to seniors but to any Canadians who need to do retrofits to make their homes more energy efficient and bring down the cost of their energy bills.

In fact, these are exactly the three pieces. We are dealing with assisting Canadians in being able to retrofit and do conversion projects for their houses so that they can bring down the cost of their energy bills and also save our environment. At the same time, the government is looking to assist those people who are under some financial difficulties. I really question the hon. member's premise on this.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, as all members of the House know, this is the day on which the Gomery report is released and indicates some ways in which a government program should not be administered.

I do not know whether the hon. member has had an opportunity to listen to the way in which the Bloc Québécois is proposing the program be administered, but I respectfully suggest that this is another instance where the proposal put forward by the Bloc Québécois is a way in which a program should not be administered.

*Government Orders*

The proposal by the Bloc Québécois is that the money be given out and then the government would come around afterwards to see whether the money was applied to the retrofits. If a little money got lost in carpeting or Jacuzzis or things of that nature, that would not be quite within the parameters of the program, but it would be easy to recover the money afterwards, either through the income tax system or lawsuits or things of that nature.

I want to ask the hon. member about the initiatives by the government with respect to the energy program. We have \$170 million for the EnerGuide for household retrofits incentive program, a further strengthening of incentives for best in class energy efficient oil and gas furnaces, of \$150 per unit, and \$250 per household for homes heated with electricity.

I wonder whether the member would comment on how this program should be administered. Should homeowners qualify first or should we simply send out the money and hope that they apply the moneys to what the program is for?

• (1225)

**Hon. Maria Minna:** First, Mr. Speaker, I am glad to reiterate the fact that there are programs for retrofitting. I am very pleased about this, because many Canadian homes will benefit from the program.

Obviously any program needs to be administered in such a way as to benefit those who qualify for the program. For example, if someone has an old oil tank in the house that needs to be converted to highly energy efficient equipment, that person would qualify. If the individual already has a highly energy efficient furnace or heating system, he or she obviously would not qualify.

It speaks for itself. We need to have parameters, criteria and monitoring applied with any program, regardless of where the program is applied and for whose benefit it is given. In fact, that is the only responsible way to put forward a program as a government. We need to ensure that we hold accountable every aspect of the program in order to make sure we are meeting the intended objective of the program. Otherwise we have no way of knowing whether or not we are meeting the intended objective of the policy or the program, not to mention that we have no control over whether moneys are wasted. The answer is pretty clear on that one.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Speaker, I am going to be splitting my time with my colleague from Saskatoon—Humboldt.

I had a short conversation with my Liberal colleague, the Parliamentary Secretary to the Minister of Finance, who asked me if my speech would have anything to do with Bill C-66, which is the energy package. I said it certainly would. He said that he assumed I might want to talk about the Gomery report because that is the issue of the day and people are primarily focused on it. It is not my intention to do that. I do want to talk about Bill C-66, the energy bill.

I did find it rather inventive that the parliamentary secretary, in his question to his other Liberal colleague who just spoke, did try to suggest, in a strange fashion, that the Bloc would somehow run this scheme along the same lines that the sponsorship scheme was co-opted by the Liberal Party of Canada, which fleeced the Canadian taxpayer and contributed to the largest scandal in Canadian history. I do not think there is any analogy there whatsoever.

It is typical of the Liberals right now to try to invent any excuse to diffuse attention away from what should be, in any setting, in any democracy anywhere, the demise of the government and the demise of the party. Instead, we have a Prime Minister and a government hanging on by their fingernails, refusing to leave and pretending that all is well when all is very bad indeed. Our international reputation and stature are going down the drain over and over again.

**An hon. member:** The NDP is propping them up.

**Mr. John Duncan:** Yes, the fact is that we are in a minority Parliament and we have the fourth party in this place continuing to run as a coalition with the government. It is most astounding. We have the NDP continuing to prop up the Liberals under any excuse, in any disguise and for any manufactured reason. All of this is an insult to representative so-called democracy.

With that, I will talk about Bill C-66, if I may. Bill C-66 is another example of legislation inspired by a crisis. The crisis of course was the run-up in prices at the pump. The crisis was the fact that natural gas has gone from \$2 per unit to about \$13 per unit for Canadian consumers, based on a government that cannot get its act together in terms of an energy framework or strategy for the country.

We have constrained supply because we do not have our northern pipelines sorted out, and with these guys in charge, we are not going to get our northern pipelines in order on any kind of timely basis. What we had was a price at the pumps that led to a huge spike as a consequence of some shortages due to hurricane season and hurricane Katrina and all of that.

• (1230)

Parliament was set to resume sitting in the last week of September. We received a request from the government chair of the Standing Committee on Industry, Natural Resources, Science and Technology to have an emergency meeting on September 22, in order to have a televised discourse with witnesses on what to do about fuel prices.

I wanted ministers to take part in that meeting because ministers more than anyone else in this place can influence what happens. There was not a single minister whom I suggested who could or would make the commitment to appear on September 22. Many committee members were inconvenienced, especially the ones who had to come from farthest away to arrive in Ottawa on a Thursday. We had to change all our plans. Those days were important for members of Parliament prior to returning to Parliament after the summer break. That is when many constituents are back in their regular duties and it is a good time for members to carry out their functions.

September 22 turned out to be the day hurricane Katrina was hurtling toward the southern gulf coast in the U.S. At that meeting we witnessed government members finding every reason in the book to point fingers. They thought up inventive ways of suggesting that it was a conspiracy that did not involve the government, that it was because of the oil companies or some other factor that the prices were ridiculously high on that very day, and of course they were because it was a one week event.

*Government Orders*

The real crux of the issue is what has the government been doing? Where is it headed when it comes to taxation issues surrounding what Canadian consumers pay at the pump, or for heating oil or natural gas? Let us not forget industries such as the air transportation sector, the trucking sector and agriculture and resource industries that use huge amounts of fuel as part of their input costs. What is the government's approach to all of this, other than doing everything possible to protect maximum extraction of tax revenues to the detriment of consumers of every stripe?

We heard witnesses from the finance department. They did not act like witnesses from the finance department. What became very clear is that this announcement comes to a very small portion of government revenues. The portion is so small that the finance department officials said if that same amount of money was reflected in a tax decrease, it would be insignificant.

•(1235)

The government is still protecting its revenue sources. The government still has no strategy on how it is going to deal with all of this. The government takes this revenue, puts it into general revenues and returns 2¢ on the dollar for highway infrastructure. It blatantly transfers a very small amount to the municipalities with the future promise, which the Conservative Party is also committed to, of eventually getting to 5¢ a litre.

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Mr. Speaker, in my riding the government announcement to assist seniors and those least able to accommodate the changes in fuel pricing has been very well received. When I approach seniors homes or other organizations, particularly those people receiving the national child care benefit supplement, it has been quite positively received. Some of the organizations that have been coming to see me about federal and provincial clawbacks and those types of things with regard to those least able to accommodate them have viewed this step as being very positive.

When I hear the comment that people would not want to receive this, I cannot believe that would be quite true. It has been very well received in my riding and when it comes, I believe it will happen at a time when it will be most effective.

In view of the fact that we are protecting the most vulnerable and it combines with the strategy for long term energy conservation, why would this not be well received in the member's riding?

**Mr. John Duncan:** Mr. Speaker, I think the member might be putting words in my mouth that I never said. We are supporting this bill.

What the government has proposed in Bill C-66 is \$250 to families entitled to receive the national child benefit, \$125 to seniors entitled to receive the guaranteed income supplement, and \$250 to senior couples where both spouses are entitled to receive the GIS.

We are not saying that is not an appropriate thing to do. What a lot of my constituents are saying is, "Why is it that every time the government makes these kinds of announcements it never includes us? We are very strapped. We are on a fixed income. We do not make a lot of money. Like other Canadians, we have sacrificed in so many ways and yet these things never apply to us". They are actually fairly

short tempered about the fact that everything seems to accrue to anyone but them. They are really feeling stretched.

If we look at the increases in heating costs for Canadians this winter, even for people who receive something from this plan, it hardly pays for the incremental difference.

The government's own finance department says that this is a very significant program but says that an equivalent amount of money in tax reduction is insignificant. The discrepancy between those two statements does not go unnoticed by Canadians.

•(1240)

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, Bill C-66 has some merit and it does address some issues. Unfortunately, there are too many holes in it.

Approximately three million Canadians will receive a payment. It will aid some low income Canadians. However, it does not assist students or those receiving disability benefits, farmers, low income seniors who do not file for the GIS, and childless poor Canadians or many Canadians not close to the poverty line. I would like the member to speak to that.

The natural gas bills will be going up between \$120 and \$300 this winter. I wonder if the member could also address whether it will actually meet those needs and the increased fuel costs.

**Mr. John Duncan:** Mr. Speaker, it is clear that it will not cover the costs.

A large group has been left out. Comments from some of the cabinet ministers indicate that their approach is toward transit and other issues relating to this energy issue. Over and over again they are thinking about urban Canadians, who are important, but they are totally excluding rural Canadians, who in many cases must use their own vehicles and must use more fuel than urban Canadians. There is no recognition of this in anything the government is proposing.

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** Mr. Speaker, it is a pleasure for me to deal today with an issue that is very important and very crucial to the future of Canada as well as the prosperity of the nation and the well-being of its citizens.

Bill C-66 is a bill which deals with a very small portion of our energy policy. This bill is long overdue. We need a debate on energy policy in this country. We need a debate not only dealing with very small elements, rebates, a little bit of retrofitting for houses and urban transportation, but an overall comprehensive debate of where we have been, what we are doing and where we are going. These are all facets of energy policy, not only one specific area. We must do this because the government tends to get into this crisis mode. It is only when there is a problem does the government act.

Today we are being somewhat distracted by events outside this House, but again they reflect the general principle. Something happened. The problem had been going on for years. Only after the government got caught, only after something came immediately to the surface did the government act. This is the same principle that the government has applied to its energy policy.

*Government Orders*

When I was first elected to this House, the Conservative Party began to deal with our energy problem by setting up an internal energy caucus over a year ago. It began to look at the specific long term and short term issues that are involved.

The Liberal government which has been in power for years talks about its energy framework in 2000. It has talked about updating it, but really has no plan, no agenda and no way of looking at it. It was only this summer when gasoline prices began to spike because of the run up in crude oil prices and the refining problems in the gulf coast did the government begin to think of this problem.

It has been known for years that we are going to have particular problems with home heating costs because of the rise in demand for natural gas and the inability of supplies to meet it.

My hon. colleague noted that in prior years \$2 or \$3 per million BTU was the price for natural gas. I believe the last numbers I saw were \$13 or \$14 per million BTU. That is an enormous run up in cost. It is one area in particular where the government should have been able to deal with the problem through long term thought and foresight to begin to handle this issue.

I understand crude oil prices are an international commodity. We ship to one place and we ship to another. It is an internationally set price because it is a very fungible commodity.

When dealing specifically with home heating prices and natural gas, which has tended to become the fuel of choice for most of the country for many consumers, the government could have thought ahead. It could have had a priority and could have had a plan, but the government chose not to. It chose to ignore it. It used the exact same procedures that it followed in the ad scam problem. The government did not worry about anything until it was caught in front of the media.

As I was noting, particularly with natural gas and so forth, it is a continental market and not so much an international market. That will be changing as LNG, liquefied natural gas, becomes a part of the North American experience in increasing fashion.

I will note just how much this costs the average Canadian by not thinking ahead and not planning. There was a study released the other day by the Canadian Energy Pipeline Association about the higher costs of natural gas for Canadian consumers in its totality if there was a regulatory delay of merely two years for things such as the Mackenzie pipeline and liquefied natural gas plants.

The association came to the conclusion that over 19 years it would cost consumers \$57 billion. That is \$3 billion a year for each and every Canadian in sum, using a rough number of roughly 30 million Canadian and I know we are slightly higher. That is roughly \$100 for every man, woman and child in this country.

We are talking about energy rebates for one year, not two years, three years or four years, but for just one year. It is \$565 million according to the numbers I have. We are talking about these numbers merely through lack of planning and lack of foresight which would result in \$3 billion in higher costs to the Canadian economy. This is for the next 19 years, not just for one year, but for the next 19 years.

●(1245)

For a high flyer, a wealthy person, \$100 a year per person in the family may not be very important. One of the supposed purposes of this legislation is to deal with low income earners and to help them. For a family of five, it is \$500 a year for the next two decades, all because of a lack of planning and foresight. This is an area which needs to be taken seriously and looked at not just for the immediate and the now, but for the future.

There are other impacts of a poorly thought out energy policy on other elements in the Canadian economy. I wish to make special note, coming from a riding that is one-third agriculture, of the effect on farmers. Farmers use intensely more amounts of fuel than the rest of the population to fuel up a combine, to fuel up a tractor, and to drive over their fields. Be it for seeding, harvests, swathing, whatever, they continue to use up more fuel than merely commuting to and from work every day once or twice.

That is not to downplay the impact on any other consumer or any other element of society but to stress the importance of how the burden is disproportionately placed on certain elements, and this is with very low prices. Farmers are already struggling, particularly in certain elements of the agriculture community. Prices are lousy. There is very little support from the government on overall agriculture policy, and now they are being hit with higher fuel prices.

I would also note, something that the general public does not always appreciate, higher fuel prices contribute to higher fertilizer prices. Fertilizer is a substantive input. It depends on what particular methodology is used for farming, but fertilizers have a particularly high input cost for farmers. The run-up in natural gas prices directly impacts the price of the fertilizer and has for years.

This lack of planning, particularly when it came to a natural gas and energy framework policy for this country, has had particular impact on farmers, more so than anyone else. In this legislation, there is absolutely nothing for agriculture. There is absolutely nothing for agriculture to deal with the higher prices of diesel fuels, gasoline and the higher resulting prices of fertilizer. It was completely forgotten. As my colleague was noting at the end of his remarks, that is generally true for rural Canada. There is absolutely no planning or no specificity of a plan for the rural areas.

I come from the province of Saskatchewan. Per capita, we are the second largest payers of the national fuel tax, the infrastructure funding which is being juggled around between various bills. We pay 4% of the national tax with 3% of the population. We are only getting 3% of the tax revenues allocated to our province, and that is because it is disproportionately being taken away from rural communities.

Rural communities are being completely forgotten and completely left out in this plan. It is something that the government has shown repeatedly, a bias against rural Canada. That is one of the reasons why the government nearly lost all of its seats and in the next election will lose all of its seats in the rural and farming areas of this country.

*Government Orders*

Those are some of the impacts on the country. One could go on about other industries that are specifically impacted such as chemical plants and the chemical industry. With the high input costs for key feed stocks and energy stocks, they are being driven out of business along with the fertilizer industry and manufacturers due to higher electricity costs.

What is the alternative? What is the better plan? First, we need to have a long term energy framework which deals with both the supply and the demand side. I wish I had more time to deal with it because there is a lot that can be done.

There is a need for general overall tax cuts that are sustainable for the future and for everyone. This plan that the government has is a one year rebate plan. Next year there are going to be high prices again for natural gas. Thankfully the government will not be in office at that time, but we need to have sustainable tax cuts. Tax cuts help everyone. They help grow the economy. They help diversify. A diversified base of tax cuts helps everyone.

• (1250)

It is important that we deal with energy issues, not just on an ad hoc basis but on a basis which addresses the future and the now. This bill has a few good things about it, but honestly not a lot. It is one of those typically mediocre pieces of legislation that we have become accustomed to seeing from this government.

[Translation]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I have listened to my Conservative colleague's comments. He had several concerns about this bill, particularly the fact that it did not take the regions into account.

I am the member for Berthier—Maskinongé, in Quebec, and it is also a rural area. Many people are seasonal workers or employed by small companies such as the furniture industry. They are not well paid and often have to travel a long way to get to work. These people are, of course, all affected by the price hikes. Getting to work often takes great determination and costs them a fortune as well.

I would also like to point out that there are many inconsistencies in this bill, for instance concerning the efforts required under Kyoto. Nothing is being proposed to encourage the use of more economical cars, nor to encourage people to save energy on home heating, for instance getting off oil.

I would like to hear his comments on this.

• (1255)

[English]

**Mr. Bradley Trost:** Mr. Speaker, I completely agree with my colleague. I dealt with that a bit in my speech.

The outlying areas of the country have been forgotten. This plan does not take into account people who use fuel more than others. If the member's rural area is anything like where I come from in rural Saskatchewan, people cannot get around with small vehicles. They need trucks to do their work. Farmers need trucks to do their work. Part of their basic ability to survive is using fuel in a more intensive way than someone living in an urban area who could walk to work or take a short drive to work.

I particularly appreciated his remarks about seasonal workers, which brings me to the point that there is often no overall tax relief for the working poor. People are going to fall through the gaps with this legislation. It is based on seniors GIS eligibility and someone getting the child tax credit rebate. The working poor, particularly in rural areas, are being hit with high costs. They are not getting any relief in income tax, in EI, or at the pump in a direct tax cut.

The hon. member also mentioned the fact that the government has no overall plan. There was no thinking. He referenced Kyoto and so forth and the fact that nothing seems to be getting done. That was the point of my speech. The government has no overall plan in anything it does. It has a firefighter mentality, but not a fire prevention mentality. When it sees a hot spot, it will put some water on it to take care of the problem. However, those members do not think about how to construct the house, so it does not burn down or how to make the house safe so it will not burn down. When the house is burning, the government will sprinkle some water on it and say the problem is fixed. It will not worry about it the next year or the year after that.

I appreciate my colleague's comments. The regions were forgotten, and there is no plan. I am completely in agreement with his comments.

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, I and members on this side of the House highly support the new deal for cities and are looking forward to seeing it come into play. Hopefully, as a result of Bill C-66, money will get out to the people who need it very quickly before winter sets in. Could my colleague please comment on the lack of credibility of this government when it says it will really deliver?

**Mr. Bradley Trost:** Mr. Speaker, my colleague essentially asked me to comment on the government's administrative competence. The government has no administrative competence. It is completely incompetent. It has made a mess of issues. We are seeing ad scam today. We see the gun registry. The list goes on.

Do I expect the government to be inefficient, wasteful and to do a very poor job of administrating the program? I most certainly do based upon past experience.

• (1300)

**Mr. Borys Wrzesnewskij (Etobicoke Centre, Lib.):** Mr. Speaker, I am thankful for the opportunity to express my support for this important bill. Bill C-66 represents what Canada is all about: a caring society that helps those who need help. We have a reputation for being a compassionate society and, I would venture to say, there is not a person in this chamber who is not proud of that reputation.

*Government Orders*

The government has a history of helping those in need. Sometimes it is people who are vulnerable and cannot help themselves. Other times it is those who just need a boost to help them get a footing so they can participate on an equal basis in our society. Either way, Canadians look to their government to develop good policy that will help their fellow citizens and the bill before us today is good policy.

All of us here today are affected by the recent increases in gas and energy prices. Bill C-66 provides direct assistance to those Canadians who are particularly concerned about these price increases: low income seniors and low income families with children.

My hon. colleague has outlined the details of the bill and his comments illustrate that the proposals in the bill would make a meaningful difference to those Canadians.

Today I would like to illustrate just how Bill C-66 fits into the bigger picture of what the government has done to help increase participation in Canadian society.

First, with respect to tax reduction, there is no doubt that we have a strong record. Every year, since balancing the budget almost 10 years ago, the government has reduced taxes to Canadians, the most significant of which was the \$100 billion five year tax reduction plan introduced in 2000. The broad based tax relief provided by that plan benefited those who needed it most, in particular low income families with children.

Subsequent budgets completed the five year plan to further enhance the fairness, efficiency and competitiveness of our tax system. For example, building on the plan, the 2003 budget announced additional increases to the national child benefit supplement for low income families with children. The benefits from that budget will bring the maximum assistance for a first child to a projected level in 2007 that will be more than double that in 1996.

To provide tax relief to all taxpayers, particularly those with low and modest incomes, budget 2005 will increase progressively the basic personal amount so that by 2009 the amount of income that all Canadians may earn without paying federal income tax will increase to \$10,000. Just to put that in context, compared to 2004, for example, that is an increase of almost \$2,000 more that Canadians will be able to earn without having to pay tax. This change will provide more than \$7 billion in tax relief over the next five years. When fully implemented in 2009, the measure will remove hundreds of thousands of low income taxpayers from the tax rolls, including almost a quarter of a million seniors.

Now I would like to address why we were able to produce this historic tax cut of \$100 billion between 2000 and 2005.

Today is the day after Halloween when all of Canada's children enjoyed a good fright in the name of fun. However just over a decade ago we inherited a fiscal situation from the previous Conservative government that was truly frightening and was anything but fun.

At that time the unemployment rate stood at 11.2%. Our debt was at \$563 billion, or 68% of our GDP. We were in a situation where international financial writers were writing us off and international investors were threatening to pack up their bags and leave. Today

unemployment sits at 6.7%. Our debt to GDP ratio has dropped 30 percentage points to 38% of GDP, or \$499 billion.

• (1305)

This government has been able to convert an economic downward spiral into a set of economic statistics that are the envy of the G-7. The finance minister has built on a fiscal foundation set by the right hon. Prime Minister, in his former capacity, a record of surpluses, growth, jobs, debt reduction and tax reductions. It is for that reason that we are able to provide in times of uncertainty.

When we were hit by an unforeseen set of circumstances and prices rose at the gas pumps we were able to react because our fiscal foundations are solid and we were able to react in substantive ways.

Perhaps I can address some of the parts that Bill C-66 encompasses. Under the energy cost benefit, a total of \$565 million would be paid out to about 3.1 million low income families and seniors who would receive anywhere from \$125 to \$250 per household this winter. These payments would be a first down payment on further personal tax relief being introduced over the next five years.

In order to address the issue of energy efficiency, a total of \$1.04 billion has been set aside to assist low income households as well as public institutions, such as hospitals and schools, with the cost of upgrading their dwellings and buildings to make them more energy efficient. This would include \$500 million for 130,000 low income households that are eligible for up to \$5,000 to help with the cost of heating system upgrades, window replacement and draught proofing; an additional \$150 million for government houses retrofit incentives programs which would provide money for 250,000 more households; \$185 million for those who install best in class energy efficient oil and gas furnaces, \$150 per unit for those who heat with electricity, \$250 per household; and an additional \$210 million in retrofit incentives for public service institutions.

As well, we have addressed the issue of public transit infrastructure. For people who choose public transit there has to be better accessibility and service. Up to \$800 million over the next two fiscal years would be freed up for accelerated investments in urban transit.

I would like to more specifically address the issue of seniors. I mentioned earlier that Bill C-66 focuses on helping those Canadians who have difficulty coping with higher energy costs, which is why the bill would provide assistance to low income seniors who often are on fixed incomes. Support for our senior population, particular those with low incomes, has been one of the major success stories of government policy since the 1950s. At the same time, the government is facing new challenges resulting from the longer and more vigorous lives of our seniors.

*Government Orders*

To address the evolving needs of seniors, budget 2005 made significant investments across a wide range of policies that matter to seniors, from health care to income security programs, retirement savings, assistance for people with disabilities and for care givers and support for voluntary sector activities by and in support of seniors.

For example, budget 2005 increased the maximum benefits of the guaranteed income supplement, the GIS, for single seniors and for couples. Corresponding increases will also be extended to recipients of both the allowance and the allowance for survivor benefits. This increase will raise total GIS payments by almost \$3 billion over the next five years, significantly exceeding the commitment of \$1.5 billion over that period. A total of 1.6 million GIS recipients will benefit from this increase, including more than 50,000 seniors who will become eligible for benefits as a result of the change.

● (1310)

I would also note that the increase will be of particular benefit to senior women who account for over one million of the seniors receiving GIS benefits.

This government is committed to providing support for our senior population. With that in mind, budget 2005 also set aside a further \$13 million over five years for a national seniors secretariat to be established within Social Development Canada. This will serve as a focal point for collaborative efforts to address the new challenges facing seniors. The secretariat will be tasked with working with senior organizations with a view to developing and coordinating government programs and services that matter to seniors.

During this unexpected gas hike there were many questions about whether refiners and gas station owners had taken advantage of the public during the most recent spike. To prevent profiteering and price gouging by these oligopolies during the sudden oil price swings, we established a new \$15 million office of energy price information. This office will monitor energy price fluctuations and provide clear, current information to Canadians and to Parliament.

To act upon profiteering or gouging, another \$13 million has been earmarked for the Department of Industry to take a number of steps to deter anti-competitive practices, including giving Canada's Competition Bureau more powers and strengthening the Competition Act.

Finally, in an earlier gas spike several months ago, the government earmarked the increases in gas tax proceeds toward a medical equipment fund. We should keep in mind that since the June budget the Liberal government is now transferring half of the gas tax to Canadian municipalities to help pay for public transit infrastructure. A case in point is the \$24.45 million first installment received by the City of Toronto in September.

Canada's reputation for being a caring and compassionate society is well-known internationally and this government wants to ensure that we keep that well earned reputation. As I have outlined today, this government is taking numerous actions to help those in our society who need it most, in particular, low income seniors and low income families.

Bill C-66 takes concrete action by providing timely and direct relief to many of those least able to cope with rising energy costs. I urge all hon. members to accord the bill swift passage.

**Mr. Stockwell Day (Okanagan—Coquihalla, CPC):** Mr. Speaker, I do not question the sincerity of the hon. member at all but probably his naivety.

In light of the release of the Gomery report today, which showed that the Liberal government has presided over the worst fraud and scandal in Canadian history, how can the people, to whom this program is directed, have any sense of confidence at all that they will receive the money, especially given the fact that this is coming over a five year period? That is presuming that there will be that kind of commitment when in fact, as Mr. Justice Gomery has shown, the ability for the government to follow through on commitments of honesty is severely jeopardized.

Also, what specific audit program is in place because the last time a program like this was tossed out right around election time it was later found out that millions of dollars went to dead people and to people in jail? I realize the federal Liberals have a great propensity for those in jail. They even want serious repeat offenders to be out all the time so they can vote and campaign for the Liberals. They want them to have all kinds of freedoms and niceties but sending them a cheque while they are in jail getting warmed up at taxpayer expense was hardly a sound move.

Rather than just words, could the member identify the specific audit plans in place that will somehow prevent wasting millions of dollars again on a heating program? We are for this program if it works well. There are some things that we would propose to make it work better. We just want to make sure that prisoners and dead people do not get millions of dollars in cheques just as the federal Liberals got millions and millions of taxpayer dollars as evidenced by Justice Gomery again today.

● (1315)

**Mr. Borys Wrzesnewskyj:** Mr. Speaker, the member opposite raised a number of issues, including the issue of naivety on my part. Perhaps he is confused by my earnest belief that we can actually do the right thing by passing Bill C-66. Passing Bill C-66 expeditiously will guarantee that seniors on fixed incomes will receive a supplement.

The last thing we want is for the bill to fail. Do we really want seniors to have to turn down the temperature in the middle of winter because they cannot afford the cost of heating? That is exactly what would happen should this bill not pass.

Do we really want mothers in low income families having to decide between paying for the heating costs or buying winter clothing for their children? Perhaps they would have to decide to buy the pants but not the socks and underwear so that people at school would not see whether or not they were wearing them. Do we want people to have to make those sorts of choices?

*Government Orders*

The choice we have here is to address the situation of fixed income Canadians, low income seniors, low income families being able to cover their energy costs.

The member opposite referred to the government's ability to send the cheques to those who really need the money. His worry is that people in prisons will receive it, et cetera. One of our roles is to learn from the mistakes of the past. We have a much better system in place to make sure that exactly that sort of situation does not arise.

The sooner we pass the bill, the sooner people can get the money. In fact, we have already started the work to make sure that the lists of recipients are accurate, to make sure that those who need it receive it.

The member opposite also asked how people can trust this government in view of the findings of Gomery?

I would like to remind the member opposite of who called for that inquiry. Whether it was the previous government or Prime Minister Mulroney's government, governments in the past have swept things under the carpet. The present Prime Minister showed courage by throwing the curtains wide open. He is the one who called the Gomery inquiry. Most Canadians will be pleased that the Gomery conclusions today unequivocally stated that this Prime Minister was in no way involved.

We have seen a break with the past. The current Prime Minister inherited a fiscal situation that had us on an economic downward spiral. The Prime Minister addressed a fiscal situation that was on the verge of collapse, and managed it to the point where today we are the envy of the G-7. When the Prime Minister saw that there was a situation of potential malfeasance, he addressed it directly. He called an inquiry. Notwithstanding the opposition's attacks, and initially there were attacks for having called for the inquiry and there were attacks on the cost of the inquiry, the Prime Minister stood firm because he felt it important that we get to the bottom of the issue. That is what has happened today.

I am proud as a new member to be part of a government that has done the right thing and to support a Prime Minister who did the right thing by calling the inquiry.

• (1320)

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, permit me to doubt the fact that this government is really doing the right thing. While the rich oil companies are lining their pockets, the population is getting poorer.

They are trying to set up a program to help the disadvantaged of our society, but they forget the farmers, the students, and other single persons even more disadvantaged.

Meanwhile, the oil companies have increased their profits 157% over the last five years. That is the finding of a study done by the research chair of the Université du Québec à Montréal. We are talking here about Imperial Esso, Shell Canada and Petro-Canada. The study shows that Imperial, for example, has made \$12.1 billion in profit and issued \$12.5 billion to its shareholders. The intention of these oil companies is therefore to return as much money as possible to the shareholders and not to develop new refineries or take other measures to play a "more social" role in our society.

I would like to hear the hon. member on this subject: once again, it is the people, through their taxes, who will pay for these measures being put forward, while the oil companies, who are making all these profits, will be contributing very little to this bill.

[*English*]

**Mr. Borys Wrzesnewskyj:** Mr. Speaker, I thank the member opposite for saying that Bill C-66, in his words, is doing the right thing. We look forward to the Bloc doing the right thing and supporting us on this bill.

I would like to differ a little with the member opposite when he spoke of profits. Sometimes there is the connotation that there is something wrong with profits. We want a healthy economy where companies make profits. We want a fiscal environment where companies can make profits because then they pay taxes and they hire more employees and we are able to provide for the very social programs that the member mentioned.

Once again, I would refer to our fiscal record, a record of growth, job creation, debt repayment and lower taxes. There is a real issue when it comes to the refiners and gas station chains. The last thing Canadians want is to be taken advantage of when an unforeseen set of circumstances arise and there is a potential for price gouging and excessive profits.

We understand that and we are addressing it. There are a number of initiatives that we have taken. There is a new \$15 million office of energy price information to keep close tabs on what the refiners and gas station chains are doing and how they are reacting. There is also \$13 million earmarked for the Department of Industry to take a number of steps to deter anti-competitive practices, including giving Canada's Competition Bureau more powers and strengthening the Competition Act.

• (1325)

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Mr. Speaker, I am indeed honoured to have this opportunity to say a few words on this important piece of public business. It certainly is something that is on the minds of a lot of Canadians across the country, no less than some of the folks in my own riding of Sault Ste. Marie where I had a town hall meeting two weeks ago. The leader of our party was there. They wanted him to be there because they know that Jack Layton and the 18 New Democrats—

**The Acting Speaker (Mr. Marcel Proulx):** May I remind the hon. member that he is not to use the names of members, but rather their titles, please.

**Mr. Tony Martin:** Mr. Speaker, the correction is accepted.

The leader of our party, the member for Toronto—Danforth, came to Sault Ste. Marie. The people of Sault Ste. Marie know that if they want something done in this place, they talk to the leader of the NDP, the member for Toronto—Danforth and his 18 colleagues in this place because they know that we will get something done.

*Government Orders*

We were the only party whose members had their noses to the grindstone. We came here day after day in the spring of this year. When everything was falling down around us and other parties were looking to their own benefit, we came here to actually get something done, to pass a budget with \$4.6 billion for spending on programs for people and communities across this country, some of which we now see showing up in Bill C-66.

Our caucus will support sending the bill to committee where we will have a chance to make some amendments and work with all of the parties to see if we can make the bill better. There are some things in the bill that will help a few people. It will not help the large majority of people who will need relief this winter from the cost of fuel for heating their homes, for driving their trucks and operating their machinery, to do their business, to participate in industry and to drive their vehicles to school or to pick up groceries. In particular in northern and rural Canada, people need fuel to live, to do the things they do on a daily basis.

There is some money for a very important group in our society, those at the very low end of the spectrum. Seniors who collect the GIS and poor families with children who collect the child tax benefit supplement will get money out of this. However, there are a whole host of others, low income, middle class, lower middle class, hard-working men and women who will not benefit one little bit from the bill. That is tragic.

The folks who came to our town hall meeting the other night in Sault Ste. Marie were the truckers, the farmers, the seniors, the small business people represented by the Chamber of Commerce, and the low income people in my riding. The union hall in Sault Ste. Marie was full.

The leader of our party and I listened to people as they told us of the impact of the horrendously high rise in the cost of fuel, particularly over the Labour Day weekend and what that did to their ability to make ends meet, their ability to participate in the economy, in the industry that we all know we need to be supporting if we are to have a good economy, jobs and a future in northern and rural Canada.

That night they said that government has to get tough with the industry. That is not what the bill is about. Yet again, the taxpayers, the men and women across this country, are subsidizing an industry that is actually doing quite well, thanks very much. It is making record profits these days as the price of fuel goes up. While people are hurting, it is taking advantage of natural disasters to pad its own bottom line, to pad its own profit margin and to do better than it has ever done before.

The oil industry knows about this contribution that will be made to some people. Money will be spent on retrofitting homes and buildings across the country. Money will be spent in other ways to help in this very difficult time when it comes to the cost of fuel. That money will come from general revenues in Ottawa, the tax base, to yet again subsidize an industry that really does not need to be subsidized. That industry needs to be challenged.

• (1330)

It needs to be met strength to strength, face to face, at a table where the government has the power to actually do something. The

government must have the power to challenge it and make it do something, to at the very least have it justify the cost of fuel, the price that it is putting on fuel, or to do at the very least what the Canadian Centre for Policy Alternatives did very quickly. It was not rocket science. It did not take forever and it did not cost a fortune.

The centre did a quick and dirty study to indicate, for example, that while the price of crude oil has gone up and the centre's calculations find a 7% to 9% per litre increase, which would have matched the crude oil price increase, the 15¢ increase that the industry put on the cost of fuel for us is profiteering, as far as the centre is concerned. The 40% increase that we were all paying over the Labour Day weekend was just plain gouging, according to the centre.

If an organization like the Canadian Centre for Policy Alternatives can very quickly do that analysis, do the math and present the reality to us in that fashion, why can the government not do that? Why can it not challenge this industry and let it know that it is not acceptable to profiteer or to gouge in the market that we all support in this country today?

According to Hugh Mackenzie, who did this report, a reasonable price for gas in Ontario would be around 95¢ per litre. A 10¢ per litre difference may not sound like much, but every penny per litre generates an additional \$2.5 million for the industry every day.

**An hon. member:** It is 84¢. He is saying 95¢.

**Mr. Tony Martin:** Pardon me?

**The Acting Speaker (Mr. Marcel Proulx):** Order, please.

**Mr. Tony Martin:** Mr. Speaker, I am just trying to get a handle on what the Conservatives think is an appropriate price for fuel out there. What is it that many of the folks in the fuel industry, with whom they wine and dine almost every weekend, would see as acceptable?

Would you be able to take a message to them—

**The Acting Speaker (Mr. Marcel Proulx):** Order, please. Let me remind the hon. member that he is to address his comments through the Chair.

As far as exchanges between the hon. member and other members of the House are concerned, there will be a 10 minute question and comment period at the end of his 20 minutes.

**Mr. Tony Martin:** Mr. Speaker, I am certainly very interested in those questions. Certainly the Conservatives find themselves sitting across the table from some of these folks in the fuel industry more often than those of us in this caucus do. It would be interesting to know what level they would find acceptable for the price of fuel or oil in the world we live in today.

In fact, would the Conservatives be willing, as I am asking the government to do, to put it to these business folks in the fuel industry that what happened over the Labour Day weekend and has happened since then is profiteering and gouging of the most obvious sort? That is what we want to know.

*Government Orders*

As I was saying, a 10¢ per litre difference may not sound like much, but every penny per litre generates an additional \$2.5 million in profit for the industry every day. For the period around Labour Day, when the difference between the price and what would have been justified by crude oil prices was much greater, at as much as 45¢ per litre at the peak, the industry was bringing in \$112.5 million per day in excess profits.

This is what was going on while the men and women in my riding, truckers, farmers, small business people, seniors on fixed incomes, low income people and people working at minimum wage, were having to pay these exorbitantly high prices. There was nobody out there to champion their cause. There was nobody out there except for the New Democrats and except for me in Sault Ste. Marie to stand shoulder to shoulder with them. I spent a morning on a road in Sault Ste. Marie with the truckers as we slowed down traffic to send a message to the industry and to government that something needed to be done immediately or the truckers who were standing with me that morning were going to be out of business.

These truckers were not willing to, nor should they have to, subsidize industry in northern Ontario or in consequence subsidize the fuel industry across this country and around the world. Out on that road, as we stopped traffic and handed out leaflets to people through their vehicle windows, the truckers were asking people to contact the government and let it know that it needs to get tough with the industry.

As we stopped traffic and handed out leaflets to people, the truckers were saying to me that perhaps the government needs to put in place something like the Ontario Energy Board. Then, if the industry wants to increase the cost of fuel, it would have to go before the board and justify that increase, because we all need energy and fuel. We cannot live without it. It is part of the infrastructure of any economy that we are going to have in this country, particularly in the northern and rural parts of Canada.

My constituents were asking for this government to do as I and my colleagues in the NDP caucus have done, to stand shoulder to shoulder with them, in consultation, from a position of strength, face to face with the industry people to ask them to justify any increase in the cost of fuel. If that increase can be justified in a fair market scenario, in a fair marketplace, then okay, God bless them. We are okay with that. We are not against a free market. We are not against people making a bit of profit on the services and products they deliver, but profiteering and gouging should not be part of that marketplace. They should not be part of what we are doing.

We ask the members of the government to work with their leadership to put together a real vehicle, not what is in Bill C-66, as our critic from Windsor West says. What the government has put in place to have people call and let the government know when prices have gone up too much or there is gouging is nothing more than a website, with no ability, no resources and no facility to actually use that information to challenge the industry. It is an exercise in smoke and mirrors.

That is the first thing I want to say this morning. The government has to get serious. The government cannot use tax dollars to subsidize the fuel industry. The government should not be doing this,

because the fuel industry is doing very well, thank you very much, and does not need to be subsidized.

● (1335)

The industry has already benefited over the last 10 to 15 years from the corporate tax cuts that the government has given to it. The government does not need to give the industry more now by spending hard-earned tax dollars to subsidize it even further.

However, as I said, because the government is not going to do anything further on this and is not going to get tough with the industry, the little bit of money the government is going to give out is welcome, and some of it is being given because we forced the government to put it into the budget last spring.

Because of that, we will probably support this bill on principle as it goes through for second reading. Then we can sit down at committee and bring amendments forward to improve this bill and actually make it work in the way everyone wants it to work.

I want to comment on a couple of the other pieces of this bill that are problematic. One is the flow of money for low income people who deserve it, need it and want it, and who actually needed it yesterday. We are concerned that the money is not going to get out the door fast enough.

I am told that if we pass the bill, the money will move quickly, but this is a five year program so we are afraid it will be piled up at the end of the five years whereas people need it most right now. We are afraid they might not get it, particularly if we go into an election in the next week or two. Who knows? That money will be left hanging and the folks who need it will be left hanging.

These people are facing the spectre of provincial governments clawing back this money. Because the government has not done anything in this bill about that, we will be making amendments when it goes to committee to stop the provinces from clawing the money back.

In fact, the provinces claw everything back from our most at risk and marginalized citizens. In regard to money that flows from the federal government for the poorest of our citizens across the country, with a wink-wink, nudge-nudge to the provinces the federal government tells them that it is alright, these are the rules and they can claw it back and then use it for whatever they want as it does not necessarily have to go into supports and programs for the poor and those at risk.

We have seen this happen in many programs, particularly with the child tax benefit supplement that flows to those most at risk and marginalized in our communities. We are afraid that in some jurisdictions the fuel tax rebate will be clawed back by the provinces.

For example, we know, because we have been in contact with the people and have read some of the media stories, that the Northwest Territories plans to do exactly that. There is not a whole lot of money up there either and they are looking for ways to get dollars. If this is the only way the Northwest Territories can get money out of the federal government to help it with some of its financial challenges, it is going to do it.

*Government Orders*

As its representatives told us when we called them, those are the rules imposed by the federal government. That is the template the federal government has out there right now for any money that flows to individuals in different jurisdictions. If provincial or territorial governments decide to claw this money back, they can and in fact are encouraged to do so. The Northwest Territories is going to do just that. What I want to know is what other provinces will follow suit.

We had an example of this with Mike Harris in Ontario from 1995 to 2003. My God, there was nothing that he did not take away from the poor of that province. Few can forget the money he took away from pregnant mothers, the money for milk that he said was beer money.

**An hon. member:** And he left a \$5 billion deficit.

**Mr. Tony Martin:** Yes, he left a \$5 billion deficit.

There are governments and premiers acting in official capacities who will in fact do that, so we are asking the government to put some mechanism in place to stop that from happening. We are asking the government to put some regulation in place which will guarantee that the provinces cannot do this. We are afraid that otherwise those who need it most, those who are most at risk, those who are most marginalized in our communities, will not get it, particularly this winter.

The other piece of this legislation that is troubling is the fact it is targeted so narrowly to those who collect GIS and those who collect the child tax benefit supplement. There are literally millions of others who are low income working people, some without children, who will go cold this winter because they will not get any of this money. There are people across this province, low income themselves, some of them in small businesses, like farmers and truckers, who also will not benefit from this.

● (1340)

There is no money in the bill to compensate people in industry, particularly in northern and rural Canada where resources are limited to begin with. There is nothing in the bill to respond to their needs.

I launched a petition and campaigned with the truckers over the labour day weekend, the same truckers who I stood with on the highway in Sault Ste. Marie, slowing down traffic to send a message to the government to get tough with the industry.

I have spoken to farmers who are worried. They already have been hammered by the BSE crisis. Three or four generations of equity have been eaten up. Now they will have to come up with more money to put a crop in the field next spring. They are not sure where they will get that money because of fuel and seed prices. Also, fertilizer has oil components in it. It is problematic and troubling.

That is why those truckers and farmers came to the town hall meeting I held. They wanted to give me and the leader of our party, the member for Toronto—Danforth, a message to bring back to the House of Commons. They wanted us to speak confidently and forcefully on their behalf to get the government to do something.

There is nothing in the bill for them. There is nothing in the bill for the hard-working men, women and families across the country

who do not now qualify for either the child tax benefit supplement or the GIS. The National Anti-Poverty Organization met with me a couple of weeks ago, before the bill was introduced. It said that if the government flowed the money through the GST rebate, it would help more people. I know the government will say that the last time it did that, people who did not qualify for it, such as students or those who had died, received it. Then it should fix that. Do not throw out the baby with the bathwater. If there is a problem with a vehicle, fix it.

Let us get tough with the industry. If we are going to put something in place, make sure it meets the needs of the most people possible.

● (1345)

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, there are days when we wonder about NDP members. It is built into their DNA to hate taxpayers. They hate taxpayers even more if they pay more taxes. If the taxpayers pay a lot of taxes, they really hate them, to the point where I think they need anger management. It strikes me as strange that the people who pay the most taxes in our country are the ones they hate the most. I do not quite understand the logic of that.

The complaint is that the oil companies are gouging profits, et cetera. Let me go through with the hon. member from the NDP and all House members where the tax points are, and the point at which taxation occurs. We tax the royalties when the oil come out of the ground. We have corporate tax rates which many argue are way too high. Canadians, ordinary and otherwise, get dividends which fund their retirement and other needs. We also have a surtax. If we listen to people on productivity, they say that is about as good a way to kill jobs as any. That is the federal taxation points.

Then we have provincial tax points which are at the royalty level. There also is a corporate tax rate that provinces apply. They also have surtaxes that they apply. Municipal governments apply taxes at property levels.

Therefore, there are a huge number of points at which all these companies are taxed.

What is the hon. member thinking? Does he not realize that if a company makes profits, it will be taxed? There are arguments to be put that it is overtaxed, that in some respects Canada's taxation regime is a disincentive to investment job creation, et cetera. I do not buy those arguments. Nevertheless there are those who make those arguments. Why do NDP members hate taxpayers?

**Mr. Tony Martin:** Mr. Speaker, I do not know to what speech the member was listening. I did not mention taxes at all, except to say that the government is again going to subsidize the fuel industry. The parliamentary secretary's colleague, Mr. McTeague, said that a category five hurricane in the U.S.—

**The Acting Speaker (Mr. Marcel Proulx):** Order, please. May I remind the hon. member again that we are not to use the names, but rather the titles or the riding names.

*Government Orders*

**Mr. Tony Martin:** Mr. Speaker, one of his colleagues said that a category five hurricane in the U.S. had given rise to a category five fleecing of the consumer at the pump. We are not talking about taxes. We are talking about the government getting tough with the industry, and the member is afraid of that.

[Translation]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, first of all, I would like to say that I agree with my colleague from the NDP that there are certain measures missing from this bill. I have a question for him.

What does he think of the response from another hon. member, to whom I put a question earlier, who insinuated that the astronomical profits of the oil companies were justified because they helped create jobs? According to a study by the research chair of the Université du Québec à Montréal, the profits of the oil companies have risen 585% over the last 15 years.

In my opinion, this increase in profits is not proportional to job creation. In fact, profits have risen 585% in the last 15 years, and according to the same study, over those 15 years there has been a 54% reduction in employment. Therefore it is not true that the increase in the profits of the oil companies is creating jobs.

I would like to hear the hon. member on this subject. Keep in mind that we are in favour of this bill. But we believe that other measures could be taken to encourage a greater contribution by the oil companies to these social measures, and of course to ensure that this bill can reach other clienteles who have need of it.

• (1350)

[English]

**Mr. Tony Martin:** Mr. Speaker, I agree with the member. The math needs to be done on the jobs created by the oil industry, although they are less than a few years ago, and the jobs that will be killed by the increase in fuel costs.

In my area truckers and farmers are saying that if the price of fuel stays where it is or goes any higher, they are out of business. Those are people who will not have jobs.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, my biggest problem is with the oil companies. In Halifax oil tankers come in once every three months. In April the tankers came in and when the hurricane hit about six weeks later, the new price on the old stock kicked in, anywhere from 10¢ to 15¢ to 20¢ higher. If that is not price gouging, I do not know what is.

Representatives of the industry should be made to appear before a federal committee to justify any increases to their cost. That would be transparent. We do that with the provincial regulations in Nova Scotia. Prior to any increase to fuels, companies have to appear before a board to justify them.

If the government or anybody else truly wants to give an energy rebate to consumers to offset the high cost of energy, the simplest way to do that is to remove the GST or in Atlantic Canada the HST. If those taxes were removed from fuels and home heating energy, that would give an immediate dividend to all people who use fuel.

Would my colleague agree with that? Any other system will leave out a large amount of people. If this is truly an energy rebate, then we should do it for energy itself.

**Mr. Tony Martin:** Mr. Speaker, I agree with the member. We have to find more creative ways or, in fact, any way, such as convincing the government to get tough with the industry by creating a vehicle where the industry has to come forward and justify its prices.

We have no problem with making a profit or with the market dictating prices, as long as it works and is not profiteering and gouging ad nauseam, which is what we are seeing. We do not want the government to have to continue to on one hand give corporate tax breaks and on the other hand allow free rein with the cost of fuel then subsidize the industry by helping people pay for their fuel. Where does this end?

A member earlier talked about the NDP having some problem with taxes. It has no problem with taxes as long as they are used effectively and properly on behalf of those who need it the most.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I want to make a point and get the member's comment on it. The commodity we are talking about is energy. It is not about gas, or natural gas, or oil or hydro.

As an example of what we will be facing, on July 1 the Ontario Energy Board approved an increase in natural gas per cubic metre from 27¢ to 31¢, about a 15% increase. At the same time, the independent gas marketers were selling three-year contracts ranging from 40¢ to 42¢ compared to 31¢, the currently approved rate. The independent gas marketers purchase these gas reserves under long term contracts. That is the reality. According to these contracts, it is probably a one-third increase in the cost of natural gas by the end of three years.

There is no question that Canadians will be faced with higher energy prices over the next three to five years. We need a strategy to deal with it. However, there comes a point at which time we cannot cut taxes or the GST. It is \$400 million per 1¢ of tax which means that 5¢ would be \$2 billion. It will not be enough to deal with the massive increase. We need a strategy to deal with energy consumption, particularly with regard to some of the elements of Bill C-66, like the retrofits and the energy upgrades. We need to be smarter with our energy. We just cannot buy our way out of this one.

Could the member comment on this?

• (1355)

**Mr. Tony Martin:** Mr. Speaker, I agree. That is why we support pieces of the bill on retrofitting and working with low income affordable housing units and low income citizens to help them replace windows and doors, which would reduce energy.

*S. O. 31*

We agree that cutting taxes is not the answer. The CCPA said that if we look at what is behind the current high gas prices, we would find that taxes have virtually nothing to do with the increase price in gas. With the exception of the GST, all provincial and federal gasoline taxes are flat amounts per litre and do not go up when prices go up.

The Canadian Centre for Policy Alternatives also goes on to say that the cost of energy coming out of the plants that process it has not changed significantly over the last 10 years. It says that what we have is profiteering and gouging. I am asking the government to get tough with the industry, to go head to head with it and tell it that it cannot continue to raise prices in the way it has.

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, I am pleased to have the opportunity to address the bill and the measures the government is taking to assist families with the cost of fuel and particularly with the cost of heating.

I am especially pleased that we have a bill in front of us that essentially has three prongs to it. The first one, which is important, is the direct financial assistance to low income seniors or households with children who will be facing increased heating costs this winter.

However we are also using this opportunity to inject extra resources into ensuring Canadians are less dependent on fossil fuels. This would have a benefit in long term savings for families who qualify for these incentives to make home improvements, but it would also have a hugely important environmental benefit, in that as we reduce our consumption of fossil fuels we also would be reducing our impact on the atmosphere and our contribution to the greenhouse effect and to global climate change.

Therefore, not only are we addressing the immediate issue of the cost of fuel, but we are also addressing the long term issue of how we reduce the consumption of fossil fuels.

We also are addressing issues around market transparency. How can Canadians know better about how the price of fuel is determined and where perhaps there are questionable practices in the cost charged for fuel, whether it is gas at the pump or heating fuel going into our homes in the winter?

There have been persistent concerns about competitiveness in the oil industry. Measures are in this bill, as well, to strengthen the oversight of the Competition Bureau and its ability to take action.

I will speak more about this after question period but I hope the bill and the measures the government has announced will be an incentive for the provinces to look at how they can contribute.

We are clearly at a point now where gas prices have returned to, and I think perhaps a bit below, where they were prior to the Katrina storm that impelled a 25% increase in the cost of gasoline at the pumps, but it does not take away from or minimize the importance of these measures in the bill.

**STATEMENTS BY MEMBERS**

● (1400)  
[English]

**KIYOSHI THOMAS TSUBOUCHI**

**Mr. Alan Tonks (York South—Weston, Lib.):** Mr. Speaker, I rise today to express condolences on behalf of all members of the House to the family of Mr. Kiyoshi Thomas Tsubouchi whose life was most tragically taken away at the age of 83.

Mr. Tsubouchi was born in Vancouver, raised in Duncan and at an early age left school to help support his family. At the outbreak of World War II, he was sent to an internment camp in northern Ontario where, despite the difficult conditions, he received his high school diploma by correspondence.

After the war, he and his family moved to Thunder Bay where he worked for a logging company, again to help provide for his family. After his marriage to Fumiko in 1951, he moved to Agincourt from downtown Toronto where for 20 years he successfully owned and operated Apex Dry Cleaners.

Kiyoshi was a man of great determination who, along with his wife, sacrificed all for his family. Kiyoshi also loved sports, especially his beloved Maple Leafs, the New York Yankees and, of course, Tiger Woods.

He will be deeply missed by his children, David, Dan and Lynn, his grandchildren and relatives, and remembered as a wonderful father, friend and great Canadian.

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**SPONSORSHIP PROGRAM**

**Mr. John Williams (Edmonton—St. Albert, CPC):** Mr. Speaker, earlier today, Mr. Justice Gomery confirmed what members of the Conservative Party have been saying for years. The sponsorship program was a money laundering scheme by the Liberal Party that is the most shameful scandal in our history.

What is very clear from Justice Gomery's report is that the Liberal Party of Canada is a corrupt organization, plain and simple, and that the culture of entitlement runs rampant in the Liberal Party.

The sponsorship program was directed at the highest levels by Liberal appointees of the government. It was designed not to save the country but to enrich friends of the Liberal Party and to pay the Liberal Party's election expenses courtesy of the Canadian taxpayer. Every law and every rule in the book were completely trashed by Liberal ministers and Liberal lobbyists.

Mr. Justice Gomery has indeed confirmed that the Liberal ethical deficit is like a bottomless pit. It is time to throw the bums out at the next election.

\* \* \*

**CHIEF OF POLICE FOR PEEL REGION**

**Hon. Navdeep Bains (Mississauga—Brampton South, Lib.):** Mr. Speaker, I am honoured to acknowledge the contributions of Noel Catney, the chief of police for Peel region, who is retiring on December 31 after 35 years of community service.

He has served the community in many capacities, from investigator to officer in charge to deputy chief of police. He is also a recipient of numerous awards, including the Ontario Medal of Bravery and the Queen's Golden Jubilee. He was also among the first to be awarded the Governor General's Order of Merit.

I personally know Chief Catney through his tireless efforts in helping raise awareness and funding for the JDRCF, the Juvenile Diabetes Research Foundation.

On behalf of the residents of Mississauga—Brampton South, I would like to thank Chief Catney for his remarkable community service and wish him well in his future endeavours.

\* \* \*

[Translation]

#### SPONSORSHIP PROGRAM

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, the first question raised in this House on the suspicions of a scandal involving the program called "sponsorship initiatives" was raised by the Bloc Québécois.

On June 6, 2000, the leader of the Bloc Québécois and hon. member for Roberval asked the first of over 440 questions that would lead to the inquiry by Justice John Gomery.

Since then we have learned that Groupe Everest, Lafleur Communications and many others received contracts for several million dollars from Communication Canada or Public Works and Government Services Canada. These firms contributed to the electoral fund of the Liberal Party of Canada to the tune of hundreds of millions of dollars—dirty money, as the government's political lieutenant for Quebec called it.

By following the dirty money trail, the Bloc Québécois denounced and uncovered the worst political scandal in Canadian history, a Liberal scandal.

Justice Gomery might not be able to punish anyone, but the public can. Inspired by Quebec's slogan, *Je me souviens*, Quebecers—

**The Speaker:** The hon. member for Ottawa—Orléans.

\* \* \*

[English]

#### PEOPLE'S CHOICE BUSINESS AWARDS

**Mr. Marc Godbout (Ottawa—Orléans, Lib.):** Mr. Speaker, last Wednesday, the Orléans Chamber of Commerce hosted the fourth edition of the People's Choice Business Awards.

This event is a means to thank the business community and welcome the input from the community at large. It also represents a mechanism for the collectivity and the businesses to work together for the betterment of the Orléans community.

[Translation]

This year, more than 9,000 people took part in this event by voting on the Internet for their favourite local businesses. The 15 winners were chosen from a wide range of businesses and entrepreneurs who were celebrated at the gala event.

S. O. 31

I want to join the residents of Orléans in congratulating all the nominees and of course the winners. They are directly responsible for the economic development of Orléans and we are very grateful to them.

[English]

It is a job well done by the Orléans Chamber of Commerce.

\* \* \*

•(1405)

#### AGRICULTURE

**Mr. Ed Komarnicki (Souris—Moose Mountain, CPC):** Mr. Speaker, while the government spends and abuses taxpayer dollars into the millions, rural communities and farmers in my constituency are struggling under the weight of increasing operating costs with the rising cost of fuel and fertilizer at a time of record low commodity prices.

The finance minister and the Treasury Board minister responsible for the Canadian Wheat Board has been dithering, as usual, by failing to increase the initial price for Canadian Wheat Board grains. The net price for feed barley is at 18¢ a bushel. It costs more than that to deliver it. That is as ridiculous as it is shameful.

When will the government act to increase the initial price of grain? Farmers need the cashflow.

In the midst of this dark moment, I wish to pay tribute to the small rural community of Ogema, a bright light in my constituency that, despite the government's national embarrassment, has recently been awarded the Canada Lands Company Sustainable Development Award in the 2005 national edition of Communities in Bloom.

Ogema was recognized in the category of community development. To its credit, it has been able to create 90 jobs through a series of business developments in the community.

I take my hat off to Ogema and its citizens for their dedication and community pride. However I give thumbs down for the government's inaction during a national agricultural farm crisis throughout Saskatchewan.

\* \* \*

[Translation]

#### SUZIE BERNIER

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Mr. Speaker, I would like to draw to the hon. members' attention the recent passing of a great lady, a resident of my riding of Madawaska—Restigouche, Suzie Bernier of Connors.

Mrs. Bernier was always concerned for the well-being of others. She and her family were actively involved in, and committed to, the development of their community. A staunch defender of our heritage, she preserved numerous artifacts in her own home.

I invite hon. members to join with me and the people of Madawaska—Restigouche in expressing sincere condolences to the Bernier children, Armand, Lionel, John, Robert and Margot, and to all her other relatives and friends, in the loss of their loved one.

*S. O. 31*

#### SPONSORSHIP PROGRAM

**Ms. Monique Guay (Rivière-du-Nord, BQ):** Mr. Speaker, speaking of the sponsorship scandal on February 12, 2004, the current Prime Minister said, “There had to be political direction”.

Today the Gomery report confirms this comment. There was indeed political direction. Despite the fact that he was at the reins of the powerful Department of Finance, and vice-chair of the Treasury Board, the current Prime Minister claims he knew nothing.

Yet in his address to the nation on April 21, he said the following, “Knowing what I've learned this past year, I am sorry that we were not more vigilant—that I was not more vigilant.”

It is all very well to keep on saying he knew nothing, but the people of Quebec and of Canada are well aware he was an extremely active crew member of the Liberal ship of state during one of the biggest scandals in Canadian political history.

\* \* \*

[*English*]

#### BLACK CANADIAN STUDIES

**Hon. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, this past weekend I had the pleasure of attending a major three day national conference entitled, Multiple Lenses: Voices from the Diaspora located in Canada.

I was pleased to witness the engagement of eminent Black Canadians in the field of academia, business, film, law, politics, media, art, literature, education and spirituality. This conference was organized by the James Robinson Johnston Chair in Black Canadian Studies. The forum provided 400 participants with an opportunity to discuss and explore the complexities of being identified as Black and Canadian. Presentations will be collated in a book form.

I would like to congratulate Professor David Divine of the James Robinson Johnston Chair in Black Canadian Studies at Dalhousie University for his efforts in organizing and overseeing such a successful conference. Kudos to all involved.

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#### SPONSORSHIP PROGRAM

**Mr. Peter Van Loan (York—Simcoe, CPC):** Mr. Speaker, under the Liberal Party in government, Canada has experienced a dramatic decline in reputation.

Since 1995, Canada fell in the Transparency International clean government rankings from fifth place to fourteenth place today. That reputation has been justly earned by a Liberal Party in government that is corrupt in the worst way possible.

Justice Gomery has today confirmed that the Liberal Party ran an orchestrated scheme of contract kickbacks and illegal cash transfers designed to divert taxpayers dollars into Liberal Party coffers.

Having run millions of dollars into debt, and unable to raise money from a skeptical Canadian public, the Liberal Party simply helped itself to public funds and paid party organizers with taxpayer dollars. That money not only was the critical factor in winning elections, the Liberal Party actually applied for and received matching federal rebates for the money looted from the public

treasury to run its campaigns, using that money for subsequent campaigns.

Every Liberal MP in this House has been elected using the benefits of that tainted, illegal funding, and all should hang their heads in shame.

\* \* \*

● (1410)

#### PARLIAMENT

**Hon. Jim Karygiannis (Scarborough—Agincourt, Lib.):** Mr. Speaker, I rise to salute young Canadians. As I have over the years, I had the recent pleasure of visiting elementary schools in my riding.

During these visits I discuss the workings of Parliament, the democratic process and the responsibilities of a member of Parliament. Making our parliamentary system come alive is an integral part of these visits.

Following parliamentary procedure, students engage in a mock question period, take on the role of parliamentarians, and ask and respond to questions on issues that matter to them.

As I watch these young Canadians learn about how their country is governed, I know that when it is time for them to become leaders of this country, indeed we will be in good hands.

\* \* \*

#### CARMEN PROVENZANO

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Mr. Speaker, in July, Sault Ste. Marie and Canada lost one of its most distinguished citizens. Carmen Provenzano served with distinction from 1997 to 2004 as a member of Parliament. In the House he gave leadership as both chair and vice-chair of many important committees. He was Parliamentary Secretary to the Minister of Veterans Affairs.

Our community was saddened by Carmen's passing. He loved Sault Ste. Marie and contributed to its well-being in many ways over a long period of time, including as federal MP. He enjoyed Ottawa and shared with me how happy he was to represent the people of Sault Ste. Marie.

Carmen loved and was very proud of his family, as they were of him. That was obvious at his funeral, attended by a large number of his friends and citizens, including the Prime Minister. His son, Frank, gave a very touching eulogy. Many people here expressed their surprise and sadness at his passing, telling me how much they appreciated him as a colleague.

On their behalf, for myself and all of us—

**The Speaker:** The hon. member for Port Moody—Westwood—Port Coquitlam.

\* \* \*

#### JUSTICE

**Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC):** Mr. Speaker, the first responsibility of the state, above all else, is to protect law abiding citizens from those who would do them harm.

Lauri Tinga, a constituent of mine, is in critical condition at this hour in hospital after being shot in the head by a stray bullet while she was sitting in her living room in Port Moody. Port Moody police believe the shooting to be gang related and that Linda was caught in the cross fire.

Our gun laws do not work. They are not protecting Canadians and they need reform. While the Liberals have wasted billions registering firearms with no impact on reducing gun crime, Canadians believe in taking action and so do Conservatives. We believe in mandatory minimum sentences for gun crimes and consecutive not concurrent sentencing for violent crimes.

My private member's bill, Bill C-289, would impose a lifetime ban on gun ownership for anyone convicted of a violent crime. Bill C-291 would impose tough new penalties for people convicted of illegally trafficking firearms.

On behalf of all members of the House, I wish Lauri a speedy and full recovery. On behalf of all victims of gun crime, I call on the government to wake up, change our laws and start protecting Canadians.

\* \* \*

[Translation]

#### RENÉ LÉVESQUE

**Mr. Maka Kotto (Saint-Lambert, BQ):** Mr. Speaker, I rise today in the House to pay tribute to the memory of a remarkable sovereignist leader and one of the most prestigious builders of modern Quebec—a man who hungered and thirsted after freedom.

I refer to the man who reinvented the meaning of the word “pride” in linking it with the word “Quebec” and giving new resonance to the word “Québécois”. I refer to the man described by Félix Leclerc as being on the short list of liberators of peoples. I refer to the war correspondent, that rare being, the visionary politician, the charismatic leader and exemplary democrat who left us on November 1, 1987. I refer to René Lévesque.

The Bloc Québécois respectfully salutes his memory.

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[English]

#### SPONSORSHIP PROGRAM

**Mr. Jay Hill (Prince George—Peace River, CPC):** Mr. Speaker, today, as this country pours over the details of Justice Gomery's interim report on the sponsorship program, I would like to remind the House of those individual Canadians who are truly affected by this scandal.

We should think of whom that \$250 million, when combined with the money blown on all the other scandalous and wasteful Liberal programs, could have helped.

We should think of seniors on fixed incomes this winter who face the choice of heating their homes or putting food on their tables.

We should think of students who face a bleak future burdened by the threat of bankruptcy due to exorbitant tuition and student loans.

#### Oral Questions

We should think of our nation's farmers who face the very real prospect of losing their family farms because they cannot survive one crisis after another.

We should think of the thousands of sick and dying patients who face a wait for desperately needed medical treatment that will not come in time.

We should think of the millions of low and middle income overtaxed parents who face an uphill struggle to provide their young children with a secure and hopeful future.

These are the people the federal Liberal government could have helped but did not because it was more preoccupied with serving its own self-interest.

\* \* \*

• (1415)

#### IRAN

**Hon. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, further to the resolution passed unanimously yesterday in the House, I rise today to condemn the bigot remarks of the Iranian president calling for the annihilation of Israel, the destruction of the United States, and for a global war against the western world by the Muslim world.

Iran is a dangerous pariah state. It systematically violates the human rights of its people and supports terrorist groups internationally.

Furthermore, Tehran's nuclear ambitions are a threat to international peace and security that merit international action. A nuclear Iran, driven by zealous policies of holy war against non-Muslims, represents an existential threat to Israel and to the whole western world.

I applaud the Canadian condemnation of these unacceptable comments and urge the government to add action to our strong rhetoric.

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## ORAL QUESTIONS

[Translation]

#### SPONSORSHIP PROGRAM

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, today Justice Gomery confirmed that the Liberal Party of Canada master-minded the worst scandal in this country's history for its own benefit. It was not so long ago that the Prime Minister said here, and I quote, “I am very proud of what the last government did and I am very proud that I was part of it”.

In light of the findings of the Gomery inquiry, is the Prime Minister still just as proud?

*Oral Questions*

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, what Justice Gomery is saying is that certainly, with respect to sponsorships, there was a group of individuals who did completely inappropriate things. As soon as the Liberal Party became aware of this, we alerted the RCMP and set up the Gomery inquiry. I must say that I am very proud of the Gomery report because now, for the first time, we have all the facts. Yes, I am very proud to be a Liberal.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, I expected some expression of shame, but the Liberal Party knows no shame.

[English]

Justice Gomery clearly lays the blame at the feet of the entire cabinet for the creation of the sponsorship program. He said a decision in principle reached at the February 1996 cabinet retreat was to pursue an improper partisan strategy that was inconsistent with democratic values.

In light of this conclusion, does the Prime Minister accept his part of the blame for the creation of the sponsorship program?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, if the hon. member is asking whether cabinet has a collective responsibility, obviously it does. However, the fact is that the opposition has a responsibility, when it stands up, to accurately quote what Mr. Justice Gomery said.

Now that Mr. Justice Gomery has established the facts, the Leader of the Opposition refuses to accept what Mr. Justice Gomery said. The fact is that we accept it, he knows what happened, and we accept his conclusions.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, let me zero in again on what Justice Gomery said. He said the program was dirty from the outset. Its sole objectives were to be partisan. This was illegitimate and inconsistent with democratic values. The Prime Minister was part of the cabinet that made that decision.

Does the Prime Minister accept the blame for that decision, here, on the floor of the House of Commons?

• (1420)

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, as to what Mr. Justice Gomery said, I would ask the hon. member to read the preface. He talks about the strength of our democracy. He talks about the strength of accountability. He asked what other country would call a commission of this kind? What other country would be as open and transparent? What other government would call for otherwise confidential documents to be made public?

We asked that the facts be established in an open, transparent and public way. That is what has happened and I am very proud of that.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, one would think there would be some element of shame from the Liberal Party regarding today's report but there is none whatsoever.

I want to get past the bluster. The Prime Minister wants to take credit for the Gomery commission. Does he accept his part of the blame for the creation of the sponsorship program in the first place, yes or no?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, first of all, over a year ago, I apologized. Over a year ago, I said that I wished that I had been more vigilant. Last night I read Mr. Justice Gomery's report which clearly established the facts in this particular case. He said where in fact the responsibility lies.

He went on to say that measures had to be taken. We look forward to his second report, building on the reforms that we have brought in, the most extensive reforms possible in terms of running the government. Perhaps the Leader of the Opposition ought to begin to address those.

**Hon. Stephen Harper (Calgary Southwest, CPC):** Mr. Speaker, the truth is if this party were in office, we would not have to clean up the mess in the first place.

I am asking the Prime Minister a simple question. Justice Gomery has identified that the entire cabinet is responsible for the creation of this program. Will the Prime Minister simply stand and admit that is what Justice Gomery says and accept his share of the blame, yes or no?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I would like to draw the Leader of the Opposition's attention to page 77, the introduction to the report, where in fact it says that the Prime Minister as finance minister was exonerated from any blame by Justice Gomery.

The fact is this type of activity that Justice Gomery was investigating was inappropriate. It was totally wrong. This type of behaviour went on in Canada for far too long under successive governments. But it was this Prime Minister who said, "Enough is enough. We are going to clean it up and we are not going to let it happen again".

[Translation]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, Justice Gomery's findings are damning. There was a political direction in the sponsorship program and a kickback scheme was set up to illegally funnel public money to the Liberal Party.

In light of the extent of the scandal that discredits the entire Liberal machine, will the Prime Minister take the only decision he can in this situation and call an election immediately?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, that is not what Justice Gomery said. He certainly criticized some inappropriate actions. We accept that and we have already admitted that. Furthermore, we have already taken remedial action.

I must say that right at the beginning, the Quebec wing of the Liberal Party of Canada phoned the RCMP and asked it to investigate this matter. It was the Quebec wing of the Liberal Party of Canada that replaced the guilty directors and organizers and revoked certain party memberships. I could go on for some time.

• (1425)

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, I will continue: the Liberal Party was the one that created the sponsorship program, a system of kickbacks and a scandal. This is the Liberal Party.

*Oral Questions*

The Prime Minister was the second in command in that government. He turned a blind eye, he stuck his head in the sand, he did not want to see. He was vice-chair of Treasury Board, but he failed in his responsibility for oversight. This Prime Minister no longer has the moral authority to govern. Here is my challenge to him. Will he call an election? If he refuses, it is—

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

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, I understand clearly why the leader of the Bloc, the chief of staff, is so disappointed, now that the facts have been established. Now, the Bloc can no longer make false allegations or tell tales. Justice Gomery has established the chain of events and the facts. Now, we know exactly what happened.

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, I completely agree with the Prime Minister. What has been established is that all the answers given by the Liberal government in response to our 441 questions were wrong; all the explanations it gave us were wrong; all the statements that it had complied with the rules of Treasury Board and good management were wrong.

Does the Prime Minister realize that he no longer has the credibility to do the necessary clean up, and that he should let the public judge him?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, we understand the Bloc Québécois' dismay. However, I would remind him that, on page 430, Justice Gomery states, "Mr. Martin, whose role as Finance Minister did not involve him in the supervision of spending by the PMO or PWGSC, is entitled, like other Ministers in the Quebec caucus, to be exonerated from any blame for carelessness or misconduct".

That is Justice Gomery's answer, that is his conclusion. The Bloc members are rejecting it because it does not suit them.

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, I would encourage the Minister of Transport to not choose only that part of Judge Gomery's response that suits him. On page 47, Judge Gomery also wrote that Treasury Board had abdicated its responsibilities and had not done its job. And the Prime Minister was its vice-chair. This too is written in Judge Gomery's report.

My question is for the Prime Minister. The public has serious doubts about this matter of his involvement. If he thinks that Judge Gomery has absolved him of it, let him—

**The Speaker:** The hon. Minister of Transport.

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, if the member is after other quotes, here is one. Judge Gomery wrote at page 20 of the summary: "The Department of Finance and its Minister have no oversight role for other departments' expenditures other than setting the financial context via the fiscal framework".

This is the exact opposite of what the Bloc has been saying for months and months. I would ask the member and his leader to offer their apologies for the inaccurate remarks they have been making for months.

[*English*]

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, it is a sad and shameful day to watch the Liberal benches celebrate on a

day when they are being forced to give \$1 million of taxpayers' money back to the taxpayers. Is there no sense of shame?

[*Translation*]

Judge Gomery has shown today that there is a culture of "entitlement" in the Liberal Party.

Let us look at the Prime Minister's record: Mario Laguë, ambassador; Dennis Dawson, Francis Fox and Art Eggleton, senators; David Dingwall and Richard Mahoney, unregistered lobbyists.

What responsibility will he assume for the continuing culture—  
●(1430)

**The Speaker:** The Right Hon. Prime Minister.

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, I must remind the leader of the NDP that the Liberal Party created the Gomery commission. We did this because we wanted the facts. Now, we have them.

The leader of the NDP just said that \$1 million will be repaid. That decision belongs to the Liberal Party of Canada. As a matter of fact, we decided that we would put money in a trust account. Since the amount has now exceeded that figure, we have added to the fund.

We made this decision, because we believe that this is the way that politics should be conducted in Canada.

[*English*]

**Hon. Jack Layton (Toronto—Danforth, NDP):** I get it now, Mr. Speaker. We are supposed to be thankful that the Liberal Party is giving back \$1 million to Canadians. Give me a break. Seventy-eight per cent of the Liberals clapping were members of Jean Chrétien's caucus, including the Prime Minister. Who says he accepts Justice Gomery's findings?

If we look at what is going on in the Liberal Party today, we see the same practices: Mario Laguë, Dennis Dawson, Francis Fox, entitled; Art Eggleton, David Dingwall, entitled; Richard Mahoney, entitled. What about condemning the politics of cronyism to history? When is it going to happen?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, I would simply ask the hon. member to take a look at what the government has done in terms of the way that improvements were made, in terms of the whole question of audits—

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

**The Speaker:** Order, please. The Prime Minister was asked a question and he is giving his answer. Hon. members are going to want to hear the answer.

The right hon. Prime Minister has the floor.

**Right Hon. Paul Martin:** Mr. Speaker, there is no doubt that substantial improvements have to be brought to the way government operates. The fact is that is why, under the President of the Treasury Board and the Minister for Public Works and Government Services, those extensive changes have been brought in. It is also why it is so important that we await the second report of Mr. Justice Gomery. Building on our reforms, that is precisely what he hopes to do. I would hope that all hon. members are looking forward to that.

*Oral Questions*

**Mr. Peter MacKay (Central Nova, CPC):** Mr. Speaker, what is missing from Justice Gomery's report is true political accountability for the theft and corruption that was identified and verified.

The Prime Minister said he gave the broadest possible mandate to Justice Gomery. As usual, that is not true. Absent was an examination of chapter 5 of the Auditor General's report which dealt with polling contracts between his office and of course the Earncliffe firm. There was no accountability or no ability to look at civil or criminal liability. Yet David Dingwall may get severance. Francis Fox gets appointed. We know that Art Eggleton gets appointed.

How can Canadians trust the government to clean up its own mess in the Liberal Party when the Prime Minister continues the culture of corruption and entitlement every day?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again in the area that Justice Gomery was investigating troubles all of us. The types of activities were wrong and went on for far too long. But let us never forget that in fact it is this Prime Minister who is making the fundamental changes to the culture of government to prevent this from happening again. He appointed Justice Gomery. We have supported the work of Justice Gomery. He tackled the problem head on when other leaders would have ducked the problem.

We respect this Prime Minister who is doing the right job, getting the truth for Canadians and changing the culture of government for generations of Canadians.

**Mr. Peter MacKay (Central Nova, CPC):** Mr. Speaker, the abuses go on to this day. The difference is now they got caught.

At least \$5.4 million was stolen from Canadian taxpayers and made its way into Liberal Party coffers. That is reason to believe that the amount could be higher. The Liberal Party appears prepared to fork over a portion of that dirty money that it stole but Canadians will believe that when they see it.

Forensic auditors say that at least \$45 million is still unaccounted for. There must be a full judicial determination of the amount that was stolen from Canadian taxpayers.

I ask the Prime Minister, when will he direct his attorney general to commence a lawsuit against the Liberal Party and its riding associations to recover the full amount of money that was stolen from Canadian taxpayers?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again the Prime Minister has been clear and the party has been clear that if the Liberal Party received funds inappropriately, they will be reimbursed. In fact, earlier today the Liberal Party indicated and later will be making the formal announcement that it will be repaying to the Canadian taxpayer \$1.14 million.

It is interesting because the numbers that the hon. member was speaking about earlier bear no resemblance to what his leader was saying earlier today on national TV. His leader was saying that the figure is around \$550,000 or \$600,000. The Liberal Party is paying back \$1.14 million.

• (1435)

**Mr. Gary Lunn (Saanich—Gulf Islands, CPC):** Mr. Speaker, I think they had better add a zero to that number.

Justice Gomery has accepted the evidence that envelopes of cash were sprinkled throughout Liberal ridings in Quebec. He is unable to quantify that because it is cash. There is no paper trail.

The only people who know for sure how much money was stolen are within the Liberal Party itself. These numbers have been submitted conservatively at \$5.4 million.

I have to ask the government, is it prepared to instruct the Liberal Party to repay the \$5.4 million of dirty money that it ran two election campaigns on?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again, I knew there were some caucus disunity issues over there, but the hon. member should speak to his leader who earlier today on national TV said that the number that the party should pay to the Canadian taxpayer would be around \$679,000. That is what the leader of the Conservative Party said on national TV earlier today. Those members are bandying about figures that bear no resemblance to the facts.

The fact is that the Liberal Party will pay back any funds received inappropriately.

**Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC):** Mr. Speaker, ministers of the government are standing up in the House quoting from the report as though this is somehow good news for the government and for taxpayers.

It says that there is clear evidence of political involvement in the administration of the program, insufficient oversight at every level, a veil of secrecy surrounding the administration, gross overcharging by communications agencies, inflated commissions, use of the sponsorship program for other than national unity, deliberate actions to avoid compliance with federal legislation. This is a damning indictment of the government.

Taxpayers want to know, when are they going to get their money back?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the hon. member can quote from the Gomery report because this Prime Minister appointed Justice Gomery to get to the truth for Canadians.

The fact is Justice Gomery also said that under the former Progressive Conservative administration, advertising and communications agencies having Liberal Party sympathies or connections had little or no chance of getting government business.

This Prime Minister has done the right thing by getting to the bottom of the issue and cleaning up the types of practices that have existed for generations, getting the truth for Canadians and making the fundamental changes to respect the Canadian taxpayer.

*Oral Questions*

[*Translation*]

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, the Prime Minister has worked hard, right from the start, to make us believe that, if Justice Gomery has shed light on the sponsorship scandal, it is thanks to him, but if he had shown more courage, if he had spoken to Jean Chrétien, if he had been more vigilant, we would not be here and the Gomery commission would not have been necessary.

Does the Prime Minister realize that it is not thanks to him that the Gomery commission was created, but in large part because of him since he refused to do his job when he was vice-chair of Treasury Board?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, we certainly have nothing to learn about courage from this party. One thing needs to be said: what takes courage is for a prime minister to decide to abolish a sponsorship program and to charge Judge Gomery with getting to the bottom of things. The person with courage is the current Prime Minister.

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, on the contrary, what we have here is a Prime Minister who has abdicated his responsibility.

He accepted the basis of the sponsorship program at the February 1996 cabinet meeting. He spoke regularly with his buddy Alfonso Gagliano. As finance minister, he injected \$50 million into the national unity fund, and closed his eyes to this as vice-chair of the Treasury Board.

Will the Prime Minister admit that his behaviour looks very much like deliberately turning a blind eye?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, the members of the Bloc Québécois certainly have trouble accepting the truth. They have been spreading all sorts of lies across the province for months now. What is more, last weekend, they were working on a misleading advertising campaign that they will have to withdraw because of the Gomery findings.

• (1440)

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, according to Justice Gomery, former Prime Minister Chrétien has to shoulder part of the blame for the sponsorship scandal. The current Prime Minister has refused to answer questions from the media about whether he blames Jean Chrétien.

This is my question. Does the Prime Minister share Justice Gomery's conclusion that Jean Chrétien must take part of the blame for the sponsorship scandal? Yes or no?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, I invite the hon. member to read the report. She should know that everyone is responsible for his own actions, acts of omission or negligence. Justice Gomery is very clear as to how and to whom he assigns responsibility. All she needs to do is read the report and she will have the truth, the only truth, Justice Gomery's truth, and not one concocted by the Bloc Québécois' fertile imagination.

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, today the Gomery report clearly demonstrates that there was political direction from the head of the government down and an organized kick-back system to the advantage of the Liberal Party of Canada.

Will the Prime Minister admit that all Liberal Party of Canada candidates in the 1997 and 2000 elections benefited from sponsorship money?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, the report is very clear on this, and the Liberal Party authorities have just issued a cheque for \$1.14 million to cover all donations that appear to have been made to that party improperly. It has all been paid back, every cent of it.

[*English*]

**Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC):** Mr. Speaker, Mr. Justice Gomery has confirmed that millions were looted from the public treasury by Liberals. Sadly, such abuse of the public's money has spread throughout the operations of the government, like the out of line expenses claimed by ministers and Liberal patronage appointees, kickbacks to highly placed Liberals for lobbying activities and contracts awarded to break the rules, to name just a few.

How can Canadians trust their country to such a culture of corruption?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again I would draw the hon. member's attention to page 77 of the summary document which says that the Prime Minister, as finance minister, is exonerated from any blame.

Beyond that, the Prime Minister recognized that this kind of activity was inappropriate. It is just plain wrong. That is why he appointed Justice Gomery to get to the bottom of this issue for Canadians. He is making the fundamental changes to governance which will provide benefits to Canadians for generations. He has only started the job and Canadians need the Prime Minister to continue to do the job and to get the job done.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC):** Mr. Speaker, Justice Gomery found that Liberals in high office bypassed departmental procedures and controls. He found a deliberate lack of transparency, a veil of secrecy.

He noted clear evidence of political involvement, public servants cowed by fear of reprisal, deliberate actions to avoid compliance to the law, fighting elections with dirty money and a refusal to accept responsibility.

If he believes this was wrong, why did the Prime Minister stand up in the House today and say that he was proud to be a Liberal?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the Prime Minister leads a Liberal Party and a Liberal government that is implementing the kinds of reforms that will prevent this sort of thing, the types of activities that have gone on for generations, from happening ever again.

Beyond that, while we are cleaning up and strengthening procurement, members from that party, including the member for Edmonton—St. Albert, last week criticized the Deputy Prime Minister for not interfering more in contracting.

*Oral Questions*

We recognize that political interference in contracting is just plain wrong. The member for Edmonton—St. Albert is attacking the government for not interfering in the direction of contracts.

**Mr. Jason Kenney (Calgary Southeast, CPC):** Mr. Speaker, those Liberals talk a lot about Canadian values, but there is one basic Canadian value they forget all about, simple, ordinary justice. Canadians are law-abiding people. They expect to see those who violate the public trust and steal public money pay a price for it.

The corporate fraudsters at WorldCom and Enron were convicted, tried, and they are in prison. The Liberals involved in ad scam have walked away without consequences, scot-free.

When could Canadians expect to see justice done? When will the Liberals finally pay a real price for the kickbacks, the money laundering and the fraud?

• (1445)

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, there are ongoing criminal investigations. There have been criminal charges laid. Beyond that, the government has laid civil charges against, now I believe, 22 firms and individuals. We have expanded that list now. We are looking to collect \$57 million from these individuals. We have added \$12 million in additional claims today.

We are seeking justice for Canadians. We are seeking justice for the Canadian taxpayer. We are ensuring that in doing so that Canadians get the justice that they deserve.

[*Translation*]

**Mr. Jason Kenney (Calgary Southeast, CPC):** Mr. Speaker, there are no consequences. Today, Judge Gomery confirmed what Canadians have known for a long time: the Liberals created a parallel funding system enabling them to illegally divert taxpayers' money to the Liberal Party.

Had an ordinary Canadian committed such fraud, he would be sent to jail. Can the Prime Minister explain why the Liberals involved in this scandal will escape scot-free?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, I assume the hon. member has not grasped the fact that the report was given today to the RCMP, which the Liberal Party itself has asked to investigate those who misused the name and resources of the Liberal Party.

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**HEALTH**

**Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, recently we learned through a survey on migratory birds that in two provinces wild ducks had been found to have a mild strain of the avian flu virus.

Can the Minister of Agriculture and Agri-Food tell us what measures have been taken to prevent poultry flock infection by the virulent strain of avian flu?

[*English*]

**Hon. Andy Mitchell (Minister of Agriculture and Agri-Food and Minister of State (Federal Economic Development Initiative for Northern Ontario), Lib.):** Mr. Speaker, there are a number of measures that we are taking. First, the survey itself, which is

designed to give us a baseline of how much prevalence there is that naturally occurs in wild flocks, and then monitoring whether that is increasing and whether we should be taking additional measures.

Given the preliminary results, we are going to do testing at abattoirs in the regions in which the preliminary tests indicate the presence of H5. We also are going to remind producers about the necessary bio-security measures that they should be undertaking. We are going to take a look at mortality patterns to see if there is any concern in that respect.

We will remain vigilant as we move forward.

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**SPONSORSHIP PROGRAM**

**Hon. Ed Broadbent (Ottawa Centre, NDP):** Mr. Speaker, my question is for the Prime Minister. Justice Gomery was very critical of what he called the Liberal culture of entitlement. That culture persists today. The Prime Minister continues to appoint Liberal staffers as ambassadors and Liberal bagmen as senators, and a Liberal lobbyist like David Dingwall can continue to collect \$350,000 payments that were illegal to offer.

Does the Prime Minister deny any one of these three accusations and, if not, why has he not done something about them?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again, the Prime Minister has strengthened governance and has strengthened procurement practices of the government. We are operating the most open and accountable government in the history of our country because Canadians deserve better.

The Prime Minister appointed Justice Gomery to do his work so Canadians would have the truth. Frankly, his second report in February is going to be extremely important to this debate, as he contributes to the public policy debate around governance and the work that is being done by the Treasury Board President and others in the government who are looking to provide best value for taxpayers in the most open and accountable system possible.

**Hon. Ed Broadbent (Ottawa Centre, NDP):** Mr. Speaker, on today of all days, it says a lot about the ethics and accountability of the Prime Minister that he has refused to answer these three serious accusations about the failure to act and accountability measures.

Does the Prime Minister deny any one of these accusations, and if not, why does he continue to perpetuate this culture of entitlement?

*Oral Questions*

●(1450)

**Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, contrary to the member's allegation earlier today, the Prime Minister has done nothing but act, starting on December 12 when he ordered the reinstatement of the Comptroller General, the refocusing in Treasury Board, the signing of senior financial officers, the tightening up in accreditation of the financial process, and on and on. The member knows that only too well, yet he continues to misrepresent what is going on.

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**DAVID DINGWALL**

**Mr. Brian Pallister (Portage—Lisgar, CPC):** Mr. Speaker, today Judge Gomery highlighted that the author of the sponsorship rules which allowed the government to award contracts to Liberal-friendly firm without breaking the rules was David Dingwall. Right under the Prime Minister's nose, Dingwall then exempted himself from the spending rules at the Mint so he could spend without breaking the rules. So much for doing due diligence. So much for vigilance.

The Prime Minister claims he did not know anything about the sponsorship scandal, but he knew David Dingwall. Now he wants to pay him severance. Why should Canadians pay severance to an architect of the sponsorship scandal?

**Hon. John McCallum (Minister of National Revenue, Lib.):** Mr. Speaker, sadly, the hon. member is wrong again. He was wrong on September 28 when he described several people's salaries as part of Mr. Dingwall's personal expenses. He was hugely wrong when he characterized Mr. Dingwall's cost to taxpayers at \$1 million.

I would commend to him a quote from a very famous Nova Scotian who wrote, "When a man is wrong and won't admit it, he always gets angry".

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**TECHNOLOGY PARTNERSHIPS CANADA**

**Mr. James Rajotte (Edmonton—Leduc, CPC):** Mr. Speaker, the facts are these. David Dingwall violated the lobbyists' code of conduct by failing to register as a lobbyist. He also received a kickback for \$350,000 after lobbying for a Technology Partnerships Canada grant for Bioniche. He has been punished for neither of these. Instead the government actually is considering giving him a half million dollar handshake.

Could the industry minister stand in his place and explain to Canadians why Dingwall has not been held to account for either of these wrongdoings?

**Hon. David Emerson (Minister of Industry, Lib.):** Mr. Speaker, as I have explained, I do not know how many times to the hon. member, the government's agreement was with Bioniche. We recovered all the money that was improperly paid in contingency fees. Bioniche can deal with Mr. Dingwall.

We have recovered the money and we continue to ensure that the program drives innovation and competitiveness and gets the Canadian economy on the platform it needs to be on, going forward.

[Translation]

**SOCIAL DEVELOPMENT**

**Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC):** Mr. Speaker, New Brunswick is asking the federal government to be more flexible on child care, but this Liberal government insists on imposing conditions. It rejects the idea of New Brunswick giving money to parents who choose to stay at home with their children. As a result, there is still no agreement.

Why is this government punishing New Brunswick for wanting to give parents more options?

[English]

**Hon. Ken Dryden (Minister of Social Development, Lib.):** Mr. Speaker, as I have said to the House many times before, there is plenty of flexibility in all the agreements that have been signed. There are eight agreements that have been signed now, including with jurisdictions that have a significant rural and remote population, as New Brunswick does.

I would ask the hon. member to check the amount of money that the Government of Quebec has spent on early learning and child care in each of these last number of years and the amount of money that the province of New Brunswick also has spent toward early learning and child care. The difference is very dramatic.

**Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC):** Mr. Speaker, the government continues to ignore the millions of families across this country who are demanding choice in child care. New Brunswick is asking for the flexibility to offer a child care program that best suits the needs of its citizens. This includes supporting stay at home parents.

The Liberal government will not give New Brunswick the deal it wants because the Liberals only support regulated, institutionalized day care. When will the government offer New Brunswick the child care plan that families are demanding?

**Hon. Ken Dryden (Minister of Social Development, Lib.):** Mr. Speaker, I might remind the hon. member that her own home province of Alberta, which signed an agreement some time ago, very proudly came out with its five point investment plan.

It talks about helping low income families access affordable child care, helping families with disabled children access specialized child care, improving the quality of child care, and increasing wages and training opportunities, but there is a tone with which Alberta tells us this. It tells this with pride. It tells this with excitement. It can do this because we have invested \$488 million over five years in the province of Alberta.

*Oral Questions*

•(1455)

[Translation]

**SPONSORSHIP PROGRAM**

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, the Prime Minister swore up and down that he would put an end to the culture of corruption in the Liberal Party of Canada. Since then he has reneged on his promises by appointing his cronies to the Senate. He persists in covering up the Option Canada and Earncliffe scandals. He continues to appoint Liberal backers as returning officers.

Will the Prime Minister agree that with all this cronyism, covering up and patronage, we are nowhere near cleaning things up?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, I understand that the Bloc is disappointed with the clarity of the Gomery report. Just to score political points they would go so far as to cast doubt on Justice Gomery's findings. Let us not go overboard. It is despicable to try to do such a thing.

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, the culture of corruption runs deep in the Liberal Party of Canada. The Prime Minister and his party continue to act as though taxpayer dollars belong to them. They no longer have any credibility for cleaning things up.

Does the Prime Minister realize that the only way to clean things up and to clear the air is to call an election in order to get rid of this corrupt government?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, I think the Bloc members did not have enough time to read page 430 of the report, which states, “[The Prime Minister], whose role as finance minister did not involve him in the supervision of spending by the PMO or PWGSC, is entitled, like other ministers in the Quebec caucus, to be exonerated from any blame for carelessness or misconduct.”

In other words, this clearly hurts the Bloc Québécois because they have been claiming the opposite for months and months. Now their lies have been uncovered.

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[English]

**ABORIGINAL AFFAIRS**

**Mr. Jeremy Harrison (Desnethé—Missinippi—Churchill River, CPC):** Mr. Speaker, today we learn of yet another horror story in a Canadian aboriginal community. The home of every single resident of the Kwicksutaineuk First Nation has been condemned as unfit for human habitation. People are becoming ill as mould permeates the decrepit houses.

The community has lived under a boil water advisory for nine years. Will the Prime Minister admit that he and his government have again failed aboriginal Canadians?

**Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.):** Mr. Speaker, the solution to the longstanding problems that face first nation Canadians will not be solved immediately and they will not be imposed on the community either.

We are working with the community in this case. We have been for years. We are making progress, but we are going to do it together with the community because that is the only way that the solution can be sustainable.

**Mr. Jeremy Harrison (Desnethé—Missinippi—Churchill River, CPC):** Mr. Speaker, I do not know how many years this minister needs. Our first nations are living in third world conditions. There are currently 95 boil water advisories for native communities across Canada.

The Prime Minister said the gap between the health of native peoples and others is a “huge moral issue for us as Canadians”, yet the Liberal government continues to drag its feet while aboriginal Canadians are getting sick from drinking their own water.

What is it that this government is prepared to defend: its legacy of inaction, its incompetence, or its immorality?

**Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.):** Mr. Speaker, we have acknowledged that the living conditions for first nation Canadians are unacceptable. That is the reason why we are working with all jurisdictions and the community itself. We are meeting in Kelowna on November 24 and 25 to deal with this problem once and for all.

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**CITIZENSHIP AND IMMIGRATION**

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, recent media headlines suggest that Canada's annual immigration target levels will increase by a maximum of 10,000 immigrants next year. It has been suggested that by increasing our target levels we will be able to help Canada cope with the challenges of an aging population, a low birth rate and a shortage of professional skills within Canada.

Could the Minister of Citizenship and Immigration please explain how increasing our annual target levels will help to clear the current backlog in the immigration system and convince more skilled workers to choose Canada?

**Hon. Joseph Volpe (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, it is true there is a consensus around the country that in order to address the demographic imbalances immigration is one of the most important issues, if not the most important program at the government's disposal, as well as an economic driver for all areas of the country.

I want to remind all members of this House that we are concentrating this year on fixing a system, building capacity, introducing flexibility and bringing in new mechanisms in order to turn the department into a recruiting mechanism so that we can go out there and get the people who will respond to the labour market needs of our economy and we will be able to integrate and—

•(1500)

**The Speaker:** The hon. member for Rimouski-Neigette—Témiscouata—Les Basques.

*Government Orders*

[Translation]

**SPONSORSHIP PROGRAM**

**Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ):** Mr. Speaker, Justice Gomery wrote at page 47 of his report, and I quote “—Treasury Board no longer considers its oversight function to be an important part of its overall responsibilities”. He said, in short, that the Prime Minister, as the former vice-chair of the Treasury Board, and the current Minister of Intergovernmental Affairs, who chaired Treasury Board for over four years, abdicated their responsibilities.

When will the government understand it no longer has the credibility needed to govern?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, I invite the member to move beyond page 47 to page 430. Perhaps she has not had time to do so. At page 430, the report states, “Mr. Martin...is entitled, like other Ministers in the Quebec caucus”—and I add like any other member of the Quebec caucus, in order to help the hon. member—“to be exonerated from any blame for carelessness or misconduct”. It could not be clearer.

\* \* \*

[English]

**HEALTH**

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, there is growing concern about privatization within our health care system. Canadians are worried about having to pay out of pocket to see their family doctor for their next appointment and about how long they will have to wait to receive the treatments they need.

We need to assure Canadians that this public system of health care will stand the test of time and will continue to provide timely health care delivery to all Canadians. Could the Minister of Health please explain what steps are being taken to strengthen our public health care system?

**Hon. Ujjal Dosanjh (Minister of Health, Lib.):** Mr. Speaker, the first step, in September 2004, was to provide long term, reliable, increased funding for a public health care system. The second step was to continue to reduce wait times, which is actually happening across the country in many of the provinces.

The third is to set benchmarks for those wait times where people have to wait a long time to get quality care in a timely fashion. Fourth, there is a very high degree of transparency in what the provinces are doing and they are continually reporting to their citizens as to the progress we are making.

All of those are steps that we are taking to strengthen our public health care system.

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**ABORIGINAL AFFAIRS**

**Mrs. Bev Desjarlais (Churchill, Ind.):** Mr. Speaker, Justice Gomery today spoke about a culture of entitlement in the Liberal government. From information I have obtained, it is clear that this sense of entitlement extends to Liberal candidates as well.

In 2001, capital funding for first nations in the Churchill riding was cut by \$15 million from the previous year. For the next three years, the Liberal candidate's community received \$53 million. His community, which already had a school, got a new school, while another community that has 700 children living in portables is still waiting.

Why is this government's capital funding for first nations based on photo ops and rewarding cronies rather than dealing with those communities most in need?

**Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.):** Mr. Speaker, I can assure the hon. member that the decisions made by this government as it reflects the needs of aboriginal communities are based on need. That need is real. We are acting on that need now and we will be doing that in collaboration with the provinces and territories at a first ministers meeting on November 24 and 25 in Kelowna.

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**PRESENCE IN GALLERY**

**The Speaker:** I wish to draw to the attention of hon. members the presence in the gallery of His Excellency Paavo Lipponen, the Speaker of the Parliament of the Republic of Finland.

**Some hon. members:** Hear, hear!

**The Speaker:** I would also like to draw to the attention of hon. members the presence in the gallery of the Honourable David Krutko, Minister Responsible for the Northwest Territories Housing Corporation and Northwest Territories Power Corporation.

**Some hon. members:** Hear, hear!

**GOVERNMENT ORDERS**

●(1505)

[English]

**ENERGY COSTS ASSISTANCE MEASURES ACT**

The House resumed consideration of the motion that Bill C-66, An Act to authorize payments to provide assistance in relation to energy costs, housing energy consumption and public transit infrastructure, and to make consequential amendments to certain Acts, be read the second time and referred to a committee.

**The Speaker:** Before question period, the hon. member for Ottawa West—Nepean had 16 minutes left in the time allotted for her remarks.

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, as we all know, a few short months ago Canadians were hit with huge, unexplainable and what seemed to be frivolous increases in the price of gasoline at the pumps, and immediately began demanding action on the part of the government to assist with those unexpected costs. There were concerns about the impacts on business and on the price of goods generally in the market as cost of transportation increased.

*Government Orders*

I want to comment briefly on the concerns and the proposals constituents made to me and to, I am sure, other members of Parliament. They were concerned about the sudden windfall to the government of increased taxes as a result of the rising gas prices. In fact, the increased revenues to the government come only from the GST, so if the price of a litre of gasoline goes up by 20¢ to 25¢ as it did, the increased revenue is relatively minimal compared to other taxes on gasoline.

Those increased revenues are offset by additional costs to the government. First, as consumers shift their expenditures for gasoline from other goods and services, other areas of GST drop. Second, as the price of goods go up, then other benefits that the government pays out to Canadians such as old age security increase. The higher revenue from the sale of gas is in fact the excise tax which remains constant at 10¢ a litre regardless of the price and for the province of Ontario, it is close to 15¢ a litre.

The government instead turned its attention to helping Canadians who would face increased heating costs as the winter approached. Quite honestly, people have a little more control over their cost of transportation. They can choose to use the bus, to car pool, and to walk shorter distances, but we have very little control as Canadians over the amount of energy we need to heat our homes through a cold Canadian winter.

The government chose first, to direct help to those most in need with the costs of heating their homes this winter; and second, to help Canadians to reduce on a permanent basis their energy consumption through such things as improvements to their homes and help municipalities reduce the demand for fossil fuels by improving public transit, for example.

This bill and the government's actions respond to the demands from Canadians for greater accountability about how gas prices are set. This was perhaps best exemplified by someone who works at a gas station who, as the prices suddenly jumped 10¢ to 20¢ a litre, said he did not know he was charging more for gas. It was the same gas that was bought before Katrina hit and the price of it did not change, so he did not know why customers were being charged more. Greater accountability with greater powers of enforcement and review from the Competition Bureau are also an important part of the government's measures.

Let me deal with some of the specifics of how we propose to help modest income Canadians. Some 3.1 million households will benefit from payments under the energy cost benefit. To be clear, families who qualify for the national child benefit supplement will be eligible to receive \$250. That is not a lot, but it is a fairly significant way of contributing to increased heating costs this winter, which may or may not materialize given the current prices of oil and gas.

• (1510)

A single senior entitled to receive the guaranteed income supplement will get \$125. A senior couple, where both spouses are entitled to receive the guaranteed income supplement or where only one is entitled to receive it depending on the household income, will get \$250. This will certainly help families on low incomes with children and seniors on low income under existing programs to pay the extra costs of heating their homes this winter.

We should all be pleased for a number of reasons with the other initiatives, which are to help Canadians reduce their dependency on fossil fuels and therefore be less vulnerable to sudden shifts and increases in prices.

A number of measures are in place to help Canadians of modest income, but not just Canadians of modest income, to make their homes more energy efficient and therefore reduce their costs of heating and other uses of energy. For instance, for modest income households we will provide between \$3,500 and \$5,000 to defray the cost of items such as draft proofing, heating system upgrades and replacing windows. This is under the new EnerGuide for low income households.

Multiple unit buildings and rooming houses will also be eligible for financial assistance and cost savings will average about 30% per household. That is an ongoing year after year reduction in the cost of heating.

We are also providing incentives to acquire the most energy efficient furnaces for homes and providing support to families who heat with electricity, but we are going beyond individual homes. We are also helping public institutions such as schools, hospitals, and municipalities to make the same kind of energy retrofits and cut their costs, and therefore cut the burden on the taxpayer.

What is important about these measures is that not only will they help individuals, families, and the institutions involved, but they will also help meet our commitments to reduce the impact energy use has on our atmosphere. I do not think there is much doubt in the House that we have to act decisively to reduce climate change and to reverse the greenhouse gas effect, which is warming the atmosphere, warming our oceans, causing climatic turbulence, and creating significant economic as well as social risks in the long run. These measures, while they have been brought in to respond to a particular crisis, are helping us meet our long term environmental goals with respect to the atmosphere.

As part of our new partnership with cities, we are accelerating the release of funds to upgrade and improve public transit. I am particularly pleased that in my own community in Ottawa we have made a substantial investment of \$600 million toward public transit in cooperation with the province and the City of Ottawa.

As we do this in communities throughout Canada, we are meeting our environmental objectives. We are making it easier for Canadians to choose to use public transit instead of relying on gas for their automobiles and other vehicles.

*Government Orders*

Let me say a few words about what we are doing in terms of market transparency and accountability. Canadians are deeply concerned about the fact that prices can jump overnight. In the few weeks immediately following Katrina, gas prices went up by approximately 25%.

● (1515)

There is no explanation for that. My constituents see that as clear and blatant profiteering by the oil companies. Perhaps some would say in defence of the oil companies that it is just insurance in case the price goes up. The simple fact is a lot more people paid a lot more for gas than they needed to. Fortunately the oil companies seem to have come to their senses and I hope it is in part because consumers are refusing to buy gas at those higher prices.

Nonetheless, I do not think we are out of the woods yet in terms of the impact on people and their home heating costs this winter. No one needs to be reminded how cold it can get in Canada just about anywhere.

I should point out that people also suggested that we limit the price companies can charge. Constitutionally only the provinces have the right to put a price on a commodity like gas or oil. We heard earlier today that Nova Scotia in fact does that. Companies have to justify an increase in the price of fuel.

The federal government does not have that authority countrywide, so we have chosen other ways to assist people. Where we do have some authority is with the Competition Bureau, and the ability to oversee and to ensure as far as possible that there is no collusion around price fixing.

The bill strengthens the Competition Act to deter anti-competitive practices, gives the Competition Bureau more powers for enforcement, and increases fines for those convicted of price fixing significantly to \$25 million from \$10 million.

The problem is that after a number of reviews by the Competition Bureau, it has not been able to find evidence of collusion or price fixing. Therefore we will have to wait and see I am afraid as to whether the strengthening of the act in fact will give the Competition Bureau more latitude and more possibility of finding that in fact there is some collusion that is contrary to the public interest.

Market transparency and accountability is also important. As Canadians know more, they can make their own judgments on what is being done at the gas pumps and whether the price of fuel coming into their home during the winter is fair and reasonable based on the actual cost to the companies of the product they are selling.

We are providing much better information to Canadians. What good does that do? I think if Canadians have good information, they can use the power of their purse to bring pressure on companies that they think are being unfair. I am a great believer in the power of the consumer where people refuse to take out their wallets and pay for a product if they think they are being unfairly charged for it.

There have been a number of consumer actions that I can remember throughout my adult life that were extremely effective because consumers said "No more". They would not pay what was being asked for by a product.

To sum up, we have been concerned. The price of gas is down again at the pumps, so I suppose the political pressure is off. Nonetheless, we have no idea what the situation will be as Canadians start paying for fuel to heat their homes this winter.

We are focusing our efforts to: help low income families with children; help seniors with the cost of heating their homes; invest in those energy saving measures for families and individuals in their own homes that will help reduce their long term dependency on fossil fuels; help our public institutions, hospitals, schools, and municipalities to reduce their longer term cost to the benefit frankly of all taxpayers because we all know who pays the bills of those institutions; and to work with the municipalities to speed up public transit.

● (1520)

Leading up to the development of this program, one of the things I urged was for the province to look at ways to cooperate and support the kind of measures being taken by the federal government. One area in particular concerns the thousands of public housing units in my community that were built in the 1960s and early 1970s. In those days these units certainly were not built using the best environmental standards in terms of energy conservation.

I urge the province of Ontario, the municipalities and other provinces where this situation prevails to look at whether we should not be upgrading the energy efficiency of publicly owned housing.

I am proud of what we are doing. I suppose sometimes it is never enough but it certainly is important to the families who would be helped.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Mr. Speaker, the member mentioned that the people receiving the national child benefit supplement would receive this rebate. As finance minister, the Prime Minister oversaw a deal in 1997 that resulted in a clawback of the national child supplement from the pockets of our neediest children.

In 1997, to assist Canadian families with children, the baby bonus was replaced with the national child benefit supplement and it was introduced as a tax credit. It included a benefit and a supplement, the national child benefit supplement, and the program was designed to reduce poverty among low income families.

Negotiations between the federal and provincial governments around the implementation of that tax benefit resulted in some of the provinces, Ontario included, deducting this tax benefit from the amounts received by the families on social assistance. That is what is consistently referred to as the NCBS clawback.

In the province of Ontario, families who are entitled to receive the national child benefit and who are receiving social benefits are subject to the clawback. What this means is social assistance recipients have the amount of the national child benefit supplement they are entitled to receive deducted from their social assistance cheques.

*Government Orders*

In the absence of any special agreement, the \$250 the government is talking about, which is intended for families with children on welfare, becomes a financial windfall for the Government of Ontario. So much for the commitment to assist low income families with children.

The Prime Minister was the most senior minister in the Chrétien regime and in Quebec. No decisions involving money were made without the present Prime Minister knowing because the finance minister sees all the figures. Why is the Prime Minister allowing Ontario Liberals to pocket that tax benefit in the supposed special payment that it is going to send to them, instead of having it go to the neediest children in Ontario? Is this not just another way for Liberals to funnel money to other Liberals?

• (1525)

**Ms. Marlene Catterall:** Mr. Speaker, I am happy the member asked the question. I do not think she knows what a big door she offered me to walk through. In fact, it was under a Conservative government that our government negotiated an agreement on the national child benefit.

I am sure she is aware that the Constitution tells us that social services, such as assistance to families with children, is the responsibility of the provinces. The only way the federal government can have any role in assisting families with children is through an agreement with the provincial governments.

It was a Conservative government, a Mike Harris government, and, may I say from the point of view of Ottawa West—Nepean, a Conservative government with John Baird as the minister of community and social services that would only allow us to help families with children if they were allowed to claw it back from families on public assistance.

How did things change when a Liberal government was elected in Toronto? One of the first things Premier Dalton McGuinty did was to say that Ontario could not afford to cancel the whole clawback right now but that it would not claw back the increase that the federal government was giving to those families. That certainly was a step in the right direction out of the pit that the Tories put us into when the national child benefit was brought in.

May I also say that the Conservatives, while they were stealing money out of the pockets of children and their parents, were also giving tax breaks to their rich friends.

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, this is an interesting debate because the fact is that it is the current Prime Minister who actually holds the record for giving the most corporate tax cuts to the wealthiest in Canada. The competition between the Harris regime and the current Prime Minister to see how many of their friends they can reward is something Canadians are sick and tired of.

I have a question for the hon. member concerning a specific point she made in her debate today relating to the fact that consumers could somehow rebel and could actually force the oil and gas companies to follow certain types of procedures. That is not very realistic because people need to take their kids to school and taxi drivers and truck drivers need to work. Some people in rural pockets

of the country who cannot access mass transit are susceptible to the whole industry in itself.

What is interesting to note from the testimony we heard in the industry committee is that prior to hurricanes Katrina and Rita the industry experts classified their profits from this as spectacular. The government's bill does nothing about that situation and neither does the Competition Act nor the amendments. Anti-competitive behaviour is one thing but profiteering ostensibly is another, and it is not taken care of in the act. In fact, big oil companies reaped almost \$38 billion in profits in the first half of 2005 alone, before the hurricanes are calculated in.

During our discussion at the industry committee, the Minister of Industry talked about the fact that we do have some legislative changes coming on Bill C-19. When I asked him about those changes and how the industry would react to them he said, "We didn't want it to be seen by industry to be too arbitrary and punitive". That was his response to the punish mechanism that is now being put in place.

If the Minister of Industry is creating a system that is not punitive and is not going to be seen as punitive to big oil companies, could the hon. member tell us what motivation these companies would have to actually amend their practices in this field?

• (1530)

**Ms. Marlene Catterall:** Mr. Speaker, first, I accept fully what the member just said. Many people, because of rural or occupational requirements, are dependent on a one person car to carry out their normal activities of life. However there are many more who do have options about how much, how often, how far, how well they use their automobile or their other vehicle. I want to say to those people that if they want to send a message to the gas companies, they have the power of their wallet to do it. It takes time and it takes discipline but it is worth doing.

Frankly, one of the things I would like to see in the bill is an incentive for people to buy more energy efficient vehicles. The market impact is already leading in that direction because I have been told that the sales of SUVs in this city are down by about 50% in the last few months. That is a positive thing and that is the way the consumers are getting their message across, which is that if they are going to be overcharged for a produce then they will find ways to use less of that product.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the hon. member does have it right. There is very little that we can do at the government tax level to deal with the significant increases in commodity prices of all forms of energy, but specifically with regard to gasoline. It means that we do have to be more energy efficient and energy wise, which is why, in my view, the retrofit and public transit elements of Bill C-66 are extremely important.

I am wondering if the member is aware of the NRCan energy audit rebate that is available to Canadians to get an energy audit of their home for half the price. Half is subsidized by the government. The rebate is there to help Canadians find out just exactly how they can improve the energy efficiency of their home and some other important energy conservation measures.

*Government Orders*

**Ms. Marlene Catterall:** Mr. Speaker, I have provided information to my constituents on that on numerous occasions. One of the problems here in Ottawa is that the program is so popular that there is a huge waiting time for those energy audits. However, yes, the government will help people get an energy audit and it will pay half the cost so they will know precisely what improvements to their homes will result in the greatest energy savings.

However the greatest thing that we are doing in the bill is creating a program for low income households so that they can make similar improvements with assistance from the government that they probably would not be able to afford to make themselves.

**Mr. Gurmant Grewal (Newton—North Delta, CPC):** Mr. Speaker, I am pleased to rise on behalf of the constituents of Newton—North Delta to participate in the second reading debate on Bill C-66, an act to authorize payments to provide assistance in relation to energy costs, housing energy consumption and public transit infrastructure, and to make consequential amendments to certain acts.

I will be sharing my time with the hon. member for Nanaimo—Alberni.

I would like to highlight that the bill would allow the government to make a one-time energy cost benefit payment of \$250 to families receiving the national child benefit supplement and \$125 to recipients of the guaranteed income supplement. It also would allow the government to spend \$838 million on measures to reduce housing energy consumption and it would remove the requirement that \$800 million for public transit infrastructure, set out in the NDP budget bill, be contingent on the size of the surplus. The bill calls for the payments to be made in January 2006.

To assist with the background, this summer crude oil prices soared to record highs. For consumers, the effects were primarily felt at the pumps. Gasoline broke the dollar barrier earlier in the summer and kept on going up, reaching a new peak on Labour Day weekend of up to \$1.40 per litre.

While both crude oil and gasoline prices have come down in recent weeks, they remain at near historic highs and this winter promises to be the most expensive ever for heating one's home.

Since June, natural gas prices across North America rose more than 30%. In British Columbia, natural gas is the dominant energy used for home heating, being used by over 800,000 households in the province. Twice in the last four months the B.C. Utilities Commission has approved a request by Terasen Gas for a natural gas commodity rate increase. In June, the commission approved a 5.6% increase. This was followed last month by a 13.3% increase.

As a result of those increases, my constituents can expect to see their annual heating bills jump by nearly \$300 to over \$1,500. In the last two years, the price to heat a lower mainland home with natural gas has increased by over \$500 annually. If that was not bad enough, it is almost guaranteed that prices will go up again before spring.

An American government report issued earlier this month estimates that heating bills for all fuel types will cost Americans about one-third more this winter. The same is true in Canada.

The Energy Information Administration sees the cost of heat by natural gas rising 47% and heating oil 32%. The Canadian Gas Association is predicting the price of natural gas will increase from 20% to 50% this winter. This is bad news for British Columbians and for the 50% of Canadian homeowners who heat with homes with gas.

Energy prices have never been so high or increased so quickly. For some low income families, the sharp jumps could mean choosing whether to eat or keep warm.

Even more affluent Canadians will be hard hit by soaring heating costs. With today's high cost of living, particularly in urban areas like British Columbia's lower mainland, many families earning good salaries still live from paycheque to paycheque. An extra \$100 a month for home heating, combined with higher gas prices and rising interest rates, could be enough to cause financial hardship or even possibly bankruptcy in some cases.

• (1535)

The government's rebate plan would leave thousands of low income British Columbians out in the cold. According to its own numbers, the government scheme will aid less than 10% of Canadians. Even the poor will only receive assistance if they already collect child or elderly benefits. Bill C-66 does nothing for the majority of students, many of whom live in dirty, old apartments. Students are one of the main low income groups in this country but the Liberals have forgotten about them.

As well, Canadians with disabilities who claim disability benefits will receive no help with their heating bills. Similarly, farmers and over 200,000 low income seniors who do not file for the GIS will not receive help. Bill C-66 offers no assistance to poor Canadians who are childless. Statistics Canada indicates there are nearly two million individuals under 65 who fall below the low income threshold and who have no children. These individuals will receive nothing from the government.

Now, talking about current affairs, we know that almost \$45 million is missing or is unaccounted for from the sponsorship program. The people I mentioned, the seniors, farmers, people on fixed incomes or low income and students would have been better off if the government had some accountability in place. It has been confirmed that on the Liberal side there is a culture of entitlement, corruption, greed, carelessness and mismanagement. We have been saying that all along for so many years and today it has been confirmed by Justice Gomery. These are the facts. These are not only accusations.

The sponsorship program was directed politically and there have been no political consequences. Only the bureaucrats have been made the scapegoats. That program was set up by the Liberals. They ran the program. They used the program and abused the program. The kickbacks have been going to the Liberal Party for the benefit of the Liberal Party. It is important—

*Government Orders*

• (1540)

**Mr. Paul Szabo:** Mr. Speaker, on a point of order, with respect, we are debating the energy bill and I believe the member should address the bill on a matter of relevance.

**The Deputy Speaker:** I was listening carefully. The hon. member for Newton—North Delta was relating different types of government spending and what should be better spent one way or another. I think we will have to just listen to the debate and see what kind of conclusion he comes to.

**Mr. Gurmant Grewal:** Mr. Speaker, I care about the students, the farmers, the people on low incomes and the people on a fixed income who did not get enough money to pay for the rising heating fuel and gasoline prices.

That is why I was referring to the government wasting money. Today's example, which is listed in the Gomery report, is about the sponsorship program. There have been many boondoggles, mismanagement and wrongdoing on the Liberal side and it continues again and again.

I am quite sure that those farmers, those people on a fixed income and low incomes and people without children will hold the government critically and democratically accountable when the time comes for them to vote, despite the fact that the government is thinking that some sort of smaller cheque will go to them before the election.

According to the finance department, the government is limiting the rebate program to the people I mentioned. Instead of providing assistance to Canadians who need help, that heartless government continues to mismanage this file as well. The rebate program is more about politics than about helping people who are struggling to heat their homes.

The government knows that the heating prices are skyrocketing. With an election on the horizon, it wants to give the appearance of helping people out, but Canadians cannot be fooled. Having cheques arrive in the mail just prior to an election is a side benefit the government is anticipating, but it will not come true.

Even if a person pays nothing for heat, that person still might get a cheque. That mismanaged boondoggle by the government happened during the 2003 election.

An option to the Liberal plan would be to remove the GST from home heating fuel. This is a more fair and straightforward way of dealing with the spiralling home heating costs. I made this proposal four years ago in March 2001 when I introduced Motion No. 289 which read:

That, in the opinion of this House, the government should stop charging the GST on energy costs for residential properties.

This would be an effective way to provide sensible price relief to all families, not to a selected group. It would also deliver real help at the point of purchase and would do so without red tape, confusion or discrimination.

To conclude, most people in B.C. agree that something needs to be done to address the rising costs of home heating this winter. However, everyone I talk to has the same opinion of the federal plan, that it is inadequate.

The Liberal scheme leaves out many needy people who will be struggling most of the time to cope with high heating costs. The Conservative Party will still be grudgingly supporting the bill. Low income Canadians need immediate assistance and they cannot afford to wait until the government comes up with a fair solution.

• (1545)

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, one of the things that has been mentioned during debate is reducing prices at the pump by lowering the GST or having some sort of cap as a potential solution to ebb the flow of the rising costs. Unfortunately, there is no mechanism federally to monitor that and to make sure that is not clawed back by the industry. That would be one way to reduce the taxes on gasoline. The second one would be through royalties. Provinces assign royalties, which is a tax on the product itself.

We understand the member's position on the reduction of the GST, but what is the position of the Conservative Party on royalties? Should royalties be reduced? The provincial coffers would be lowered, but at the same time, under that theory prices would be lower at the pump. What mechanism would the Conservatives put in place to ensure that would be passed on to the consumer?

**Mr. Gurmant Grewal:** Mr. Speaker, the GST is one of the things the government can control. As I mentioned, in March 2001 I introduced Motion No. 289 which asked the government to stop charging GST on the energy costs for residential properties so that there would be a fair system of helping those who are paying much more with the rising costs.

It is not a matter of what our party's position is on royalties, but what matters is that the government has been unfairly, and I would use the word "illegally", charging GST on other taxes, such as the federal excise tax and other taxes. Those taxes are neither goods nor services. When the government charges GST on other taxes, it should be illegal. That should never have happened.

When calculating the price of gasoline, there is the crude oil price, then the distribution, profit margin, royalties and everything. Then add to that the excise tax, the federal and provincial taxes and then GST is charged on top of that. That is illegal and should not happen.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Speaker, I would like some comment from the member about the lack of support in the bill for certain groups. The bill is clearly aimed at a couple of groups, primarily senior citizens who receive GIS and families who receive the national child benefit, but there are a lot of people who have been left out of the bill.

This morning I challenged the former environment minister about the fact that he seemed to think there was no necessity to extend this bill to anyone else. He said that all I was trying to do was to protect my own constituents. If someone is going to accuse me of that, I will stand here and say that I am guilty.

I am really concerned that rural Canadians are being left out of this bill, particularly those who are being hit the hardest and most directly by the higher energy costs. They would be people like truckers who are trying to make a living driving trucks. As was mentioned earlier today, they are the people who deliver our food. What will happen is they will have to pay a lot more to bring that food to market.

*Government Orders*

Another group that is affected and one that is huge in my riding is farmers. They end up getting hit absolutely head-on with the higher energy prices and higher gas prices not only for fuel for their tractors but also the natural gas prices. There is a lot of grain out there this fall that is damp and needs to be dried. People are trying to find a way to get through that and clear it up.

I would like some comments from the member on why he thinks the government has set this program up so narrowly, and why it has missed so many groups and so many individuals who need help as well.

**Mr. Gurmant Grewal:** Mr. Speaker, the member is right on. The government has left out a lot of people who were supposed to be entitled to these cheques, but this is not the first time. I remember before the 2000 election, the government sent cheques to dead people and to people in jail, but it left out the people who really deserved to be given the money. In this situation it is again leaving out truckers, people in the transportation industry, farmers, students, people with low incomes and people without children.

The government is completely mismanaging this issue. It does not know where the consumption of gasoline or oil is and who really needs the help to pay their bills. To heat a home, \$1,500 is a significant amount. Some people who are living from paycheque to paycheque are experiencing hardship. Seniors who are living on fixed incomes have to choose whether to eat, to heat their homes, or to buy medicine.

This is a very serious issue. It is a classic example of the government mismanaging the program while focusing on how to corrupt the government and how to steal money and throw it into the Liberal Party while forgetting about all those other people.

● (1550)

**Mr. James Lunney (Nanaimo—Alberni, CPC):** Mr. Speaker, I am pleased to join in the debate this afternoon. It is good to see members engaging with perspectives from all sides of the House. I appreciate the comments by the member who spoke before me, the member for Newton—North Delta.

Bill C-66 is an act to authorize payments to provide assistance in relation to energy costs, housing energy consumption and public transit infrastructure, and to make consequential amendments to certain acts. This is the government's response to the rising costs of fuel in the country and the very difficult circumstances in which many Canadians find themselves.

By way of background, the bill is being sold as a package of short and long term measures to help Canadians. There are three main components. Families entitled to receive the national child benefit supplement in January 2006 would receive \$250. Another \$250 would go to senior couples with a qualifier that both spouses would be entitled to receive the guaranteed income supplement. Single seniors would receive \$125 if they were entitled to receive the GIS in January 2006.

Before I go into details of the bill, I would like to draw attention to a very current report by the Fraser Institute, public policy sources released in October. The report is titled "Government Failure in Canada". It is a review of auditors general reports from 1992 to 2005. It is relevant to the debate today. When we talk about

programs like this, we want to ensure that the money we invest on behalf of Canadians, taxpayer money, will arrive where it is intended. We want to ensure that it achieves a worthwhile objective.

In the beginning of the executive summary of the Fraser report, it makes an interesting remark. It says:

The discussion of the limitations of government and subsequent government failures is wholly absent from debate in Canada where, unfortunately, we still assume that governments act benevolently and without institutional constraints.

That is an interesting remark, that we would assume governments act benevolently and without institutional constraint, especially in light of what has gone on today. The buzz around the Hill today has not been about this bill. It has been about the release of the Gomery report, which probably is relevant as well because it talks about accountability.

In Justice Gomery's remarks today, he talked about Liberal corruption and the culture of entitlement, which seems to infest the government after 12 years in power. Again, we have a level of secrecy involving kickbacks to the Liberal Party. He talks about clear evidence of political interference and the misuse of taxpayer money.

I might wonder on that file about a million dollars for a war room to counsel witnesses prior to testifying. Imagine, one of the people in that war room was the former director for CSIS. What is this all about, coaching people before they testify before an inquiry? Was it about telling them about how to hide from Canadians or from the justice about what was going on?

In terms of accountability, it is quite interesting that the government would try to say that the current ministers and the Prime Minister really did not know, that it was another regime and that something else was responsible.

I cannot help but wonder how Canadians receive that. For example, we have the Catholic church selling property to try to pay for something that happened decades ago, for many people. As unfortunate and tragic as it is, the church is being held accountable for something that happened years ago.

Imagine the big auto manufacturers, Ford or GM., if there were a failure in their cars, saying that this was five years ago, that they had changed the CEOs since then, therefore they were not responsible for the failure in the machinery they had produced. It could be the drug manufacturers saying that they had changed CEOs, therefore they were not responsible for a failure in drugs.

There are the manufacturers of silicone breast implants that caused grief for women, with failed health and immunological problems, because of the failure of the implants. Imagine them saying that they had changed CEOs, therefore they were not responsible for the failure of their product and the results thereof.

● (1555)

Accountability is very important to Canadians today and it is certainly important when we talk about the effectiveness of government programs.

*Government Orders*

The report by the Fraser Institute, "Government Failure in Canada", lists a whole range of failed programs that have occurred over a number of years. Credit cards are one example. Balances on public servant credit cards issued to reduce reimbursement costs were not paid on time, resulting in \$80,000 of unnecessary interest costs over four months.

Are government programs meeting what they were intended to meet. There were 3.8 million more social insurance numbers for Canadians 20 years and older than people in that age group. By 2000 that number had risen to five million. That is interesting. How can there be so many more social insurance numbers than there are Canadians?

The report also talks about the firearms registry and how can we spend so much money on registering firearms.

Here is another interesting one. The Department of National Defence took eight years to develop a \$174 million satellite communication system. That is quite a bit of money. When the system was completed, DND determined that the commercial system it had been using met its existing needs, required fewer staff to operate and therefore the new system remained in storage.

Here is one program the report talked about which I think is particularly relevant to this issue. The last time the government had a good idea to send money back to Canadians, the Auditor General reported on the misdirection of the funds.

At that time the government used the GST credit system to return money. Less than one-quarter of the \$1.5 billion in payments went to low income families and roughly 90,000 Canadians in need of immediate assistance did not receive it because their prior year income exceeded the GST credit cut off. At least 4,000 expatriate Canadian taxpayers received money back from the government, but that was not the target group. Imagine, 7,500 deceased people received money back the last time the government tried to help Canadians. I wonder who cashed those cheques. Up to 1,600 prisoners received relief.

When we talk about giving money back to Canadians, we on this side of the House think a better idea would be to let all Canadians benefit, not just some Canadians, especially in a pre-election period when this is a pitch to provide money to some low income Canadians. Some no doubt may receive benefits. I note that the moneys will not be disbursed until after the bill is passed. There is actually no guarantee that anybody will receive any of this money before another election. It is quite possible nobody will receive any money, but it is a good public relations exercise.

I am concerned for the Canadians who are suffering right now because of the high cost of heating fuel and fuel to drive their automobiles. On Vancouver Island, where I live, many seniors are on fixed incomes. We have a mild climate there, but that is not true for all Canadians.

Parksville is a town of 11,000 people. Qualicum is a town of approximately 8,000 people. The average age of people in that town is 57. That is the oldest community per capita in the country. For seniors to get around and to access services such as doctors, they may have to travel many miles. They may have to travel to Nanaimo to see specialists, or to Courtenay and Comox in my colleague's

riding of Vancouver Island North. That is an hour plus drive to the north. These trips can be expensive for them with the high cost of fuel for their automobiles.

I am concerned about taxi drivers and truckers. I am concerned about people in my area who have to transport goods. These people are really suffering because of the high cost of fuel.

I am concerned about seniors who have to heat their homes. A lot of them are not going to benefit from this legislation.

I have a lot of people in my riding who are involved in the marine sector, a lot of ecotourism. The cost of marine fuel this year is very considerable. By the time the ecotourism people charge their advertising rates for the tours they offer and deliver to their customers, they have been working on next to none profit margins because of the high cost of fuel.

Why does the government simply not lower taxes, as the Conservatives would do, so all Canadians would benefit? It could cut the GST on fuel costs so all Canadians could benefit. It could ensure that all Canadians using fuel could benefit from a program designed to help them with the high cost of energy.

• (1600)

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, the member gave us a very insightful and compelling list of information and it leads right into the question I want to ask.

The bill does have some merits. We want to see people who are in need get what they need to help with the rising fuel costs. However, we have also established this afternoon that there are many people who are left out.

The next thing that comes to mind is whether this is all smoke and mirrors. We talk about the credibility of the government. The kinds of things the member has listed is factual information.

We get the hopes of the population up. It is like the new deal for cities. Winnipeg has been looking forward to that new deal being signed for an awful long time and it is something to which we are looking forward, even though some of the rules have been changed. Could the member comment on the credibility factor?

**Mr. James Lunney:** Mr. Speaker, I know the member is very concerned about these issues, certainly about government waste and government programs that actually miss the mark. They make good public relations exercises but do not deliver what they purport to deliver.

I share her concern for the many people who will not benefit, such as students. They have to pay the cost of fuel. If they go to Malaspina University-College in my riding, from Parksville or Qualicum or parts of Nanaimo, they have to drive. It costs them money.

*Government Orders*

We have some very serious concerns about who is not benefiting. The member for Cypress Hills—Grasslands recently talked about farmers who would not benefit from this program. Many low income seniors who do not file for GIS, the guaranteed income supplement, will not benefit. We estimate there are tens of thousands of seniors who qualify but do not realize it. They are living in substandard conditions, eking along, but they do not realize they are eligible. The childless poor will not benefit.

People with disabilities who receive disability benefits have to pay. I met today with a constituent who is here on business to meet with government on an important file for my riding. He is disabled from a logging injury. He drives a vehicle with hand controls. He has to put fuel in his car. There is no benefit under this plan for people who receive disability benefits and who try to get around.

Looking at the Auditor General's list of failures in the government's programming, another one that caught my eye is pilot training. The government put \$2.8 billion into a pilot training program, but it somehow forgot to calculate the demand for this program. In the first two years of a 20 year program, \$65 million was spent on training that was never used. Only 41% was used.

**Mr. Borys Wrzesnewskij (Etobicoke Centre, Lib.):** Mr. Speaker, the member opposite rightly pointed out that the bill provides relief to those with fixed incomes, namely our seniors and low income families. Sometimes when there are unforeseen changes in economic circumstances, such as a sudden increase in the cost of oil and gas, people on fixed incomes are hit the worst.

Will the member support the bill? By not supporting this bill, members opposite are playing politics with a bill that will provide relief, with winter coming, to those on fixed incomes who cannot adjust to this changed set of economic circumstances.

There was mention of other groups, the transportation sector and the manufacturing sector, which is my former background. We analyze a change of circumstances and adjust our pricing and our costing to reflect that, but people on fixed incomes will not have a chance to adjust.

Will the member support this bill to provide relief to those who need it most, or play partisan politics with it?

• (1605)

**Mr. James Lunney:** Mr. Speaker, the question actually illustrates the problem in my mind. Of course we will support Canadians getting help, frankly. We will support this, but my concern is that the program is so misguided that very few, if any, are actually going to receive the benefit the government is offering.

I am concerned that again what we have is a posturing situation just on the eve of an election, a pitch to Canadians that is very likely going to be misdirected because the delivery mechanism is not likely to be highly successful and misses a whole range of people who actually need help. Yet it is a difficult political messaging for the opposition to explain why we are opposed to such a complicated delivery mechanism that is actually unlikely to succeed.

I hope I have some time left, Mr. Speaker, because I have a really important point to—

**The Deputy Speaker:** Perhaps the member will have time during further questions and comments.

The hon. member for Mississauga South.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am delighted to speak today on a bill that is very important to Canadians, Bill C-66. We refer to it as the energy bill.

I would like to start by saying that I think that second reading debate of this bill has identified that there are some concerns about the leakage in terms of how we effectively or efficiently hit the target. I think the previous speaker raised some possibilities. I think it is important that they are raised at second reading.

It is a possibility that we could see some appropriate amendments to make sure this squarely hits the target, but we have to look at the bigger picture, because quite frankly some members have asked why we do not just give it to everybody. The difference there would be that instead of there being \$564 million for the energy benefit side of it we could be talking about \$2.5 billion to \$3 billion. I am not sure at that point whether or not that is the best allocation of resources, but it is yet to be discussed.

Under Bill C-66, as members can appreciate, there are some consequential amendments to a number of acts, so the bill does not read very smoothly, but it does make the technical amendments that would be necessary to implement the provisions. Let me summarize, if I may, the principal provisions of Bill C-66. The bill states:

Part 1 of the enactment authorizes the making of payments to families who are eligible for the National Child Benefit Supplement, and to seniors who are eligible for the Guaranteed Income Supplement and Allowance under the Old Age Security Act, in order to deliver one-time relief for energy costs.

Part 2 would authorize payments of up to \$500 million for the period beginning April 1, 2005 and ending March 31, 2010 to provide assistance for reducing housing energy consumption. It also authorizes additional funding of up to \$338 million for the EnerGuide for Houses Retrofit Incentive Program.

Part 2 talks about a five-year period.

Lastly, the bill states in regard to the third part:

Part 3 authorizes payments of up to \$400 million for each of fiscal years 2005-2006 and 2006-2007 for public transit infrastructure.

Thus, we are not talking just about who is going to get a little bit of a break on their energy costs. I believe we are talking about an important debate on a strategy for how we are to address the inevitable increases that we are going to see, not only in gasoline but in natural gas, hydro costs and all types of fuels.

*Government Orders*

The reality is that energy costs are going up. It simply will not be enough for us to rely on little band-aids to try to deal with this. We have to be energy wise. The commodity we are talking about is not just gasoline. The commodity is the cost of energy. Energy is the commodity.

I want to amplify these three points. I just did a householder for my constituents and I tried to put this down in some language that would assist them.

The plan to help Canadians is designed to achieve a number of objectives. First of all, it is designed to provide direct financial assistance. It is called the energy cost benefit. It will be going to more than three million low income seniors and low income families with children. This is the area where members may want to discuss if this is the most efficient way to target it.

Members also know that the last time there was an energy benefit provided to Canadians, the government used the GST tax credit. Those who were eligible for the GST tax credit received it, principally because it was important to do that quickly. It was a very linear and a very "as the crow flies" approach. Clearly there were some problems and obviously there were some changes in people's status, but we do know that those low income Canadians who were entitled to the benefit did in fact receive it. That was the most important objective.

We also want to help families lower future household heating costs. That is a very important part of this as well.

We want to make more and better pricing information available to consumers while taking legislative steps to deter, for instance, anti-competitive practices in our energy work in terms of setting up other mechanisms to deal with consumers' concern, at least on the gasoline basis, that there is anti-competitive behaviour. It is extremely important that there is a comfort level, that we are vigilant in ensuring that in fact there is no anti-competitive behaviour.

● (1610)

Finally, it is designed to fast track money to municipalities for public transit.

The House will note that a couple of points, the retrofit and the public transit issues, have to do with better and wiser use of our energy availability. This is also part and parcel of our Kyoto plan. It is interesting to note that not all parties in the House support the Kyoto accord. Not all parties in the House support lowering greenhouse gases and dealing with the consequences of energy or how every Canadian can be part of the solution and how large emitters have to change the way they do business so we can meet the targets we have to meet.

Members know full well that not only are we talking about climate change and its impact on the kinds of natural disasters that we have had with hurricanes, earthquakes and all these other things, but there also is a health linkage.

Every time we have greenhouse gases being created, we in fact have circumstances where particulate matter is also being created in the emissions, which is directly related to the health impacts on Canadians. I do not have to tell Canadians how many young people

and young adults are on puffers for their asthmatic conditions or whatever it might be. This is an important issue.

I want to repeat again that the Liberal Party is committed to the Kyoto accord and other parties are not. I think it is very significant to note that, because it is not in the best interests of Canadians not to try to deal with how we get all Canadians to be part of the solution.

On the energy cost benefit that I talked about, the total cost of the whole program is about \$2.4 billion over the five years. A total of \$565 million will be paid out to about 3.1 million low income households and seniors, who will receive anywhere from \$125 to \$250 a household.

These payments are the first down payment on further personal tax relief being introduced over the next five years. Members should recall that this is one element. A budget is still forthcoming and there are plans to be laid out as to how we move forward in terms of tax relief for Canadians.

This is not to be taken in isolation, but this is certainly important in giving timely relief, especially to low income Canadians. The mechanism may be subject to some criticism. We certainly know that anyone who receives the national benefit or the GIS is very much in need of this support. Are there others who are left out? For instance, are low income families without children left out?

On the energy efficiency side, a total of \$1.04 billion has been set aside to assist low income households as well as public institutions such as hospitals and schools with the cost of upgrading their dwellings and buildings to make them more energy efficient. This includes \$500 million for some 130,000 low income households that are eligible for up to \$5,000 to help with the cost of heating system upgrades, window replacement and draft-proofing.

Also, there is an additional \$150 million for the government's houses retrofit incentive program, which provides money for 250,000 households.

There is \$185 million for those who install best in class energy efficient oil and gas furnaces, up to \$150 per unit, or for those who heat with electricity, and that benefit is \$250 per household. There is an additional \$210 million in retrofit incentives for public sector institutions.

Members can see that we are not just talking about a subsidy to individual consumers in terms of energy prices, like a gasoline rebate of some sort. It is important to understand that the strategy here is to start working down that road where Canadians will not be just worried about how they will pay for the increase in the cost of a commodity but will be taking concrete steps, with government assistance, to make their homes more energy efficient so that their total cost of energy will go down. That is also an equally effective way to lower the cost to Canadians over the long term. Indeed, our battle with energy pricing is a long term proposition.

*Government Orders*

•(1615)

The third element is with regard to public transit infrastructure. Up to \$800 million over the next two fiscal years will be freed up for investment in urban transit in order to give municipalities greater certainty for their own planning purposes. Public transit is an important aspect of our overall strategy in terms of addressing our Kyoto commitments, health commitments and with regard to making us more streetwise in terms of how to utilize our valuable energy resources which are so expensive.

With regard to better transparency in the energy market, this aspect has caused some consternation to many Canadians about the optics. For instance, within moments of a gas station changing its price for gasoline, the station across the street will have changed its price as well. To ordinary Canadians this looks to be anti-competitive behaviour. We know from the work done by the industry committee that Canadians are sensitive to the price of gasoline. If one station has gasoline at 1¢ a litre cheaper than another station, it is going to get the business. Therefore, within a particular area the pricing generally stays the same.

The key is to look at the price of a barrel of oil and try to figure out what is happening in terms of the marketplace and how it corrects itself every now and then. Sometimes it happens in a very spiky fashion, particularly when there are disasters such as hurricane Katrina. Oil rigs were breaking loose and floating around in the Gulf of Mexico. We are looking at possibly six months to a year before they are put back in service which causes a significant imbalance in terms of supply and demand.

There is going to be \$15 million allocated for an office of energy price information. There will be another \$13 million to allow the Department of Industry to take a number of steps to deter anti-competitive practices, including giving Canada's Competition Bureau more powers in strengthening the Competition Act. This is pretty important.

This is going to help make our homes and buildings more energy efficient. It is a key way for Canadians to offset the higher prices. The incentives will help Canadians to save energy and money and reduce greenhouse gas emissions that contribute to climate change. As well there are the attendant health impacts.

These measures also support project green, the Government of Canada's action plan to build a more sustainable environment. We have not talked enough about a sustainable environment. This is an important aspect. We need to keep our eyes on the important issues affecting Canadians over the long term.

To give an idea of how critical energy pricing will be over the next three to five years, the Ontario Energy Board granted natural gas distribution companies an increase, effective July 1. I believe the price went from 27¢ per cubic metre up to 31¢. It was about a 15% increase.

At the same time, a number of the independent marketers of natural gas in Ontario, and I saw three or four of them when I looked on the web to see what kind of contracts they were offering, were offering a three year contract for natural gas to people in Ontario at 40¢ to 42¢. That is one-third higher than the prevailing cost per cubic metre of natural gas.

This is how much they have put in with regard to long term contracts for natural gas delivery with the producers so they can ensure they get a reasonable return, as well as pay for the cost. We are talking about some pretty significant increases over the next three to five years, and that is only for natural gas.

What happened to the price of a barrel of oil, for instance? A couple of years ago the price of a barrel of oil was something like \$10. Then it ratcheted up at the height of hurricane Katrina to about \$67 a barrel. Consider the difference in a couple of years. Do we understand why we are not paying 65¢ or 75¢ for a litre of gasoline? Now it is between 95¢ and \$1.

There are some real reasons why this happens. Earlier one of the members asked why it was that when hurricane Katrina happened, the price of gas instantaneously went up.

•(1620)

Gas is a commodity. It reflects the commodity value, the underlying value, the price of a barrel of oil. When all those drilling rigs are floating around aimlessly in the Gulf of Mexico, even with the situations in Texas and New Orleans, two-thirds of the producing capacity is being impaired or at risk, and obviously the commodity prices are going to go up. Obviously anybody who is going to sell that product based on the rules of supply and demand, is going to increase prices.

The interesting thing is that if one has inventory and the price of the commodity goes up for some other reason, do we expect the companies to continue to sell their inventory at the base price they acquired it or should they be able to sell it at the prevailing commodity price? This is one of the reasons that energy companies tend to make a lot of money when there is volatility within the marketplace. They are slow to pass on the inventory savings, or they never pass them on and that is a windfall there. When the price of a barrel of oil comes down, they are also slow to lower the price. They take advantage of it both ways. Maybe these are the kinds of things that we are going to see taken into account as we deal with situations like anti-competitive behaviour.

I wanted to give another example. There is a lot of discussion going on about income trusts. People are saying that the finance minister has brought some questions to bear with regard to the propriety of the taxation of income trusts and all of a sudden the market valuation of income trusts has gone down and is that not terrible.

If we plot income trusts from July to today, the TSE income trust index against the U.S. bond market yields or Exxon, one of the major oil corporations of the world, we would see that those graphs track very carefully. In fact, income trusts are very volatile depending upon commodity price corrections and also on rising interest rates. There are a lot more dynamics to the world as a consequence of the price of a barrel of oil and the expectations going down the line.

There has always been a lot of uncertainty in the Middle East with regard to oil. The activities in the gulf area have been severe. There have been tremendous risks taken with the supply of oil. Many countries have entered into agreements now to share some of their resources to ensure that there is some protection.

*Government Orders*

In addition to looking at the benefits that Bill C-66 will bring to Canadians in considering the retrofits, I encourage Canadians to visit the EnerCan website under Industry Canada. There is an opportunity for a subsidized audit program. It costs \$150 for Canadians to get an energy audit of their homes. The firms authorized to do the audits are listed for every province.

I had an audit done this summer. It was a beautiful report. As a consequence of the audit I found several ways to make my house more energy efficient. A high energy furnace and some insulation goes a long way, and improved windows also. As a consequence of making an investment today, my energy bill in the next year will go down by about 30% based on prevailing commodity prices.

It is really important for Canadians to understand that there are many ways to deal with this. People can continue to have energy inefficient homes and continue to pay the market value prices or they can make the investment today and lower their costs and also ensure that we are being energy wise in Canada.

• (1625)

**Mr. Garry Breitreuz (Yorkton—Melville, CPC):** Mr. Speaker, what the member has just said about income trusts flies in the face of what leading economists have told us, but that is not the reason for my rising at this point. I want to point out to the member that Bill C-66 could be much better.

The flavour of the day today, the talk among a lot of people, has been the Gomery commission and the recommendations that Gomery has made. One of the key things that he pointed out and the problem he detected is that programs were designed with political motives, and here we have an example of just that.

The people who need the help the most, those who are experiencing high energy costs, are not going to see a benefit from this bill. Why can we not reduce taxes for everyone affected? That would ensure that we do not have another fiasco waiting to unfold, a huge bureaucratic mess here.

Liberals seem to always devise programs that cost a lot to administer, that are complex rather than simple. I see this very clearly in the agriculture programs that I have to deal with on a daily basis in my riding office.

I want to point out one fact. The government has profited more than the oil companies from the recent spike in fuel prices on a per litre basis. Sometimes it wants to hide this fact. Bill C-66 comes just before an election and it really flies in the face of what Gomery said should happen. The programs are politically motivated.

I want to make one other comment. Today we have stumbled over a very obvious thing in the sponsorship scandal, and that is that the present Prime Minister was the finance minister. He says that there is still \$49 million missing. If he was the finance minister, it was his responsibility to know about that and to find that money. He should be working on that, not passing that responsibility off. I cannot understand how a government in charge of the public purse does not know where the money went. Those in charge of the public purse have a responsibility to administer it appropriately.

Here we have a program being put in place that attempts to redistribute income to a small portion of Canadians rather than help

all those who really need it in creating jobs. The government has reaped huge benefits from the increase in fuel prices. Why not give that money back in the way of tax cuts?

**Mr. Paul Szabo:** Mr. Speaker, I understand what the member is saying. I would say to him that this is not the budget of the government covering our plans for the next couple of years. This is a \$2.4 billion bill which is going to deal with three areas. It provides some initial relief to about 300,000 low income Canadians. It also provides assistance for energy retrofits so that there can be real savings in the cost of energy for homes and not for public institutions. Finally, it deals with some public transit assistance, which is part of our overall commitment to energy efficiency.

The member wants tax cuts for everyone. Let us take for example the energy rebate that is being offered here to the prescribed recipients. It is about \$564 million. If it were to be given, as he suggests, to all Canadians, it ratchets it up to \$2.5 billion or something like that. Is it really that simple, to just say give it to everybody and it is fair?

We do have a progressive income tax system. If it is income tax relief he is talking about, let us have the debate on income tax relief. It will be, I am sure, in the next budget, following up and building on the \$100 billion tax cuts that we have had, and the further \$13 billion that has occurred since that time and occurs regularly simply because of the indexation of the tax system. There are tax cuts going on each and every year.

The member also has to understand that it is imprudent for any government, as Mike Harris proved, to simply slash taxes, like the Laffer system, and expect that somehow the benefits will automatically flow. I know that when a budget is done for tax cuts, the revenue has to be left out, but the benefits can be anticipated. That is the difference between the Conservatives and the prudent Liberals.

• (1630)

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Mr. Speaker, it is pretty clear that we need a long term plan to deal with the energy crisis, but also the need to reposition Canada. Given our natural wealth here and the fact that we are in a northern climate, we are very far behind and not going in any kind of reasonable direction. We need a long term systemic plan to achieve this.

Unfortunately, there are a number of elements missing from this bill. One of the key elements is the fact that we do need to provide accountability to our consumers, to our people back home. They need the assurance that they are paying a fair price at the pumps. From listening to the member, it seemed to me by listening between the lines that I was hearing the blandest whitewash and some of the most outrageous profiteering that I have heard in a decade.

Is it reasonable to expect that Canadians would be paying 40¢ extra on a litre of gasoline the day after hurricane Katrina? Then when there is an outrage of response, the price is slightly lowered. Is it fair to assume that every weekend people in my riding in Englehart, Kirkland Lake and Cochrane will have to pay an extra 5¢ or 10¢ because it is Friday night and then come Monday the prices will drop again?

*Government Orders*

Our people know they are being ripped off. They are undergoing constant profiteering. The government continually tries to bland over and make the issue go away. The fact is people are being ripped off. We need to put some teeth into serious legislation to ensure that if we are paying the price that we are paying that it is fair and accountable, and people are not being ripped off.

I would like to ask the member a question. When is the government going to take that issue seriously?

**Mr. Paul Szabo:** Mr. Speaker, I do not disagree. If the member were to reflect on a couple of the comments I made in my speech, he would see that there has been investment made in a special office to review anti-competitive behaviour and also to strengthen the Competition Act to achieve similar results.

Hurricane Katrina was not just a one day affair. Hurricane Katrina left some devastation behind it where we had oil rigs floating around in the Gulf of Mexico. The supply situation was in jeopardy with other hurricanes coming along.

His colleague mentioned that we should just get rid of the GST on fuel. Let us do a little calculation here. A one penny reduction in the taxes of gasoline costs \$400 million. The GST would be about six cents, so we are talking six times \$400 million, which is \$2.4 billion to get the price of gasoline today down to about 90¢. It is still not enough.

At what point do we say the government cannot cut the taxes enough to get gasoline prices to the level that they should be at? What is the reality of the price of a barrel of oil? Two years ago the price of a barrel of oil was around \$10. Today it has been hovering around \$67. It is correcting itself a little bit, but we have to understand that in the reality of the commodity of energy, particularly of oil, we are not price makers in Canada. We are price takers.

The world price of oil is what it is. We are going to have to deal with it. That is why Bill C-66 does not only deal with a small fix for low income Canadians. We also have to continue taking steps to be energy efficient through the retrofit portion and make further investments to public transit. This is a complex problem and not the simple problem that the member seems to think.

• (1635)

**Mr. Garry Breitkreuz:** Mr. Speaker, the member mentioned in reply to my question a program for some \$500 million. My question is to the member is simple. How much of that is administration costs? I have seen too many government programs that are out of line when it comes to administration costs.

**Mr. Paul Szabo:** Mr. Speaker, I would like to confirm to the member that there is virtually no cost to providing this benefit. As the member knows, it is being delivered through the income tax system. The benefit will be delivered on the assessment of people's income tax returns when they file them. The mechanism and the system is already in place as well as who qualifies. It will happen simply because they qualify on the basis of their eligibility for those benefits.

**Mr. Dave MacKenzie (Oxford, CPC):** Mr. Speaker, I am pleased to rise in the House to speak on behalf of my constituents in Oxford. I have a great deal of difficulty in ultimately supporting Bill C-66.

Once again, too many Canadians have been left behind by the Liberal government.

I would like to tell the House a little bit about my riding of Oxford. It is riding that is somewhat rural and somewhat urban. It has some industrial components and certainly agriculture. Agriculture represents about 30% of the income in my riding.

The bill does not take into account the costs to farmers of tilling their lands and getting their product to market, and all of the things associated with farming in which petroleum products are involved. It does not help the small business people who are currently facing 35% and 40% surcharges on their delivery, people who have to get their products from somewhere to complete it, to finish it, and to send it on somewhere else.

It does not take into account the cost of driving to work in those industries. It does not take into consideration the cost to many people in their homes. Many people are left out in this particular bill. It does cover up to three million people or a few more, but that means that about 90% of Canadians are left in the cold, so to speak, with the bill.

We have been led to believe by our colleagues opposite that it is out of their good graces that this money is to be handed to Canadians. It is like money that fell from heaven. This money belongs to Canadians. It is money that came from taxes.

An interesting sidelight to this whole thing is that when the war broke out in Iraq, there were people who talked about how some Americans would make a fortune from the oil industry because the prices would go up. This particular government made a fortune, not by invading another country but by a natural disaster.

Every time the price of petroleum products goes up a cent at the retail level, it generates upward of \$32 million a year for the government. To hand some of this money back is not good graces, it is simply extra money that was taken and needs to be handed back.

There are three parts to the bill. Part of it is in the form of rebates to some Canadians. Some of it is for energy retrofit and some is for public transit.

My riding has three large urban centres, only one of which has public transit. The Minister of the Environment suggested that Canadians needed to change their ways. He was talking about bicycling and public transit. If we live in one of those communities that does not have public transit, this will not help. It is also pretty hard for those people in small industries to deliver their products on bicycles or for farmers to plow fields with a bicycle.

The bill does help some people in the urban areas that have public transit, but by and large, that represents one-third of my riding. Two-thirds of my riding gets absolutely nothing from the increase in public transit.

*Government Orders*

I am concerned about those people who are missed in the rebate. People who receive old age supplements will receive the money only if they have applied for them. There are literally thousands of Canadians out there who would be entitled to the GIS and who, for whatever reason, have not applied for it. Either they do not know it exists or they are not able to fill out the forms. Whatever the reason may be, they will not receive anything from this.

There are childless couples who may very well be working poor. They will not receive anything. They get up every day and go to work. They may ride their bicycles, but more than likely in my riding, they have to drive because it is a fair distance from where they live to where they work. Those people will not be entitled to it.

We talked about the people who are entitled to it. If we are looking at a rebate, my friends have talked in the past about how those who were not entitled to a GST rebate, got the money. Some were in jail, some were dead and some were out of the country. Certainly, I know of a number of students who were living out of the country who received a rebate. They thanked Canadians very much for sending the rebate, but they did live out of the country. Most Canadians would not have thought they were entitled to it, but they did get it.

We have the same scenario here, with all due respect. There are people who live in accommodation where their rent includes their heat, so they have not noticed any change in the energy costs unless they drive vehicles, and a lot of them do not. However, they will be entitled to it, where childless couples who are perhaps working poor get absolutely nothing. Somehow that does not seem right. I do not think that seems right to the average Canadian. It certainly does not seem right to the people on this side.

•(1640)

As we approach an election, we have come to the conclusion that this has more to do with posturing for an election than it does to helping the average Canadian. Certainly the average Canadian in my riding will see little or no benefit from this bill. It will help 10% of the people in the country, there is no question about that. However, the average Canadian, whoever that average Canadian is, will see little or no advantage from this particular bill.

I think it was a valid question from my friend from Yorkton—Melville about the cost of administering it. The other side said there will be no cost. It will be done on income tax assessments when income tax returns are filed. There is always a cost associated with those issues. Absolutely, there is a cost.

The other point is that we need something more current to help those people who are in hardship situations. People will not be filing their income tax returns until well after the heating season. If this is an event that is supposed to be beneficial to people with the high cost of energy, the money will be gone. They have to wait to get their money back.

One of the problems this particular bill does not address is the tax on fuel. It is interesting that in the United States 27% of the price of fuel is tax. In Canada it is 42%. That is a huge sum of money.

When we talk about this money going back, there is no question the money is over tax. Canadians are going to get their money back, but it gets funnelled through the system and the money just does not

get there. This money will not flow overnight. People will have to spend a great deal of money to have energy retrofits done to their homes. I heard the member opposite talk about how he had his home done this year and it will save him 30%. With all due respect, he has the resources to do that.

If we are talking about the people at the bottom end of the income scale, they do not have that money to put out. I know that people in my riding who would energy retrofit their homes do not have that money. This money should be available to them. We should have some sort of a program if we are going to start cutting the consumption of energy in our country.

To simply say that people should ride bicycles and take public transit is not really effective in a riding like mine. I am sure that is true of many members in the House who have similar ridings to mine, in that we just simply cannot cut down on our transportation needs and use public transit. It does not exist.

We see that outside influences change the cost of our petroleum products. I think all members are well aware of what happened when Katrina struck. I think Canadians also have every right to question how all of that happened so quickly, how we started to see that go through our system. As the storm went through, the price surge here was tremendously high.

Who benefited from it? The government did. As I said, every time the price of fuel goes up 1¢ a litre, the government takes in about \$32 million a year. If we were to look back over the last few months, we would see that the price of fuel has gone up a great deal. That \$32 million is probably multiplied 15, 20 or 25 times over. This little bit of money going back to Canadians is really just a down payment to Canadians on what they have overpaid in taxes.

I will at the end of the day begrudgingly support the bill because there is some value going back to low income Canadians and certainly they are entitled to it. However, we could have done a lot better with the bill than what we have here today.

•(1645)

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Speaker, this morning the former environment minister, the Liberal member from British Columbia, said that this program is basically recycled money. He said the government is taking money out of programs that are already in existence and it is smaller than it looks. He just felt it was not a good idea for this money to be coming out of other programs and then being put into this benefit. I am wondering if the member has any comments on that and whether he would think that the reason that has happened is that it is basically a consequence of a lack of planning or the result of poor planning by the government.

*Government Orders*

**Mr. Dave MacKenzie:** Mr. Speaker, I think my colleague has probably already identified that the former minister of the environment is astute in his assessment of where this money is coming from. It is fair to say that this program has perhaps more to do with an eye on an election than it does on good management and helping Canadians who have been overtaxed for a long time. My friend well understands that the former minister has a good grasp on what this program is all about.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, it is an amusing comment that this should be an eye on an election. I suppose we could have done nothing. That would have been a brilliant solution to rising energy costs, but the government took a fairly courageous step and put the bulk of the program onto an existing framework so that it could be administered virtually without cost. Is the member objecting to that? Is he objecting to \$125 for seniors? Is he objecting to \$250 for low income families? Are those the things he objects to?

As to the other part of the program, that program is already in existence. It is actually being bulked up and extended. As to the transit money, that is already in Bill C-48. It is just moving the money forward, getting parliamentary authorization to move \$800 million forward, \$400 million per year for the next two years.

I do not understand how he could even say that this has something to do with an election when in fact at least two of those programs already exist and are simply being enhanced because of the energy needs of the country.

**Mr. Dave MacKenzie:** Mr. Speaker, the parliamentary secretary has some issues that from his perspective certainly make sense to him.

I am not opposed to Canadians getting back some of their tax money that they should not have lost in the first place. There is no question about that. Some of these things, with all due respect, talk about "may do". In my riding of Oxford, public transit money is not really going to do a great deal for most of the riding. We understand that. We understand that some of this is smoke and mirrors, that it does exist out there but that it gets brought forward, is rehashed and is made to look like it is something new. We are certainly not opposed to deserving Canadians getting tax money back in their own hands.

• (1650)

**Mr. Garry Breitkreuz (Yorkton—Melville, CPC):** Mr. Speaker, I want to make one comment on the point the Liberal member opposite made about there being no administration costs and that that being piggy-back on present programs.

One of the big complaints I get in my riding is that it costs more to have someone evaluate a plan to fix people's homes and make them energy efficient than they get in a grant from the government. However the government does not count that as an administration cost and yet that is a hoop and hurdle that has to be jumped through in order to access that money.

In the U.S., 27% of the cost of fuel is tax and in Canada it is 42%. Does that imbalance in taxes not affect the ability of our agricultural producers to compete in the international marketplace? When we have to pay so much more tax than our competitors, does that not affect our economy?

**Mr. Dave MacKenzie:** Mr. Speaker, the simple answer is that it absolutely affects us. It affects us in our agriculture, in our cost of production for agriculture and in our input costs. All of that is involved in this.

The other thing it affects, with all due respect to Canadians, is that it costs us in our industry. It costs us jobs. Most of our country is spread out and consequently transportation costs to get to work and to deliver products are major components of what the cost is of doing business in this country. When our taxes are too high, and in this regard they become somewhat of a hidden tax, but they put us at an uncompetitive edge on the world stage.

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, I am pleased to speak in support of Bill C-66 today. The bill represents a commitment to assist the most vulnerable of Canadians with a major challenge, which, in some ways, is almost uniquely Canadian, and that is the Canadian winter.

The challenge to keep themselves and their families warm is a big one for many Canadians, particularly the most vulnerable among us. At the same time we are contributing to a greener environment and better housing, particularly for those who are most in need.

Canada is a great country and there are many benefits to living here. However there are a few challenges that go with that privilege and one of those challenges can be our weather. I do not think anybody would deny that.

I think Canadians appreciate better than most the change of seasons. The transition from autumn to winter can be particularly striking to the senses as the distinctive colours of autumn give way to the stark beauty of a Canadian winter. In addition to its unmistakable splendour, the Canadian winter brings an obvious challenge and that is staying warm.

For many Canadian households, businesses and communities, winter means increased energy consumption to heat homes, offices and public buildings. With the sharp rise in fuel costs, Canadians are bracing for a particularly costly winter.

The Government of Canada is clearly attuned to this pressing challenge and is helping Canadians to overcome it. Bill C-66, the energy cost assistance measures act, reflects this government's commitment to helping Canadians reduce energy consumption. I hope all members of the House will support it.

We intend to help individuals, families, communities, school boards and entrepreneurs across Canada to reduce energy consumption immediately and well into the future. Although all Canadians stand to benefit, those earning low to modest incomes will be eligible for additional assistance with energy costs.

*Government Orders*

In Atlantic Canada most houses are heated with oil. I used to run an oil company for the Irving family and I am particularly attuned to the rising cost of fuel. When I started in 1986 as the general manager of a very distinguished and historic oil company, the price of fuel was in the range of 27¢ to 28¢ a litre. We have seen the cost of fuel go up a number of times in that period.

The bill is designed to help those who most need help. It is also expected to reduce the amount of greenhouse gases resulting from energy consumption in Canada.

Bill C-66 would increase the government's investment in one of our country's most popular programs, the EnerGuide for houses program. This program provides financial support directly to Canadians who renovate for increased energy efficiency. What colleagues may not know, however, is that the legislation would significantly increase the amount of money available to economically disadvantaged Canadians. Bill C-66 commits up to \$500 million over five years to EnerGuide for low income households.

From my experience in the energy business, I know of EnerGuide for houses as well. I know that Terry Watters, from sustainable housing in Wolfville, is one of the people who actually carries out this program and provides good advice to Canadians, like my colleague from Mississauga South who took part in this program.

Through this component of our bill, over 130,000 low income Canadians would be able to afford energy efficiency renovations and reduce their household energy costs for years to come. It also includes help for apartment owners with low income tenants.

Although Bill C-66 would provide immediate relief to many Canadians, I think it is particularly important to recognize that the bill and the broader energy relief package announced on October 6 are not one time only, stop gap measures designed to counteract a temporary crisis. On the contrary, they build on a range of existing programs of the Government of Canada to help families and property owners, as well as community groups, businesses and school boards, to improve energy efficiency.

Let me just take one of those initiatives as an example and that is the EnerGuide for existing buildings launched in 1998. This initiative helps improve energy efficiency and reduce energy use in commercial and institutional buildings. Canadians rely on many of these buildings every day, schools, hospitals, universities. The government's funding contributes to the comfort experienced in these buildings and helps to reduce operating costs. To ensure that public money is invested wisely, the initiative requires applicants to verify energy savings realized once the renovations are complete.

• (1655)

In the past seven years, the initiative has invested approximately \$50 million in renovation projects in 4,800 buildings. Among other changes, the renovations have included the replacement of lighting systems, improvement to heating systems and the installation of new boilers. The total value of these projects exceeds \$865 million. In other words, every dollar worth of federal incentive was matched 17 times over.

The savings generated by the program have also been striking. Annual energy costs have been cut by \$125 million. For building

owners, these savings make the decision to invest in building retrofits tremendously more attractive.

In addition, projects of this kind decrease maintenance costs, increase worker productivity and enhance health and safety, leading to further savings. Money once spent on energy can now be redirected toward the purchase of books for school libraries or the provision of better services in our hospitals.

Let me give members a greater appreciation of the success of this. Allow me to present the experiences of three institutions that have put the program into action: la Commission scolaire des Hautes-Rivières, the Regina—Qu'Appelle Health Region and the University of British Columbia.

Created in 1998 as a result of the amalgamation of three Quebec school boards, la Commission scolaire des Hautes-Rivières operates 51 facilities, including 39 primary schools, 8 secondary schools and 4 adult centres. In September 2001, the school board initiated a retrofit on 25 of its facilities. A wide range of changes were made to boost energy efficiency: new water heaters, lights, windows and doors were installed; energy management controls, along with a new heating, ventilation and air conditioning system were introduced. In total, the renovations reduced the school board's energy costs by almost \$300,000 a year.

Similar results were achieved in Saskatchewan with renovations to two hospitals: Regina General and Pasqua. The installation of several energy efficient technologies led to reductions in energy consumption of 11% at the hospitals.

The Government of Canada's support has also enabled the University of British Columbia to decrease its energy consumption, to reduce its operating costs and to cultivate an environment of energy awareness and responsibility.

The retrofit projects recently completed and others under way now at UBC are too numerous to describe. I had the opportunity to visit UBC this summer and I met with the faculty and students at the University of British Columbia. I can tell members that the people at UBC who work in facilities spoke in glowing terms about the improvements. Several areas on the UBC campus have undergone lighting retrofits. In some classrooms, outdated lighting tubes have been replaced with more energy efficient lamps and fluorescents. This change alone has produced savings of 30% in energy consumption. The university has also replaced incandescent light fixtures with fluorescent lamps. These new lamps provide the same amount of light but consume 80% less energy and last up to 10 times longer.

*Government Orders*

These remarkable success stories represent just the beginning. The government proposes a straightforward yet effective way to build on the significant accomplishments of initiatives and programs such as the one I just described. These programs vividly express the government's commitment to help Canadians save energy and to promote an energy efficient future.

This past summer, when our Liberal caucus met in Regina, we discussed a number of issues that we would like to see action on this fall. Our Atlantic caucus, in particular, felt very strongly that we had to find a way to help our constituents with the rising cost of energy. We felt, further to that, that if we could be of assistance, those who most needed it are those with the lowest incomes and quite often people living in the region that I came from, in oil heated homes, simply cannot afford to retrofit their houses.

We would like to do something for everyone. This is not an utopian world. In spite of the fact that we have improved this economy so much since 1993, there are limits to what we can do.

This is a bold initiative. I commend the Minister of Finance and his officials who understood the need and who took direction from the caucus saying that we have people in our constituencies who really need assistance, who really need help and who really need long term sustainable solutions. They listened to us and they produced a plan that I think does what we should be doing: helping those who need help the most.

I support this initiative and I encourage all members to do likewise.

● (1700)

**Mr. John Williams (Edmonton—St. Albert, CPC):** Mr. Speaker, I listened to that very technical speech by my hon. colleague from the governing party about what people are doing with energy savings and so on.

Energy savings are great, but this is a place for debate. Members come here, the government makes a proposition, we debate whether it is good, bad or indifferent, whether it needs to be changed, and whether we like it or do not like it and so on, but far too often I get the impression that members on the government side are reading some bafflegab prepared by a government department.

They come in here and read these wonderfully crafted speeches with all kinds of technical data, telling us that light bulbs save so much energy and we should replace so many light bulbs and so on, but that is not debate. That is basically just being a mouthpiece for the department and the government. We would expect members standing in the House to enter into debate and give forth their own opinions.

The member had his own opinion in the last couple of minutes of his speech. He said he liked the idea because this is for people who need it.

What about the working poor? They are not going to see a dime. What about the childless couples who do not get the child benefit? They are not going to see a dime. How can he stand in the House and tell us how great this program is when a whole bunch of poor Canadians are not going to see a dime from this program? As for the government members who stand here and say this is a wonderful

thing, I say that these people are deserving just like others and will need help just like others.

What is he going to do for them? That is what I want to hear.

**Mr. Michael Savage:** Mr. Speaker, I am sorry that my hon. friend was not here for the beginning of my speech when I spoke about my own background in the oil industry. I do not think that departmental officials knew about that. I am discouraged to hear that facts should not be brought into the House of Commons and should not be allowed in debate, because frankly I think they should be.

The history of what we have done with some of these programs is very important. It is important for public institutions. It is important for them to save their money. It is also important as we move toward a greener economy that public institutions are given assistance so they can make the improvements they need to better serve their clients, whether they are students, patients or anybody else.

As I indicated, 3.1 million Canadians will get assistance under this program. That is a very broad number. They are the most needy of all Canadians. As I indicated, certainly from the Liberal caucus point of view we said we wanted assistance to go to those who most need it. The most vulnerable in our society are children, low income families and seniors. This program specifically addresses those people in a way that will give them help today and in years to come.

● (1705)

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I listened to the comments of my hon. colleague from the great Dartmouth—Cole Harbour area. He talks about what light bulbs will do to reduce energy, but since 1993, under the Liberal government, emissions in this country have risen. They have not gone down. They have risen. I wonder what he is talking about when he talks about better things for the environment while emissions in this country have gone up under the Liberal watch of 12 years.

Plus, as my colleague from Alberta said, many people will not be assisted by this program. The problem is that an awful lot of people do not even participate in terms of energy purchases because they cannot afford their own homes. They are either renting or in social housing, where a lot of their costs are already taken care of, but what about those people who are just on the cusp, on the margin, those seniors and the working people who will not see a dime of this assistance?

This is why we have been encouraging the government to take the tax off energy. If it really wants to help people in terms of an energy rebate, it can just take the tax off energy in terms of electricity, home heating oil, natural gas, wood or whatever. That gives everybody an immediate break when they purchase energy.

My fear is that we are going to end up with the same dilemma we did a few years ago, and deceased people, students and people who do not even own homes or anything of that nature will get a cheque from the government and spend it on other aspects of the economy that have nothing to do with energy.

*Government Orders*

**Mr. Michael Savage:** Mr. Speaker, I heard my hon. colleague from Sackville—Eastern Shore raise this issue this morning. I would expect that the opposition across from us would suggest that we should take the HST off energy. They have before. There are some people on our own side who might even suggest that too, but I cannot believe that the New Democratic Party thinks the savings on this should go disproportionately to the rich. That makes no sense. Why should we take HST off all energy costs if what we are trying to do is help those most in need? Why should the member and I get a bigger cut, because we use more energy, than the poorest among us?

This is a specifically targeted measure for low income Canadians, not for members of Parliament, not for CEOs, not for those who have a lot of money. It is for low income Canadians to assist them immediately with \$250 for a family or \$125 for singles, and down the road it will be there for those who need help. A lot of people cannot afford to upgrade their homes. This will allow them to do it.

It is simple to suggest that we could take the HST off all energy. Any one of us would love it, but it does not help those who need it most and this bill does.

**Mr. Paul Forseth (New Westminster—Coquitlam, CPC):** Mr. Speaker, Bill C-66 is an act to authorize payments to provide assistance in relation to energy costs, housing energy consumption and public transit infrastructure. The bill states:

Part 1 of the enactment authorizes the making of payments to families who are eligible for the National Child Benefit Supplement, and to seniors who are eligible for the Guaranteed Income Supplement and Allowance under the Old Age Security Act, in order to deliver one-time relief for energy costs.

Part 2 authorizes payments of up to \$500 million for the period...ending on March 31, 2010 to provide assistance for reducing housing energy consumption. It also authorizes funding of up to \$338 million for the EnerGuide for Houses Retrofit Incentive Program.

Part 3 authorizes payments of up to \$400 million for each of fiscal years 2005-2006 and 2006-2007 for public transit infrastructure.

The short title of the act is the “Energy Costs Assistance Measures Act”.

The plan is to act on three fronts, providing direct financial assistance to low income seniors and low income families with children, helping families lower their future household heating costs by making their homes more energy efficient, and providing money to municipalities for investment in public transit.

In general, the income thresholds are as follows. We need to look at these. A single senior receives the benefit up to an income of approximately \$19,300, including the OAS benefit. A senior couple in which both spouses receive the GIS receives the benefit up to an income of approximately \$29,000, including the OAS benefits. A couple in which only one spouse receives the GIS receives the benefit up to an income of approximately \$38,700, including the OAS benefits.

In addition to being available to low income individuals aged 65 and older, the energy cost benefit will also be available to those aged 60 to 64 who are entitled to receive payment in January 2006 under the allowance or allowance for survivors programs. These individuals receive the benefit for incomes up to \$25,536 and \$18,744 respectively.

Delivering payments to families and individuals in this way poses a number of challenges, but the government hopes to ensure that relief is delivered to Canadians in need. That is what it claims.

Making homes and buildings more energy efficient is a key way for Canadians to offset higher energy costs. The incentives will help Canadians save energy and money, but it is a small gesture.

The measures include \$500 million to provide direct financial assistance of between \$3,500 and \$5,000 to low income households to defray the cost of items such as draft-proofing, heating systems upgrades and window replacement under the new EnerGuide for low income households program. For multiple unit buildings and rooming houses, financial assistance will range between \$1,000 and \$1,500 per unit. Cost savings will average about 30% per household.

We know that the cost of energy is a major factor in housing affordability. These measures, in addition to the residential rehabilitation assistance program, may help reduce energy costs.

However, in B.C. we have some very interesting small programs that hint at innovative directions. They hint at what could be done to help energy consumers shift their consumption patterns. They are bottom up rather than bureaucratic and top down.

One B.C. program is called Car Heaven British Columbia. It deals with vehicle purchase and scrappage. Participants who donate a car of 1994 vintage or older that is currently on the road will receive a \$1,000 certificate toward the purchase of a new General Motors or Saturn vehicle. All participants who donate their old gas guzzler car through the program will receive a charitable receipt for a minimum of \$50 and the car will be towed away free of charge. Cars and their parts are then disposed of in an environmentally friendly manner.

In addition, between June 1 and November 30, 2005, anyone can enter Car Heaven's draw to win a new car or rail tour package. There is no requirement to donate a vehicle to enter the draw. This program is an initiative of the Clean Air Foundation, not government. It can be found at the website [carheaven.ca](http://carheaven.ca) and the phone number is 778-371-7123.

In B.C. we also have an exemption for non-motorized, two-wheeled bicycles. These bicycles, non-motorized, two-wheeled, and their repair, as well as bicycle parts, bicycle accessories and their installation, are all exempt from provincial sales tax.

*Government Orders*

Tax exempt parts include most normal bicycle components. Tax exempt accessories include pumps, carriers and other items. Accessories and equipment are exempt from tax if installed by the seller at the time the bicycle is sold. Safety equipment such as lighting, including batteries, reflectors, helmets, safety vests and bibs, are exempt regardless of when purchased. This is a small but meaningful help to promote the use of bicycles. All we need now is for the feds to make it GST free. For more information, people may call 604-660-4524.

• (1710)

Then we have that scrap it in B.C. program. Owners of cars and light duty trucks of 1993 vintage or older currently insured in the lower mainland can trade them for one of the following incentives: \$1,000 toward a new hybrid vehicle; \$750 toward a new vehicle; \$500 toward a 1998 or newer used vehicle; 50% of the purchase price of bicycle up to \$500; \$750 toward van pooling or car pooling with the Jack Bell Foundation; \$500 toward a member in car sharing cooperatives; TransLink monthly passes, 18 months concession, 12 months in one zone, 9 months for two zones, 6 months for three zones; and the West Coast Express, 28-day passes. These are all incentives that are available.

To be eligible the vehicle must have been continuously insured in the last 12 months on the lower mainland and failed an air care test at some point in its history. Simply go to the website called "incentivesandrebates.ca". There is also the Vancity clean air auto loan, up to \$3,000 per vehicle in reduced interest payments. The Vancity Credit Union offers its members prime rate loans for the purchase of gasoline, electric, hybrid and dedicated natural gas vehicles. As of September, the prime rate was 4.5% and the loan is up to five years.

In B.C. Terasen Gas, in cooperation with the British Columbia ministry of energy, mines and petroleum resources and Natural Resources Canada, now offers a program to encourage the use of high efficiency natural gas hydronic space heating systems in new construction and retrofit applications. The program will provide incentives to gas customers to help offset the cost of installing high efficiency boilers in commercial applications. In retrofit applications, additional incentives may be received for monitoring boiler performance and gas savings when an efficient boiler replaces a less efficient one.

Free workshops on the design application, installation and maintenance of high efficiency heating boilers in commercial buildings also are offered. The program began April 4 and runs until December 31, 2006. Simply call 1-888-477-0777.

The feds always seem to want to drive a big program from the top. I have given the example of small programs from the bottom. They spend a lot of someone else's money, taxpayer money, for a general objective.

The bureaucratic approach eliminates market forces and individual choice and flexibility. That style of administration is inefficient and sometimes is even outright wasteful. Generally it does not deliver any lasting improvement. The preferred choice is to not to take taxes in the first place to reward certain habits. Then taxes should be structured to reflect the true flow through cost of historical and external subsidies so the true cost is the consumer cost.

Retrofitting is good, but we need to stop building energy hungry office buildings and homes in the first place. In this case there needs to be a higher level playing field across the country for energy efficiency standards. The bill would deliver some dollars to some people. In the long run, it will do little to actually alter the underlying problem of the rates of energy consumption and the relentless trend of increasing energy costs. Governments should not be congratulated for just stop gap measures, for that is all we have seen from these Liberals.

The bill would not assist students, those receiving disability benefits, farmers, low income seniors who do not get the supplement of the OAS, childless poor Canadians or many who are close to the poverty line. Rather, raising the standard basic exemption on the income tax form would have zero administrative cost, unlike this program, and would help all who are in need.

People today are using energy like never before. Such items as dishwashers, microwaves, washers, dryers and a counter full of kitchen gadgets, personal computers, fax machines and modems have allowed us to save valuable time, but it does not come without a cost. It is increasingly important to manage the amount of energy we use, not only to save money but also to be kinder to the environment.

In conclusion, the bill may buy some votes in the short term, but it does little to help the Canadian dilemma of long term adjustment to the future cost of energy for the efficient movement of goods, capital and labour, or to heat our homes. Significantly, on this day of the release of the Gomery report, this is a money bill that is a confidence measure of the government.

• (1715)

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I hate to admit this but there are some parts of that speech with which I agree. I have a very simple question for the member.

The government has brought forth a bill, not only to assist in retrofitting to reduce emissions and help people lower their cost for energy, but also to give money those who need assistance to pay for their energy. It is similar to what Liberals did a few years ago, and he was around at that time.

*Government Orders*

Does the member not believe that it is very possible the government will fall into that same trap again. People who do not use energy or purchase energy, or people who are in prison, or people who have died will also receive money as they did the last time? It was very bureaucratic and costly to run. I do not know how many millions of dollars was wasted on that.

We think a simpler solution to assist everybody, regardless of class of income, is to remove the tax from home heating essentials, even if it is done just for the winter. This would give everybody who uses energy an immediate break. Would he not agree with that?

**Mr. Paul Forseth:** Mr. Speaker, it is very pleasing to hear an NDP member beginning to espouse Conservative basic policy. He must be getting the message.

These are stop gap measures. We should have a long term plan to look at Canadian society's use of energy. We know where the direction of the cost of energy will be and those on the economic margin will always have difficulty facing that prospect.

The hon. member's fears of administrative bureaucracy and inefficiency are quite correct. Every speaker from the Conservative side today has talked about how inequitable is this plan. I mentioned a number of categories of individuals who would receive no benefit whatsoever.

The general comment I made is that a large federal government program, driven from the top down, is inherently inefficient, does not work and does not change the underlying problem. He has got the Conservative principle right. Do not take the dollar in the first place. That has a much better multiplier effect for the economy.

One of the suggestions I came up with, besides these small micro programs that are market driven and private society driven, is to simply raise the basic exemption for those on the economic margins. That would help people right across the country and it would absolutely cost no dollars to administer, unlike this series of programs.

• (1720)

**Mr. Peter Stoffer:** Mr. Speaker, I do not want to repeat myself, but I thought I asked a very straightforward and simple question. The hon. member may have answered in a round about way.

In Atlantic Canada we suffer the indignation of the HST. We call it the hated sales tax. It is the GST and PST combined. It is 15%. It is a killer for people who are purchasing energy in our province of Nova Scotia. Many people, regardless of income, have asked us to take the tax off.

If the hon. member wants to give the people in the country, especially in Atlantic Canada, an energy break, would he support taking the tax off home essentials like wood, gas and oil immediately, so everybody who purchases energy in our province would receive an immediate break?

**Mr. Paul Forseth:** Mr. Speaker, I think the principle is great. We would have to do some calculation as to the cost. We must look at regional fairness. In British Columbia we rely on natural gas where other areas of the country do not. However, the principle of not taxing in the first place is what I said in my speech, and the hon. member has something of a good idea.

**Hon. Keith Martin (Parliamentary Secretary to the Minister of National Defence, Lib.):** Mr. Speaker, this is a very important issue for Canadians, particularly since we are going into winter.

When I initially dealt with this issue, as part of the desire of my constituents of Esquimalt—Juan de Fuca, we asked how we could reduce the impact of the increasing fuel costs on Canadians, particularly those who are of modest means. We know that as the costs go up, we all pay the same at the pump. Those of modest means are the ones who are hurt much more.

Therefore, as a party we have implemented some solutions that will help relieve the financial burden on Canadians, particularly those in the lower socio-economic groups, directly, effectively and quickly.

I thought initially that we might be able to achieve this at the pump, by reducing the 10% federal tax on every litre of fuel, for example. On the surface it seemed like a good idea. When we examined this, and there has been some experience in the United States, we found that if we reduced the entire 10% per litre tax, the cost at the pump would be reduced by a very small amount, much less than 10¢, and the benefit would accrue to the oil and gas producer. That is not what we want to accomplish. We want to achieve a net savings for consumers tomorrow, and that is what we have done.

In summary, through the energy cost benefit, families who are entitled to receive the national child benefit, starting 2006, would receive \$250. Seniors couples where both spouses are entitled to receive the guaranteed income supplement would receive \$250. Single seniors entitled to receive the GIS in January 2006 would receive \$125. About 3.1 million payments or \$365 million will be given to those individuals. It will provide a net savings to them as the burden of the increase in gas prices falls upon their shoulders. This is a direct saving and help to those groups.

We also have tried to improve the energy efficiency of our buildings. If we are to reduce the amount of fossil fuels we burn, the best way to do that is to insulate our homes and buildings. If we are to meet our Kyoto requirements and go beyond them, the most efficient and effective way of accomplishing is improve the insulation in our buildings. We have the technology today.

Therefore, we are providing people with \$500 million in direct financial assistance, which will be between \$3,500 to \$5,000 per home, to insulate their homes, improve their windows and draught proof. By insulating our homes more effectively, we will burn less fossil fuels. We will have less emissions of carbon dioxide and small particulate matter, nitrous oxide, sulphur dioxide and other pollutants which produce smog. Carbon dioxide is the prime generator of greenhouse gas emissions which affect global warming.

We are accomplishing this in two ways. We are reducing greenhouse gas emissions to address the issue of global warming and we are reducing the burning of fossil fuels which will assist in our air quality.

*Private Members' Business*

This is part and parcel of the much larger green budget that the Minister of the Environment has put together. This initiative is part of a larger package of solutions put together by the minister, which involves air quality, water quality and land. The Minister of the Environment has put together effective solutions to reduce the amount of pollutants. This ties into that.

Between 1990 and 2003 we reduced the number of pollutants in the air by about 90%. This includes significant pollutants such as dioxins, furans and other toxic substances. We have had a significant decrease over the last 12 or 13 years, which has helped improve our air quality.

• (1725)

Over the last year we have also implemented a number of solutions with respect to transparency and how government works. It is appropriate that we are speaking about this because the first Gomery report was released today. It is wise to look at the number of initiatives that have been put in place over the last year and a half to ensure that taxpayers' hard-earned money is spent wisely and effectively.

It is important that the viewers out there hear this and actually delve into the solutions and exciting initiatives that our federal government has implemented. They include a comptroller system and an internal audit system, an entirely new audit system that will examine in a very transparent and public way how and where the taxpayers' hard-earned money is being spent.

There is also the expenditure review system which forces every single department and every single minister to ensure that 5% of the expenditures are redirected from the lower priorities to the higher priorities. Every year there will be a constant weeding out of those projects that are not performing well. The people's money will be redirected into those initiatives that are more important for Canadians.

The audit system is extremely important. The comptroller general system is important because, in combination with the internal audit system, every single department will have an oversight mechanism to ensure that Canadian taxpayers' money will be spent effectively and where it should be spent.

We also have implemented new changes for crown corporations. There is a new system of how the crown corporation heads are selected. We have also made sure the crown corporations are under the Access to Information Act. Furthermore, the Auditor General will have the power to review the activities of some of those crown corporations. That has never happened in the history of our country.

I would encourage Canadians to look at the initiatives that we have put together and provide us with solutions as to how we can make the people's money work better for Canadians and make sure the process is more transparent and effective. At the end of the day we want to ensure that the people are getting the best bang for their buck with respect to our expenditures.

These initiatives have taken place over the last year and a bit. It is the responsible thing to do. These initiatives will ensure that in the future the moneys people give to the Canadian government will be spent responsibly, effectively and transparently.

• (1730)

**The Acting Speaker (Mr. Marcel Proulx):** It being 5:30 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

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## PRIVATE MEMBERS' BUSINESS

[English]

### AGRICULTURE

The House resumed from September 26 consideration of the motion.

**Mr. Lloyd St. Amand (Brant, Lib.):** Mr. Speaker, I am pleased to participate in this debate and to once again articulate the government's commitment to our agricultural producers and to helping them maintain profitable and sustainable operations, and to reiterate our continuing commitment to the protection of our environment and the health and safety of all Canadians.

I would like to assure members of the House, and indeed all Canadians, that the Government of Canada understands just how significant the Richardson's ground squirrel problem is for Canadian producers.

Management of ground squirrels has been a long-standing challenge for our agricultural producers in the Prairies. Through recent initiatives, the government is going beyond its traditional role as a pesticide regulator and is working actively to find solutions to the issue of ground squirrel control. Let there be no doubt that ground squirrel control is the issue.

The motion put forward by the member for Vegreville—Wainwright proposes to once again make a 2% strychnine solution directly available to farmers for the purpose of formulating their own bait to control ground squirrels. That would be a mistake.

I would like to remind the House that when the restrictions on the availability of the 2% strychnine concentrate were put into place in 1992, the government at that time undertook this action to protect Canadians' health, safety and their environment from possible serious adverse effects of this very dangerous poison.

Freshly prepared moist strychnine baits comparable to those which used to be prepared from the 2% liquid concentrate have been commercially available since 2004. This ready to use format means the mixing and diluting is done under controlled conditions in the safety of closed manufacturing facilities in both eastern and western Canada. Provincial agriculture departments are satisfied with the effectiveness of these new fresh bait products, and these ready to use products are safer for the farmer to use.

The government is not looking to move backward on this issue. Most OECD countries are moving away from the use of strychnine in any form. By this time next year, strychnine will not be used for pest control in any EU countries. It is also worth noting that all above ground uses of strychnine in the United States have been prohibited since 1988.

*Private Members' Business*

The regulatory proposal on which Health Canada is currently consulting only extends the use of strychnine for Richardson's ground squirrel control for the next three years.

This government wishes to move forward. It is time for a new approach. We have already informed the House that work has commenced on an integrated pest management strategy to help producers better manage the ground squirrel problem while offering a safer approach for the environment and the farmers who actually handle the strychnine treated bait and other toxic substances available to control ground squirrels.

Through the implementation of an integrated pest management strategy, producers will be able to reduce the amount of toxic chemicals being used. At the same time, producers can be confident that when they are using pesticides, they are being used in a way which maximizes their impact on the ground squirrel problem while minimizing their effects on human health and on the environment.

The experts developing the integrated pest management strategy come from many areas, including ranchers and crop producers, the provincial governments of Alberta and Saskatchewan, rural municipality associations, Health Canada's own Pest Management Regulatory Agency, the Canadian Wildlife Service, the University of Lethbridge, and even chemical companies. Developing the integrated pest management strategy will be a very thorough process, and work done to date has already added to our knowledge of the ground squirrel problem.

It is through the research and development of an integrated pest management strategy that we will be able to attain a healthy balance between pest control and a safe environment.

I want to assure the House that there are other products registered for use in Canada for controlling ground squirrels. Canadian producers are not without alternative products.

●(1735)

The government recognizes that currently, strychnine remains the control product of choice for Richardson's ground squirrel. However, reliance on strychnine is not sustainable in the long term. The dwindling global market for strychnine pest control products likely means that the cost of strychnine for Canadian producers will continue to rise. Science and research into new pest control products will play a critical role in ensuring the future competitiveness and prosperity of producers and for the entire agriculture and agri-food industry.

On September 22, my colleague, the Minister of Agriculture and Agri-Food, announced broad based national consultations on a new strategy for Canadian agri-food science and research. This strategy should help provide innovative solutions to meet new challenges and to prevent catastrophic losses in agriculture from pests such as ground squirrels. I congratulate the Minister of Agriculture and Agri-Food for launching these consultations. It is only through science and research that we will be able to develop new strategies and new techniques to deal with problems that have plagued our farmers for decades.

These scientific advancements need to be combined with the knowledge of local experts and producers in the development of an integrated pest management approach to this issue. This is the

modern and progressive way of tackling these sorts of problems. It is not by going back to old methods which have been rejected by other modern agriculturally developed countries.

It is through the use of modern science and research and integrated pest management approaches that we will find solutions which benefit producers while protecting the environment and the health of pesticide users and non-target animals and birds.

I urge all members of the House to reject the proposed motion.

[*Translation*]

**Mr. Réal Lapierre (Lévis—Bellechasse, BQ):** Mr. Speaker, allow me to say a few words about the bill introduced by my colleague, the member for Vegreville—Wainwright, regarding the distribution of 2% strychnine solution to farmers.

I would like to congratulate my colleague on his desire to fight the animal pests that infest farmland and cause damage, which is hard for us to comprehend and evaluate when we do not personally face the problems they cause.

When people are wrestling with an affliction like this and see the effects on their hard work, threatened by vermin, using 2% strychnine seems like a panacea. I can understand why farmers who see their land invaded by rodents, their machinery in danger of breaking, and their crops being destroyed would be tempted to resort to this product.

It seems to me, though, that we should take a closer look, regardless of what it says in a recent report of the PMRA, the Pest Management Regulatory Agency, which concluded that using strychnine to fight northern pocket gophers, skunks, pigeons, wolves, coyotes and black bears does not pose an unacceptable risk to human health or the environment.

It says that this does not pose an unacceptable risk. Even if only interim, this permission from the agency could hardly be more dubious.

I am sure that if nothing is ventured, nothing is gained, but I cannot understand how exposing oneself to a poison can be considered an acceptable risk. The document issued on September 22 states that the current use of strychnine to combat Richardson's ground squirrel is of real concern to the environment. We know very well that human health is closely connected to the quality of the environment in general and the quality of the land, especially regarding food production for animals and humans.

*Private Members' Business*

Yes, it does state that this is an interim regulatory decision on strychnine while we await the adoption of a strategy for fighting the Richardson's ground squirrel. The caution that has prevailed so far is relegated to the back seat, and for how long? I know very well that there are imperatives related to the extent of the damage that may be caused by rodents. I can understand that farmers feel they have their backs to the wall and are ready to defend their property and the fruits of their labour whatever the cost. I acknowledge the consequences for farmers of an epidemic of predators but also what this means from the social and economic standpoints.

That said, after looking at the danger from every angle, is the risk not too great? Some would argue that the PRMA has taken that into account, which would explain why only temporary permission has been granted until further results or comments are received. What is more, government agencies have been talking about this issue for 25 years now and they always come back to the same conclusions.

Strychnine is a potent poison.

Who can say that an individual needing to be in a hazardous area will not suffer consequences some day, even if exposed to an infinitesimal amount? Who can guarantee there will not be any side effects? Who can predict the environmental consequences of its ingestion by farm animals or wild animals or birds? There were lessons to learn from the mad cow crisis.

And who will manage this new problem? Keep in mind that this is not an issue of resolving an occasional problem of rodents, a squirrel here and a rat there. We are talking about infested land. We are therefore also talking about very significant doses of a deadly poison scattered across land used to grow food.

● (1740)

We are facing a serious dilemma. We absolutely must help the farmers who are dealing with the Richardson's ground squirrels and all the other predators.

However, it is not for nothing that in 1992, Canada limited the concentration of the product to 0.3% and 0.4%. It is not for nothing that 2% strychnine concentrate can only be mixed under the supervision of an authorized official.

Just look at the assessments conducted by recognized experts. I will cite just two. The results of a study on the possibility of secondary poisoning of scavengers clearly show that there is indeed primary poisoning of non targeted birds when bait containing strychnine is used on ground squirrels and that this can lead to a considerable number of secondary poisoning cases.

Another study on the possibility of primary poisoning of non targeted species was done in Saskatchewan. The results clearly show that this serious risk is considerable for non targeted birds and mammals.

What more can I say other than the risks are real. We could add to the list of recommendations on labelling, increase the number of operating tips, add to the regulatory measures on human health or even the environment, but that does not change the fact that using a potent poison is deadly.

Whatever precautionary rules are written or enforced, the risks involved in the use of a 2% strychnine solution are so high that we must, as the representatives of the people, insist on a search for other drastic solutions to a problem, which, I understand, is causing farmers grief.

The fact that this product concentration was prohibited in the US and Canada indicates doubt, to say the least, about its use on the part of governments and the appropriate study and research bodies. In Europe, the Bern convention on the conservation of European wildlife and natural habitats has made the use of strychnine in pest control illegal.

We can only be grateful that the Pest Management Regulatory Agency is continuing its studies. I hope everyone seeking viable, effective and safe solutions to the spread of all sorts of predators to epidemic proportions will make their voices heard.

As a member of Parliament, I cannot permit the acceptance of such high risks and by means of legislation, at that. Regrettably, I am firmly convinced that it is our duty to put an immediate end to this motion, because its scope is too broad. I add that no interim arrangement is acceptable when human life is at stake and more importantly when the risk is present at various levels, including direct and indirect poisoning and when the environmental effects are hard to measure in the short, medium and long terms.

No risk is acceptable in this matter, whatever the circumstances that moved my colleague to introduce this bill. We must await solutions that do not threaten the integrity of life, at any level. I truly hope that this will come about as soon as possible.

In the meantime, lacking anything better, I prefer the use of 2% strychnine remain solely in the hands of the duly authorized and trained experts, even if it means the government approves, indeed insists on, emergency training for additional personnel to help farmers control the spread of crop-destroying pests. I propose this measure solely on compassionate grounds, since the situation is desperate. It would be much preferable to have lower concentrations used out of respect for nature.

● (1745)

It would be even better to have a clean solution put forward by our eminent researchers.

I regret it, but I must, in all conscience and for the reasons I have given, vote against my colleague's motion.

[English]

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, I rise today to speak against the motion. I recognize that there are some very serious issues facing our farmers in terms of dealing with rodents that destroy crops and make it very difficult for farmers to maintain their livelihood. However I think it is very important that we talk about the context.

My colleague from the Bloc referred to the Pest Management Regulatory Agency. It would be great if we could have faith that this agency actually would protect the health and welfare of Canadians.

*Private Members' Business*

I point to a former pesticide that has recently been approved, 2,4-D. Its end use products were approved to treat lawns and turf. It was re-reviewed and it was determined that it did not entail an unacceptable risk of harm to human health or the environment. Perhaps Europeans are different from Canadians because 2,4-D is banned in Denmark, Norway and Kuwait and the registration is cancelled in Sweden and is severely restricted in Belize.

In 2002 a new Pest Control Products Act was proclaimed and yet the regulations were not promulgated for that act. Now if we did all of the work and the reviews and we developed regulations but never implemented them, one could question whether the process is rigorous enough for Canadians.

When we are talking about strychnine, one of the issues concerns the harm it does to other species. We know that rodents, squirrels and all manner of other creatures are eaten by other animals. There is also a chance for this kind of a product to actually get into water tables. We therefore must be very careful when we look at approving the use of such a high concentrate of a deadly substance.

I know this has come up in the House in the past and it has been a number of years since farmers have asked the government to take a look at their needs and to ensure the protection of their livelihood. I go back to a former member of the House, Dick Proctor from Palliser, who comes from a part of the country where this is very much a serious problem. I will quote from one of his former speeches in 2001. He stated:

I remind members, in the words of David Suzuki, that the human race is the most predatory animal in the history of the world. We have a phobia about eliminating anything and everything that gets in our way. Some day that is going to come back and cost us in a very large way.

This is a problem and I do not want to minimize it, but I think we need to and should look at alternatives. The issue has been around for 10 years. The government has absolutely failed to develop alternatives that would work as a replacement for liquid strychnine.

In that particular context, I think it is incumbent upon us to make a couple of points. Restrictions on the use of liquid strychnine were strengthened in 1993 due to its lethal effects on non-target animals that assist in controlling the gopher population, including raptors.

In our current context, just to say what is available for farmers, strychnine is currently available pre-mixed to farmers. As of April 17, 2005, there were 16 Canadian strychnine products registered. Ten were aimed at ground squirrels or gophers and were available in 0.4% concentrations. Two other products aimed at ground squirrels, one with 2% and one with 10% concentration, were available but both of them were listed as manufacturing concentrate.

All of the above uses of strychnine have been prohibited in the United States since 1988, so our neighbours to the south for a number of years have prohibited the use of this type of strychnine. It is illegal to use strychnine for pest control in most European countries and its use is prohibited by the Berne Convention on the Conservation of European Wildlife and Natural Habitats. When we hear citizens in many other countries of the world say that the use of strychnine is not acceptable in their countries, why would we consider it in Canada?

● (1750)

In Canada, farmers have to put the bait in the ground at least 18 inches. They have to bury the carcasses, so that the eagles, dogs and other animals would not be contaminated and spread the problem. We acknowledge that there is a danger of contaminating other animals that could have access to this.

Strychnine is highly toxic or very highly toxic to birds, frogs and mammals. In humans, the symptoms of strychnine poisoning begin 15 to 30 minutes after ingestion. It is important to talk about what happens to people when they ingest this product.

There may be an initial violent convulsion or minor stimulation may trigger violent convulsions. Breathing stops and the patient turns blue. The muscles relax completely between convulsions. There is cold sweat and the pupils may contract. After 10 to 15 minutes hypersensitivity returns with further convulsions. There may be one to 10 such attacks before recovery or death from respiratory arrest, otherwise known as suffocation. The fatal dose is usually in the range of 100 to 200 mg, but as little as 30 mg in adults and 15 mg in children has proven fatal.

This is a highly toxic substance. To talk about making it available in higher concentrations where it could impact on other parts of the population, both human and animal, is highly questionable.

On September 26, 2005, the Pest Management Regulatory Agency, PMRA, a branch of Health Canada, issued notice that it had re-evaluated the use of strychnine to control certain pest populations, such as northern pocket gophers, skunks, pigeons, wolves, coyotes and black bears, stating that evidence did not show that its use for these animals did not pose an unacceptable risk for human health or for the environment.

As I noted earlier, there had been some concerns around the PMRA process in taking a look at how it approves pesticides in Canada, and again, the fact that the regulations from the 2002 act have not been put in place.

However, the PMRA maintained that the use of strychnine to control ground squirrels like Richardson's, Columbian and Franklin was still a concern from an environmental perspective. It was agreeing that there was a concern around this. It issued a proposed acceptability for continued registration, PACR, which stated that due to the damage caused by ground squirrels and the lack of practical alternatives, it was recommending the continued use of strychnine for the next three years.

This proposal included a re-evaluation in three years, during which there would be work on an integrated pest management program for Richardson's ground squirrels by a group of stakeholders and some new regulations relating to enhanced labelling.

This problem has been going on for a number of years. Why has it taken so long to get adequate action for our farmers, so that they can protect their livelihoods without resorting to such a highly toxic substance.

The concerns of the PMRA were that the current use of strychnine resulted in appreciable amount of poisoned bait being available to non-target organisms, including songbirds. This is that old collateral damage. Let us call it what it is. Other creatures are dying because they are ingesting this poison and it was a use to which it was never intended.

Based on carcass counts, it was estimated that 1,950 songbirds were poisoned in southern Saskatchewan in the 2001 season. As well, a large number of poisoned carcasses would be available to predators and scavengers, including endangered species common to the area where strychnine is regularly used, like the swift fox and the burrowing owl.

The PMRA determined that new forms of bait and/or ways to reduce user reliance on strychnine need to be explored and we would concur. It is incumbent again upon the government to propose a solution that is going to meet the needs of the farmers and include farmers in this discussion.

John Worgan of the federal Pest Management Regulatory Agency said the long term plan is to look at phasing out the use of strychnine for gopher control, with a short term goal to reduce reliance on strychnine. Paul Laflamme, Alberta's director of pest management, said, "There is a danger someone's pet or kids will come into contact with strychnine bait that was put out for the squirrels".

Clearly, we need to be concerned about the interrelatedness of our environment. The strychnine does not stop at the rodent. It gets into all kinds of other systems. We must find another way to help our farmers and support them in looking at different ways to deal with this rodent population. I urge members of this House to vote against this motion.

• (1755)

**Mr. Garry Breitreuz (Yorkton—Melville, CPC):** Mr. Speaker, I would like to thank my colleague from Vegreville—Wainwright for raising an issue that is important to many agriculture producers in various parts of Canada, especially the Prairies.

The government has been very unresponsive to the problems that it created back in 1993. These problems may appear to affect a small group of people, but they are significant and affect the bottom line of farmers at a time when they are struggling against many other forces as well. The government always wants to deal with big programs and address huge problems, but here we have concerns by a large number of people who the government may regard as only 1% of the population, but it is a problem we must address.

I want to make a few comments about the previous speakers who have gone before and point out that what they are saying is factually incorrect. This is not a danger to human life and it is not a significant risk to the environment.

The government's own Pest Management Regulatory Agency has said that it is not a risk to the environment and it is not a significant risk to other birds of prey or other animals. If we look at this

### *Private Members' Business*

objectively, it in fact prevents pain and suffering for animals such as cattle and horses that break their legs stepping in gopher holes. The report also says it is not a risk to groundwater supplies.

I notice members make their speeches and then run out, but I hope they will read *Hansard* and some of the things that I will be saying in my speech.

Presently there are no alternatives. Other supplies that are being given and made available do not work and the government has not proposed any alternative. There is no viable alternative at the present time.

My colleague's Motion No. 253, for those who have been watching on television, says:

That, in the opinion of the House, the government should make available directly to farmers the 2% strychnine solution.

Let me give a little background, so people watching this will understand. Back in 1993, farmers were denied the use of liquid strychnine to control the growing population of gophers by Agriculture and Agri-Food Canada. It was decided that ready to use bait containing 0.4% strychnine would be the option available to farmers, and the reports indicate that it is totally ineffective and essentially too weak to do anything.

Gophers have become a plague in some areas, wreaking havoc on farmland and the environment. Many people have said they are concerned about the environment. Here we have something that is really having a very negative effect on the environment.

My colleague from Vegreville—Wainwright needs to be complimented because he has been working on this for quite some time and has not had an opportunity to have this voted upon. I am glad that we have this now and I am hoping members will read the record here, so that they will have their facts straight before they vote on this.

The damage that is done to crop, pasture and range land is in the neighbourhood of \$200 million in some years. That is a very significant amount and it is a cost that farmers cannot afford. What they are asking is that the 2% liquid be allowed for use by them, that they can mix it themselves and not have to get it from Toronto or some other place. There is really no valid reason for the government to have removed this effective tool from farmers in the first place.

I want to now focus on the PMRA report. This is the government's regulatory agency. The summation of this report is that there is no good reason for not allowing farmers to use this particular solution to control pests that really have no other way of being controlled.

*Private Members' Business*

● (1800)

The PMRA, the Pest Management Regulatory Agency, which is a federal government agency, is responsible for registering pesticides. It stated that it had some concerns about the use of strychnine baits to control Richardson's ground squirrels, or gophers. However, a careful look at its evaluation document shows that these concerns are limited, specific, and can be easily managed by western farmers. That is the bottom line. Members should read the whole report.

There are several positive points that are made in this PMRA report. It includes:

Producers and the governments of Alberta and Saskatchewan consider Richardson's ground squirrels to be the major mammalian pest impacting croplands, pastures and rangelands over the past several decades, for which the control option of choice has remained strychnine-treated food baits.

It goes on to say there is "the lack of practical alternatives at this time", so "it is proposed that the use of strychnine to control ground squirrels be maintained for the short term".

This report gives no reason for not returning to the 2% liquid strychnine for farmers to use except possibly in certain limited settings, such as areas where there are burrowing owls and the swift fox. Even in these areas, studies must be done quickly to determine whether the proper use of the 2% solution, or 0.4% when mixed with grain, has any negative impact on these endangered species. We are as determined as anybody to protect these endangered species and the environment.

One of the previous speakers said this was a risk to humans. This is not. If members read the report, it makes it clear this is not a risk to people. Neither is it a risk to other species of animals. Environmental assessment says there is no danger of movement in the soil. It will be persistent in the soil unless "specialized microbial populations are present".

Somebody said previously that this was a risk to groundwater. It makes it absolutely clear in the report that it is not a risk in this area. The report says, "it is unlikely that aquatic organisms will be exposed to substantial quantities of strychnine".

I wish I could go into more of the report, but I think members get the drift. A study in Saskatchewan, my home province, found three key things that I want to mention at this point.

First, freshly mixed bait is more effective than premixed bait. But only the premixed bait is being made available to farmers. This is a strong argument for a return to the 2% liquid which farmers themselves can mix.

Another point that the Saskatchewan report discusses is that there is a potential for non-target poisoning, but there was no actual evidence of this. Previous speakers have claimed that there is. There is not. If there is a limited non-target damage, is this acceptable? No. And if there is, it would possibly be with mice.

Any possible impact on scavengers was not determined. There was in fact, and listen carefully, no evidence of harm to birds of prey. Many people have made the claim that there is. There is not. The use of strychnine was deemed to be safe for use on northern pocket gophers, pigeons, skunks, et cetera.

There has been no attempt to measure the costs to farmers in terms of damage to crops, pastures and rangelands, and the high cost of purchasing the premix solution and of the labour costs of this ineffective premix.

I see no good reason for not supporting this motion. I think that we need to take a close look at this. This affects a significant number of people across the Prairies. Farmers are watching this debate today. They would like to be here themselves to tell the government how desperately they need this 2% liquid strychnine solution to control the gopher population.

The government has done nothing in the last 12 years. As a result, we as the Conservative Party and my colleague from Vegreville—Wainwright and farmers across Canada are trying to put pressure on the current government to do something. Until November 24, everyone who had lost crops and livestock, and suffered equipment and property damage can submit their briefs to the Pest Management Regulatory Agency here in Ottawa. They can get the address from my colleague. They should tell the government the damage that has been caused by gophers and the fact that they want to have this restriction removed from them.

● (1805)

I appreciate having the time to address this issue. I am hoping that people will have open minds on this and support my constituents.

**Mr. Dale Johnston (Wetaskiwin, CPC):** Mr. Speaker, it is a pleasure to speak to the motion of my colleague from Vegreville—Wainwright, the goal of which is to put a tool in the hands of farmers to combat this very destructive pest. This may not be the sort of issue that makes a lot of impact in downtown Ottawa or Toronto, but it is a very important issue for farmers.

The Richardson's ground squirrel, otherwise referred to on the Prairies as a gopher, does a lot of damage to farmers' crops and machinery and does so in many different ways. They are burrowing pests that dig holes in the earth, which could actually be construed as aeration of the soil, I suppose, but they put up big mounds of dirt behind the hole and they attract predators.

The main predator is the badger. The gopher makes a hole about the size of a drinking glass, just large enough for him to slip down into an enlarged borrow at the end of that where there is a very complex maze of tunnels. The badger comes along and digs out the gopher, because the badger is a meat eating animal and the gopher is his prey.

However, the badger digs a hole about the size of your head, Mr. Speaker, or maybe larger, and that is what really causes damage to machinery and livestock. When people ride their horses across their pastures in pursuit of cattle, for instance, and the horse steps in that hole, not only is it damaging to the horse, it is very perilous for the person who happens to be riding the horse.

*Private Members' Business*

One of the tools that farmers have traditionally used for decades and decades, with good results and with safety, is the 2% strychnine. Over the last few years we have been able to purchase a 0.4% strychnine premixed base. This comes in small pails, a 20 litre pail or a 10 litre pail, at a cost of \$75 a pail, and there is only enough to use on a few acres.

Two of the biggest problems with the premixed strychnine are, number one, the solution is so weak that it is not all that effective, and number two, the grain is damp and sealed up, so if we do not have timely delivery of the stuff in the first place and the proper weather to put out the bait or if we are delayed in putting it out, it very rapidly moulds, making it worthless.

Then the farmer has a \$75 per pail investment in a product that is, number one, useless and, number two, difficult to dispose of. Thus, it has to be disposed of properly and if the farmer tries to use it he gets very poor if not negligible results.

Some people who have talked about this have made it quite clear to me that they have no idea of what a gopher even is. They hear "squirrel". It is not the red squirrel, which we have in western Canada. It is not the grey squirrel, which is common to most of the boreal forest across Canada. It is certainly not the big black squirrel that people see around the Parliament buildings here in Ottawa. These are just nice furry little friends that basically live in the trees. They do not do any harm. They do not do a whole lot of good. They are just there.

What we are talking about is a Richardson's ground squirrel. They are prolific breeders. They have two and three broods a year. If left unchecked, they can ruin a farmer's cropland. Their method of living is to graze off the grain as it comes out of the ground. Each family of gophers will clear off an area that is probably 40 by 40 feet square. They will completely graze that grain off when it is growing up. The reason they do this is that most of their predators come from the air, so they like to be able to see their predators coming. If they are in high grass, it is difficult to get away from their predators and they rely on their speed and the fact that they can go down into their burrow to get away from their predator.

Therefore, when the crop grows up, not only is there the danger to livestock of stepping in the holes made by the badgers that go down digging for the gophers, but there is a loss of crop and a loss of grade.

● (1810)

"Grade" means the quality of the grain that is harvested. There was a grade of oats years ago called "gopher oats", because after a while the crop did get ahead of the gopher and it headed out way too late to be harvested. When it was harvested the crop had immature and green kernels of oats, so the grade went down the drain. Of course it reduces the yield.

That is the problem. What is the solution?

For years and years the solution has been to use strychnine. Every agricultural service board in the provinces of Alberta, Saskatchewan and Manitoba, in the areas affected by Richardson's ground squirrels, has been utilizing these poisons very reliably and very responsibly with good results for decades and decades.

This problem has resulted in hundreds of millions of dollars in lost revenue for the farmers who cannot really afford to lose any more money. The farm community is really struggling now with poor commodity prices and high input costs. Farmers do not need another blow like this that restricts their control of this rodent.

The other method, other than poisoning, was to trap them. Trapping gophers on a thousand acres of land is a formidable task. It is very time-consuming and very labour intensive. If we were to advocate in the House for trapping with leghold traps, there would be a hue and cry even from the speakers we have heard from today who have been opposing the bill. If they oppose the poison, they would certainly oppose using leghold traps. So not only is that ineffective, it is expensive and labour intensive and there would be great resistance to it from our urban friends.

The other method, of course, is to shoot them. The problem with that is that we never get rid of the problem. If even 1% of the gophers are left on the land, they will do what gophers do and that is reproduce. The more they are hunted and the more pressure put on them, the larger their litters are. Then we end up with more gophers, so we would not get the results that we need.

This is a tool that farmers need. The question that we have to ask ourselves is whether the House cares whether farmers need that tool or not. If members do care, then either we should give them this 2% solution strychnine so they can mix it with their own grain, putting it on a timetable so that it is going to be effective and do the job that it is intended to do, or else we should come up with an alternative.

Has anyone offered an alternative in the 12 years that the 2% solution has been outlawed? No. Nobody has come up with any alternatives. Besides that, no one has done any studies to see whether or not birds of prey and pets and other unintended animals get into the poison. No one has done any of those things. They have just made a lot of assumptions. What has been assumed is that it is poison, it has to be dangerous, and therefore it has to be bad.

What has been done is that this tool has been taken away from the farmers. We might just as well take away their fuel as do this. It is one of those things that farmers must have. Farming is a very complex business. It has become a very marginal business as well, so anything farmers can do to improve their bottom line is absolutely essential for the economy of the farm.

Why have there not been any proper studies done on this? The government has to answer that question. There have not been any proper studies and I want to know why. I am certain that my colleague from Vegreville—Wainwright would like to know as well why there have not been any studies on this. I commend him for having stuck with this issue since 1993. Basically he has been the lone voice crying out for a method to control this pest.

● (1815)

If this were a pest causing as much damage to Highway 401 in Toronto, for instance, there would be a solution to this by now. Somebody would have come up with a solution to make sure that the 401 was freed of such a pest if it were causing the same kind of havoc to that highway as the Richardson's ground squirrel is causing for the farmers that my colleague from Vegreville—Wainwright and I represent.

*Private Members' Business*

We look forward to the day when we can use 2% strychnine, mix it with our own grain, and create our own bait to get this job done.

• (1820)

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Speaker, we are here discussing gophers this afternoon. I noticed as my colleague from Wetaskiwin was speaking that you were listening intently, Mr. Speaker, and all the pages were paying attention to his informative and educational speech on gophers and what they are about.

I was a little concerned this afternoon, because I heard a couple of colleagues asking what we were doing talking about gophers and I overheard someone saying that just what he came here for was to talk about gophers. I need to remind the folks here of the old saying that all politics is local.

In this situation, I think that applies very strongly, because this is an important issue for a group of people: our farmers and our producers. Although some people may think it is a bit of a joke, I can assure them that it is not a joke for people facing this problem.

This government has really damaged farmers' ability to control these pests through a couple of different means, one of them being Bill C-68, which we are all familiar with. First, the government refuses to back off in its support of a gun registry that is costing Canadians billions of dollars and which in my part of the world is affecting farmers' ability to control these rodents. Second, the government has interfered with our ability to control them by interfering with the application of strychnine.

I have to compliment the member for Vegreville—Wainwright because he has been persistent in this fight to try to make sure that farmers have access to 2% strychnine. I know that it is not a new issue for him. I was here during the last Parliament and this was an issue for him then as well. He has been very persistent. In this Parliament alone he has brought two private members' bills forward, Bill C-377 and Bill C-381, both dealing with this issue. He has also brought this motion forward. My colleague should be commended for his strong work in this area.

I know that my time today will be brief, but I want to make sure, as my colleague from Yorkton—Melville did, that farmers once again are reminded of a call to action. There is an opportunity for them to influence the government's decision in this area. Until November 24, anyone who has been affected by this issue has the right to submit a brief to the government. They can send it to: Publications, Pest Management Regulatory Agency, Health Canada, 2720 Riverside Drive, Ottawa, Ontario, K1A 0K9.

It is essential that people participate in this process. The government needs to know that farmers are being affected by this so that it will take the issue seriously. Those submissions should outline things like the type of damage that has been caused by gophers and the estimated cost for farmers in a bad year. I know that the costs can be huge. We have had areas in my riding where these gophers have wiped out 50, 60 or 70 acres of crop just because there are so many of them in a small area. They can be a significant problem. In 2001 and 2002, they had a huge impact on certain areas in western Canada.

In their submissions, farmers need to talk about the effectiveness of the chemicals that are available to them now. The stuff that is 0.4% is just not working and I think is probably more of a danger to the environment than the stronger strychnine solution because it ends up just being left around. The gophers do not eat it. They are not using it up. Farmers need to talk about that.

Farmers also need to talk about the cost savings and the convenience to them of having the 2% liquid strychnine solution that they can mix with their own grain. I encourage as many as possible to send in their submissions.

We only have about four ways to control gophers. Poison is one and we are here talking about it today. We think we need an effective way of doing this. Some people have suggested that we trap the gophers. That might work in somebody's city yard, but it certainly will not work on a large scale. Trapping is barely enough to control gophers in a garden. Some people have tried different methods of fumigation. It has had limited effectiveness. As I mentioned, of course, shooting gophers is getting to be more difficult because of the restrictions this government has brought in. The government does not seem to mind inconveniencing farmers. It is a bit disturbing that the government would continue to make this a problem for them.

In conclusion, let me say that we should step forward and support this bill. The environmental issues certainly can be controlled. It is our obligation to do things to help out our farming community. In a tough situation and tough times, this is something we could do that would not cost the government a lot of money and would be very effective for our producers. It would be an important step forward.

I am eager to hear what my colleague from Vegreville—Wainwright has to say in conclusion on this matter. I ask members to support his motion.

• (1825)

**The Acting Speaker (Mr. Marcel Proulx):** The member moving the motion has a five minute right of reply to conclude the debate.

**Mr. Leon Benoit (Vegreville—Wainwright, CPC):** Mr. Speaker, I would like to thank my colleagues for their thoughtful presentations on the issue.

I was somewhat disappointed that the Liberal member today gave a departmental speech. It really was not very helpful.

At least the Bloc member expressed some concern about the issue and went on to say that he thought there were some environmental concerns. He obviously had not read the report because it dealt with the possibility of environmental concerns.

Who shocked me was the member from the New Democratic Party. Obviously she does not understand farming and does not care about farmers. I thought she was going to propose that we put in place a program of live capture for gophers, give them counselling and then relocate them. That is where I thought her speech was heading, quite frankly. I do not think that would be too successful.

This problem has been in place since 1993 when the government at that time said that it had to get rid of this liquid strychnine. Under a motion passed in the House, I received all the documentation that was used by the government to make that decision. It was shocking. The information showed that the decision was based on virtually nothing. There were submissions by fewer than a dozen people in total. It should never have been removed. That was clear from the documentation we received.

Finally, the department has done a bit of a study. The problem is its study was based mostly on a larger study done by the environment department in the United States. The government took that information and tried to apply it to the Canadian situation.

Even with that, the report did say some positive things. The report said that the Richardson's ground squirrels are the major mammalian pest for crops. They are the most damaging pests for pastures, range lands and crop lands and that they do cause substantive damage. The report did say that. It went on to say, "there is a lack of practical alternatives at this time". It will be retained for at least three years and will be reviewed at that time but in the premix form only, which is ineffective. The report did say that and it was somewhat helpful.

The report gave no reason for not returning the 2% solution of strychnine to farmers. It gave no reason at all for not returning it, except possibly this one issue. To be fair, I think this should be pointed out. There is a genuine concern regarding the swift fox and the burrowing owl. In those areas there may be a problem, although the report done by the PMRA in fact had no evidence that it is a problem.

I would suggest to be cautious in this regard where those endangered species are in place, but a study should be done to find out whether or not there is a problem. We will see as time goes on whether or not the PMRA bothers to do that study.

The study went on to say there is no danger to people. It went on to say that bystander exposure is considered to be minimal. The environmental assessment said that there is no danger of movement in the soil, that it will be persistent in the soil, which means it is not going to move anywhere. It went on to say as well that it is unlikely that aquatic organisms will be exposed to substantial levels of strychnine.

What the report did not say is something which I think farmers should put in their presentations to the PMRA. What it did not say is that shipping the mixed product is of some concern. Why ship a mixed product when securely closed little cans of the 2% liquid could be shipped and farmers could mix on their own? That is exactly what I am proposing.

Now is the time for farmers to get involved in this issue. If the PMRA gets enough pressure applied by farmers right now, before

*Private Members' Business*

November 24 of this year, it may be able to have the 2% liquid solution of strychnine returned to farmers.

A point to be made is if farmers mix the 2% strychnine with their own grain, as they have safely done since 1928, they end up with a .4% solution that the premixed product actually provides. It really would not be doing anything different, except it would be doing it in a safer fashion where farmers mix their own and it would cost them a lot less money.

• (1830)

In summary, I want to encourage farmers to get involved. They have a real opportunity to get back the 2% liquid solution which is effective and which will save a lot of money. We should do it. Let us get on with this issue and save farmers up to \$200 million a year.

**The Acting Speaker (Mr. Marcel Proulx):** It being 6:30 p.m., the time provided for debate has expired.

Accordingly, 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 Acting Speaker (Mr. Marcel Proulx):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Marcel Proulx):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Marcel Proulx):** In my opinion the yeas have it.

*And more than five members having risen:*

**The Acting Speaker (Mr. Marcel Proulx):** Pursuant to Standing Order 93, the division stands deferred until Wednesday, November 2, 2005, immediately before the time provided for private members' business.

[*Translation*]

Pursuant to order made Thursday, October 27, 2005, the House shall now resolve itself into committee of the whole to consider Government Business No. 20.

[*English*]

I do now leave the chair for the House to go into committee of the whole.

[*For continuation of proceedings see Part B*]



# CONTENTS

Tuesday, November 1, 2005

## ROUTINE PROCEEDINGS

### Commission of Inquiry Report

Mr. Valeri ..... 9287

### Government Response to Petitions

Mr. Simard (Saint Boniface) ..... 9287

### Petitions

#### Canadian Broadcasting Corporation

Mr. Schellenberger ..... 9287

#### Justice

Mrs. Gallant ..... 9287

### Questions on the Order Paper

Mr. Simard (Saint Boniface) ..... 9287

## GOVERNMENT ORDERS

### Energy Costs Assistance Measures Act

Bill C-66. Second reading ..... 9287

Mr. Anderson (Victoria) ..... 9287

Mr. Anderson (Cypress Hills—Grasslands) ..... 9290

Mr. Boulianne ..... 9290

Mr. Angus ..... 9290

Mrs. Skelton ..... 9291

Mr. Bagnell ..... 9292

Mrs. Gallant ..... 9293

Mr. André ..... 9294

Ms. Sgro ..... 9295

### Business of the House

Mrs. Redman ..... 9298

Motion ..... 9298

(Motion agreed to) ..... 9298

### Energy Costs Assistance Measures Act

Bill C-66. Second reading ..... 9298

Mr. Anderson (Victoria) ..... 9298

Mr. Masse ..... 9298

Mr. Lauzon ..... 9298

Mrs. Smith (Kildonan—St. Paul) ..... 9299

Mr. André ..... 9299

Mr. Boulianne ..... 9299

Mr. McKay ..... 9301

Ms. Thibault (Rimouski-Neigette—Témiscouata—Les Basques) ..... 9302

Mr. Temelkovski ..... 9303

Mr. Boulianne ..... 9303

Ms. Minna ..... 9303

Mr. Bigras ..... 9306

Mr. McKay ..... 9306

Mr. Duncan ..... 9307

Mr. Boshcoff ..... 9308

Mrs. Smith (Kildonan—St. Paul) ..... 9308

Mr. Trost ..... 9308

Mr. André ..... 9310

Mrs. Smith (Kildonan—St. Paul) ..... 9310

Mr. Wrzesnewskij ..... 9310

Mr. Day ..... 9312

Mr. André ..... 9313

Mr. Martin (Sault Ste. Marie) ..... 9313

Mr. McKay ..... 9316

Mr. André ..... 9317

Mr. Stoffer ..... 9317

Mr. Szabo ..... 9317

Ms. Catterall ..... 9318

## STATEMENTS BY MEMBERS

### Kiyoshi Thomas Tsubouchi

Mr. Tonks ..... 9318

### Sponsorship Program

Mr. Williams ..... 9318

### Chief of Police for Peel Region

Mr. Bains ..... 9318

### Sponsorship Program

Ms. Picard ..... 9319

### People's Choice Business Awards

Mr. Godbout ..... 9319

### Agriculture

Mr. Komarnicki ..... 9319

### Suzie Bernier

Mr. D'Amours ..... 9319

### Sponsorship Program

Ms. Guay ..... 9320

### Black Canadian Studies

Ms. Augustine (Etobicoke—Lakeshore) ..... 9320

### Sponsorship Program

Mr. Van Loan ..... 9320

### Parliament

Mr. Karygiannis ..... 9320

### Carmen Provenzano

Mr. Martin (Sault Ste. Marie) ..... 9320

### Justice

Mr. Moore (Port Moody—Westwood—Port Coquitlam) ..... 9320

### René Lévesque

Mr. Kotto ..... 9321

### Sponsorship Program

Mr. Hill ..... 9321

### Iran

Ms. Neville ..... 9321

## ORAL QUESTIONS

### Sponsorship Program

Mr. Harper	9321
Mr. Martin (LaSalle—Émard)	9322
Mr. Harper	9322
Mr. Martin (LaSalle—Émard)	9322
Mr. Harper	9322
Mr. Martin (LaSalle—Émard)	9322
Mr. Harper	9322
Mr. Martin (LaSalle—Émard)	9322
Mr. Harper	9322
Mr. Brison	9322
Mr. Duceppe	9322
Mr. Martin (LaSalle—Émard)	9322
Mr. Duceppe	9322
Mr. Martin (LaSalle—Émard)	9323
Mr. Gauthier	9323
Mr. Lapierre (Outremont)	9323
Mr. Gauthier	9323
Mr. Lapierre (Outremont)	9323
Mr. Layton	9323
Mr. Martin (LaSalle—Émard)	9323
Mr. Layton	9323
Mr. Martin (LaSalle—Émard)	9323
Mr. MacKay	9324
Mr. Brison	9324
Mr. MacKay	9324
Mr. Brison	9324
Mr. Lunn	9324
Mr. Brison	9324
Mr. Moore (Port Moody—Westwood—Port Coquitlam)	9324
Mr. Brison	9324
Mr. Guimond	9325
Mr. Lapierre (Outremont)	9325
Mr. Guimond	9325
Mr. Lapierre (Outremont)	9325
Mrs. Lavallée	9325
Mr. Lapierre (Outremont)	9325
Mrs. Lavallée	9325
Mr. Lapierre (Outremont)	9325
Mrs. Ablonczy	9325
Mr. Brison	9325
Mrs. Ablonczy	9325
Mr. Brison	9325
Mr. Kenney	9326
Mr. Brison	9326
Mr. Kenney	9326
Mr. Lapierre (Outremont)	9326

### Health

Mrs. Jennings	9326
Mr. Mitchell	9326

### Sponsorship Program

Mr. Broadbent	9326
Mr. Brison	9326
Mr. Broadbent	9326
Mr. Alcock	9327

### David Dingwall

Mr. Pallister	9327
Mr. McCallum (Markham—Unionville)	9327

### Technology Partnerships Canada

Mr. Rajotte	9327
Mr. Emerson	9327

### Social Development

Ms. Ambrose	9327
Mr. Dryden	9327
Ms. Ambrose	9327
Mr. Dryden	9327

### Sponsorship Program

Mr. Sauvageau	9328
Mr. Lapierre (Outremont)	9328
Mr. Sauvageau	9328
Mr. Lapierre (Outremont)	9328

### Aboriginal Affairs

Mr. Harrison	9328
Mr. Scott	9328
Mr. Harrison	9328
Mr. Scott	9328

### Citizenship and Immigration

Ms. Ratansi	9328
Mr. Volpe	9328

### Sponsorship Program

Ms. Thibault (Rimouski-Neigette—Témiscouata—Les Basques)	9329
Mr. Lapierre (Outremont)	9329

### Health

Mr. Savage	9329
Mr. Dosanjh	9329

### Aboriginal Affairs

Mrs. Desjarlais	9329
Mr. Scott	9329

### Presence in Gallery

The Speaker	9329
-------------	------

## GOVERNMENT ORDERS

### Energy Costs Assistance Measures Act

Bill C-66. Second reading	9329
Ms. Catterall	9329
Mrs. Gallant	9331
Mr. Masse	9332
Mr. Szabo	9332
Mr. Grewal (Newton—North Delta)	9333
Mr. Masse	9334
Mr. Anderson (Cypress Hills—Grasslands)	9334
Mr. Lunney	9335
Mrs. Smith (Kildonan—St. Paul)	9336
Mr. Wrzesnewskyj	9337
Mr. Szabo	9337
Mr. Breitzkreuz	9340
Mr. Angus	9340
Mr. MacKenzie	9341

Mr. Anderson (Cypress Hills—Grasslands) .....	9342
Mr. McKay .....	9343
Mr. Breitzkreuz .....	9343
Mr. Savage .....	9343
Mr. Williams .....	9345
Mr. Stoffer .....	9345
Mr. Forseth .....	9346
Mr. Stoffer .....	9347
Mr. Martin (Esquimalt—Juan de Fuca) .....	9348

**PRIVATE MEMBERS' BUSINESS**

**Agriculture**

Motion .....	9349
Mr. St. Amand .....	9349
Mr. Lapierre (Lévis—Bellechasse) .....	9350
Ms. Crowder .....	9351
Mr. Breitzkreuz .....	9353
Mr. Johnston .....	9354
Mr. Anderson (Cypress Hills—Grasslands) .....	9356
Mr. Benoit .....	9356
Division on motion deferred .....	9357

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CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, November 1, 2005**  
**(Part B)**

—

Speaker: The Honourable Peter Milliken

## **CONTENTS**

(Table of Contents appears at back of this issue.)

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# HOUSE OF COMMONS

Tuesday, November 1, 2005

## GOVERNMENT ORDERS

[Continuation of proceedings from Part A]

\* \* \*

[English]

### CROSS-BORDER DRUG SALES

(House in committee of the whole on Government Business No. 20, Hon. Jean Augustine in the chair)

**Hon. Tony Valeri (Leader of the Government in the House of Commons, Lib.)** moved:

That this committee take note of the sale of cross-border Internet drugs.

● (1830)

**Hon. Ujjal Dosanjh (Minister of Health, Lib.):** Madam Chair, I appreciate the opportunity to speak to this very important issue.

The cross-border sale of pharmaceutical drugs is an issue of paramount importance to myself as Minister of Health and indeed to all Canadians.

With a series of initiatives now under development, Canada has an opportunity to address a practice that could threaten our access to a safe and secure supply of life-saving pharmaceuticals.

The initiatives will put Canada ahead of the curve where we are acting, not reacting, to serious challenges that we are facing. Canadians should expect no less particularly on such an important issue.

Cross-border drug sales are not an entirely new phenomenon. For a long, long time, American seniors have routinely visited Canada to purchase particular drugs, such as those related to arthritis. The Internet has greatly facilitated this practice. Americans living far from the border for a personal visit can now simply submit a prescription online. With a Canadian doctor co-signing the prescription, a pharmacy up here will dispense and ship the drugs to the patient. The process is both painless and popular. The sales figures reflect this reality. In 2002 cross-border drug sales were worth about \$7 million a month. By 2004 that number had soared to almost nine times that amount.

The phenomenon is driven by a number of factors. The cost of drugs, however, is the paramount variable. Our Patented Medicine Prices Review Board sets the maximum allowable price for brand name drugs in Canada. No such limits are imposed in the U.S. Consequently, our drugs are on average 40% cheaper than they are in the United States. For American patients with chronic conditions,

finding a Canadian supplier for their medicine is often well worth the effort.

We cannot allow a situation where Canadians will be deprived of life-saving heart medicines or indeed any other kind of drug we might need even on short notice. For example, with the prospect of a viral influenza pandemic hovering on the horizon, we need to protect our domestic supply of vaccines and anti-viral medications.

I do not want to suggest that Canadian drug suppliers are incapable of meeting the needs of individual Americans who may wish to buy one or the other type of medicine. We have, of course, world class manufacturing capabilities in Canada, but an important development is taking shape in the United States and we need to be vigilant to ensure that the health of Canadians is not jeopardized.

The U.S. Congress is considering several bills to permit the bulk purchase of Canadian drugs for distribution in the United States. Under those circumstances it is entirely conceivable that they might order up vast amounts of a particular medicine, quickly depleting the supply in Canada.

The Government of Canada recognized some time ago that Canadian interests were at risk through the cross-border sale of drugs. Either in the event of a catastrophic health event, like a pandemic flu outbreak or whenever bulk drug purchases are legalized in the United States, it was clear to us that we need a strategy to protect Canadians' access to a secure supply of much needed medicines.

As much as we support international trade and want to do what we can to help other nations meet their needs for safe and affordable medications, the primary responsibility of the Government of Canada is to protect the health and safety of Canadians. Therefore, last summer we unveiled our cross-border drug sales strategy. The strategy has three principal elements.

● (1835)

First, it would establish a national pharmaceutical drugs network to give Canadians a more complete real time overview of our drug supply. By linking manufacturers, wholesalers, distributors, pharmacies and others, the network would allow us to gauge quickly and reliably the actual supply of any medicines at any given time. That way, if a sudden or unexpectedly large demand arose, we would know if Canada could meet it in whole or in part.

*Government Orders*

The second element involves export controls. In the event that our domestic supply of an essential drug was dangerously low, we would have the authority to preserve the supply for Canadian patients.

The third piece of the strategy speaks to the process involved in dispensing drugs. Under our proposed policy, prescriptions can only be signed by a medical practitioner who actually sees and treats the patient in question.

From a health and safety standpoint, it is self-evident that physicians should not be prescribing potent medications to somebody they have never so much as met. This is of concern to me as Minister of Health, and it is entirely unethical, in my view. Various regulatory bodies in Canada share this opinion. Simply put, this practice needs to be addressed.

These, in broad strokes, are the components of our proposed strategy to safeguard Canadian interests at a time of increasing cross-border drug sales. Because Canadians have such a direct stake in this matter, we want to hear from them. We have reached out to ensure the various opinions on this issue are heard.

On October 6, we launched public consultations soliciting consumer and patient feedback on our proposed strategy. We also have conducted extensive consultations with stakeholders, including the provinces and territories, health practitioners, pharmacists, the pharmaceutical industry, distributors and exporters. We are looking for an endorsement of our three key principles as well as input on how these principles ought to be implemented so as to fully protect Canadian access to a safe, secure and affordable supply of lifesaving drugs.

The issue of cross-border drug sales in person, over the Internet or through bulk export is of pressing importance to all Canadians. On the surface, it may appear like an economic issue or perhaps a matter of international trade. But it is, first and foremost, about health, the right of every Canadian to a secure and uninterrupted supply of affordable medicines, medicines that could save their lives either during an outbreak of a dangerous pathogen or simply for the daily management of a chronic condition.

We created the PMPRB so Canadians could access prescription drugs at reasonable prices. This mechanism was not intended to regulate or oversee Canadian drugs sold outside of the country. We must act now to safeguard that all important access.

In that context, I have said before that Canada cannot be a drugstore for the United States of America. That is why we intend to implement a comprehensive strategy that will furnish us with the information and tools. We need to act swiftly and decisively in the best interest of Canadians.

I will be tabling the legislation on this issue by the end of November. I encourage all Canadians to get involved in this process, to participate in public consultations and to speak up in favour of this very important initiative. I believe this is the right thing to do and I welcome and invite my colleagues to support this initiative.

• (1840)

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Madam Chair, a motion was passed by the health committee

to have the health committee study this issue and a commitment to have that wish followed through.

The minister has made many misstatements in his comments. Cross-border drug trade is decreasing due to the appreciation of the Canadian dollar and the fact that many of these pharmacies are moving offshore. This industry has grown under the Liberal government's mandate. It is ironic then that, as the industry is in a decline, the Liberals have decided to take action.

The other comment I would make is in regard to co-signing our prescriptions. Due to Canada's geography there are many examples of where physicians do not actually meet the patient. What about nurse practitioners? Is the government going to go after them? What about people in remote communities?

Furthermore, is the minister saying that a doctor from the Mayo Clinic is not qualified to prescribe prescriptions? There are many unintended consequences that may result from this and it is very disappointing that the minister is going to take action without proper deliberation.

**Hon. Ujjal Dosanjh:** Madam Chair, I must confess I find it very difficult to discern the hon. member's position from time to time on this issue. He has changed his position innumerable times. It would be very difficult for me to document that now, but I would be happy to go through *Hansard* and provide examples to the hon. member.

I believe it is incumbent upon us as government to act in as speedy a fashion as possible to ensure that the issue of bulk exports is dealt with right away.

**Mr. Steven Fletcher:** Why don't you respect?

**Hon. Ujjal Dosanjh:** I know the hon. member is trying to heckle me. I welcome the heckling, but I would be happy to respond to all the concerns he has raised.

Let me deal with one issue at a time. He raised the issue of the sales levelling off. The fact is that sales in the last three or four years have multiplied many times. The last figures I checked several months ago, sales were about \$1 billion a year through the Internet. I am concerned at this time about that issue, but more important, I am concerned about the issue of bulk exports.

There are several bills currently before the United States Congress and there is a very good likelihood of one of those bills being passed. When I visited Washington D.C. several months ago, Senator Vitter from Louisiana told us very clearly that it was their intent to ensure that our pricing regime, which provides affordable drugs to Canadians, was targeted. They want to dismantle and demolish that pricing regime.

Therefore, it is important for us to act. We have consulted on these issues. I understand from the hon. members present here that the committee has been engaged in some other adventures in terms of determining other issues while it could have been utilizing its time more appropriately, perhaps dealing with this issue on its own.

*Government Orders*

• (1845)

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Madam Chair, could the minister explain to the opposition health critic the fact that a bill presented in the House, prior to it becoming law, goes to the committee, which can study the bill? It generally is not very restricted in the elements that it studies outside the bill.

Also, the minister alluded to the fact that it has been on the intense list of the health committee for a long time. At every committee, quite often at the instigation of the member opposite, we deal with a whole bunch of motions and things that are sometimes brought there for political intent. We spend a lot of time on that rather doing the work of the committee. Work like this would be important.

The minister perhaps could consider what the health critic would find objectionable and he could take advantage of that and consult Canadians about it. Is it the question of having a drug supply network, knowing exactly the state of our pharmaceuticals in our country? Is it the fact of restricting the export of drugs when it would be hazardous to human health in Canada? Is it the fact of having proper links or established relationships between physicians and patients prior to prescribing them potentially dangerous drugs?

**Hon. Ujjal Dosanjh:** Madam Chair, I welcome the intervention by the hon. parliamentary secretary. Our intent is to ensure that we are able to have a continuing secure and affordable supply of drugs for Canadians. One way to deal with that is to deal with the issue of bulk exports and to create a supply network to monitor the drugs available at any particular time or the quantity available in the market so we are able to act expeditiously to deal with these issues.

On the issue of prescriptions on the Internet, there are issues around Telehealth. We know that within Canada nurse practitioners are engaged in their practice under the supervision of a doctor. That is an appropriate connection to have for these kinds of processes.

The hon. member knows well that the medical practice in Canada is intensely supervised and monitored by the regulating bodies in the country. They deal with unethical practices. One of the reasons they have not been able to deal with the practices of pharmacists or doctors who supply drugs on the Internet to U.S. residents is because it is cost prohibitive to even begin to gather the evidence to deal with those issues.

• (1850)

[*Translation*]

**Ms. Nicole Demers (Laval, BQ):** Madam Chair, I hope the minister does not consider all of the questions from the Standing Committee on Health to be without importance. I can assure hon. members that the matters we debate in the Standing Committee on Health are generally very important, for the health of the women of Quebec and of the women of Canada.

I hope that the minister will agree to take as many precautions on the matter we are addressing at present, Internet drug sales, as he will on the reintroduction of silicone gel breast implants.

[*English*]

**Hon. Ujjal Dosanjh:** Madam Chair, the implant issue is being dealt with by the committee. I also understand that a panel has been dealing with it. The health regulator, which is independent of the

minister, would make that decision based on the evidence before that regulator, and the panel's recommendations would be taken into account.

I understand from the way the process works that the regulator, Health Canada, which is independent in the process of either approving or not approving breast implants, can take into account the opinion of the panel but is not bound by that opinion. Let me respond in that fashion.

On the other issue, I know we in Health Canada are eager to share as much information as we can with the committee under the circumstances on those issues. I always take my critic's questions, advice and suggestions very seriously.

**Mr. Dave Batters (Palliser, CPC):** Madam Chair, the minister talked about the pressing need to ensure access to medications for Canadians, and I could not agree more. It is crucial that we protect the drug supply for Canadians for all different types of ailments.

However about a year ago the minister gave a speech at Harvard in which he said that it was essential that something be done to safeguard the Canadian drug supply and he talked about the importance of banning bulk exports.

It is almost a year later and the government has done absolutely nothing to date to protect our drug supply and to ensure that the drugs will be there for Canadians. The issue recently reached great importance with the avian flu and all the attention with regard to Tamiflu.

My colleague, the member for Yellowhead, put forward a motion that was supported by this House to ban bulk exports. Given the importance that he places on this issue, why has it taken the minister so long to bring forward legislation? I understand the minister will be tabling legislation late in November but after almost a year why has it taken so long to ban bulk exports?

**Hon. Ujjal Dosanjh:** Madam Chair, I am somewhat confused as to the position of the opposition benches. We have the opposition critic saying that we should not be moving at this point and that we should be sending this issue to the committee and the committee should be spending time talking about it. On the other hand, we have the member who just asked the question asking why are we not moving quickly.

I believe the opposition members need to sort out what their position is. I guess the kind of confusion that has reigned in the ranks of the opposition on this issue still reigns unchanged.

I want to tell hon. members that we are consulting very quickly. We want to make sure that the legislation on bulk exports is introduced by the end of November.

*Government Orders*

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Madam Chair, it was interesting to hear the federal health minister speak tonight because it was indeed, as my colleague mentioned, the Conservatives who moved forward on banning bulk exports. My colleague from Yellowhead brought forward a motion in the health committee that passed and was brought to the House. Therefore it actually was the Conservatives who moved on bulk exports.

Bulk exports should not be confused with the legal export of one on one retail prescriptions. The importance is critical because, obviously, we need to protect Canada's drug supply, which is why, if it can be demonstrated that price, supply or the safety of Canadian drugs are compromised, the Conservative Party will support taking action. In fact, the online pharmacy industry is aware of this and that is why it also supports a ban on bulk exports. Nobody is pushing for bulk exports and, in fact, it would be impossible to do.

Having said that, we see a health minister creating a crisis where there is no crisis. In fact, the industry has declined in the last 12 months. The minister needs to understand that this industry was created and developed under the Liberals but it is the Liberals who are trying to do it.

I will also note that the political minister from Manitoba has agreed with the position that there is a compromised solution to be found, and that is to ban bulk exports while protecting Canadian prices, supply and safety.

I also find it interesting that the minister fails to recognize that the health committee is chaired by a Liberal member and if this were such a priority for the government, there would have been unanimous consent, I am sure, at the health committee to bring forward a study to review this issue. However the minister and the government decided not to and left it up to the Conservative Party to actually take action and ban bulk exports through a concurrence motion, which the Liberals voted for. They supported the Conservative initiative to ban bulk exports, which is not to be confused with one on one retail.

The minister has claimed that the U.S. Congress could act at any time to allow the import of pharmaceuticals. The fact is that those bills are not imminent. There is surely time to review the impact that may occur by the minister's actions.

The other interesting point is that the minister has made some claims that somehow it would be unethical to prescribe medication when the doctor is not present. In fact, this practice happens throughout Canada. Our first nation communities and other remote communities often have nurse practitioners prescribe drugs for their patients. That very fact alone undermines the minister's comment that there must be a direct patient-doctor relationship because today that does not occur in many cases. It is my understanding, from what was presented to me as recently as last week by nurse practitioners, that they do have the ability in many provinces to prescribe pharmaceuticals independent of a practising doctor.

●(1855)

The fact that the political minister of Manitoba had stated that there should be a compromise and the fact that the minister is not open to compromise is very disturbing. The fact that the minister is

not willing to allow the health committee to do its work as per the concurrence motion is very disturbing.

The minister and the consultation process at Health Canada has been criticized quite broadly due to the lack of time and ability of presenters to fully present their cases on either side of the issue. Even Health Canada has said that supply has not been affected by the online pharmacy industry and that there has been no evidence to support that claim.

The fact that the Conservatives were the ones who brought in the PMPRB demonstrates a commitment on behalf of the Conservatives to ensure that Canadians have affordable, high quality medications and that quantities are sustainable.

The interesting aspect to this debate is the price difference between some drugs in Canada and some drugs in the United States. However there is even a greater difference between drugs in other countries and the United States. The fact is that the industry, by and large, is moving offshore. I fear there will be unintended consequences.

The federal government may not have the jurisdiction to interfere with provincial regulatory bodies when it comes to issues of doctor-patient relations and I think the federal government needs to be very careful before it treads on areas of provincial jurisdiction.

The federal government should also be very careful in not allowing proper consultation by Canadians. I think the federal government is showing a great deal of disrespect toward the health committee. A motion was passed in the health committee last year to study this issue. The minister does correctly point out that the health committee has started but not completed that study.

●(1900)

I would also like to point out that the chair of that committee is a Liberal member. If this were such a high priority for the government, the government could have easily brought forward an agenda that would have accommodated a timely and steadfast study of the implications of online pharmacies, but it chose not to.

The government is playing to Canada's rhetoric rather than actually dealing with the issue.

●(1905)

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Madam Chair, I almost cannot believe what I am hearing this evening. It is a total negation of the facts as they have happened.

The hon. member on the one hand said that he is against the bulk shipments, but then he spent the rest of his speech defending the Internet pharmacies as somehow being virtuous in this country. For more than a year the hon. member will know that I was the only member of this House who raised the issue of Internet pharmacies and their threat to the Canadian health care system. I thank the minister who is sitting nearby for his attention to this issue. This has been a very difficult issue for the minister to manage. He has done an absolutely outstanding job thus far and I am sure he will continue to do important work in this area.

The hon. member knows, as I do, that groups representing the disabled across Canada, groups representing the elderly, the Canadian Medical Association, pharmacists in his own province have denounced the Internet pharmacies and the member, in the face of one of his own colleagues who spoke a little earlier, defends that whole industry.

In the case of Tamiflu, it is absolutely unbelievable. Let me share this article with the House:

Online, demand by individuals is skyrocketing. "It's crazy," says Mark Catroppa, a vice president with CanadaMedicineShop.com in Vancouver, British Columbia.

Guess what they do for a living. The company has about 175,000 U.S. customers. That is 175,000 doses of medicine destined for Canadians going across the border to the United States, a product that we know we will need and do not have enough of. How can the hon. member defend that? How can he say that this is legitimate, that this is right, that this is virtuous somehow, when everything that all of us really know is that it is wrong and it is threatening the future of health care probably more than any other issue in this country?

**Mr. Steven Fletcher:** Madam Chair, what is threatening the future of health care in this country is the Liberal inaction in dealing with issues like wait times and the Liberal inaction in dealing with the human resource crisis. It is that government that caused the health care crisis in the first place when it cut \$25 billion from the health care system and cut medical graduate positions 10 years ago. That is the crisis. The crisis is the government when it comes to health care.

To answer the member's questions directly, the fact is that supply, price and safety of the drugs have not been affected. The fact is that the government's political minister for Manitoba, Mr. Alcock—

**The Assistant Deputy Chair:** Order. The member will please refrain from referring to any member who is sitting in the House by name.

**Mr. Steven Fletcher:** Madam Chair, I do not see that person present—

**Hon. Don Boudria:** That is also out of order.

**Mr. Steven Fletcher:** —but I could be wrong.

To get back to the main issue, I would like to read something from a Health Canada document:

Internet pharmacies practising CBDS [cross-border drug sales] have emerged over the past several years. The advent of the Internet has expanded the volume of exported drug products from Canada, currently representing a significant percentage of the total Canadian drug market - approximately 8% of total prescription drug sales. While anecdotal reports have identified increased difficulty and delay with obtaining certain drugs, there is no evidence to date to suggest that CBDS have caused a pan-Canadian shortage of prescription drugs.

That is from Health Canada from last week.

The member is suggesting that is not the case. Is he saying that health Canada is wrong? If so, I would be very interested.

The document makes a distinction between retail drug sales, which is from individual purchases, versus wholesale or bulk importation of Canadian drugs. It is the bulk that the Conservative Party is calling for a ban on. In fact, it is the Conservative Party that has led the initiative. On Tamiflu I think the member has raised a valid point. That is why the online pharmacies have voluntarily

### *Government Orders*

decided not to export that particular product. The industry is showing responsibility in that regard.

Given what we know from Health Canada, I think we need to wait for the health committee to do its study.

• (1910)

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Madam Chair, in May 2004 Health Canada released three backgrounders with information on prescription drugs and Internet pharmacies regarding regulation, supply and cross-border sales.

On the supply side, and this is Health Canada's own information, it says that Health Canada actively investigates any drug shortage claims that are brought to its attention and where there is cause for concern, appropriate action is taken. The way I read this is that Health Canada is on it. It is paying close attention to any potential drug shortages.

The second piece is on cross-border sales. Health Canada says that neither Canada's international trade obligations nor our domestic laws prohibit these exports. Again, Health Canada's information is currently saying that Internet pharmacies and exports are okay.

In talking about price it says that the PMPRB regulates the first price at which the drug product is sold by the manufacturer, regardless of the purchaser, whether it be the wholesaler, pharmacy, hospital, or other.

The member has spoken about the difference between individual Internet sales versus bulk sales. They are completely separate.

It seems to me Health Canada's release is saying that individual sales are okay and that there are regulations to protect Canadians. I wonder if the member would comment on that specifically.

**Mr. Steven Fletcher:** Madam Chair, I have to say that my colleague seems to be very well-researched on this issue and has raised a number of excellent questions. I wish the Minister of Health would be so informed.

The distinction between bulk and retail is very important. The member has raised the issue of the legality of this industry, the fact that it is a legal industry and it has occurred under the government's watch. Implicit in the member's comments was the hypocrisy of the government on this issue. On one side, it says that it is unethical. If we use the government's logic, this unethical practice has occurred under the Liberal watch for the last 10 years. Therefore, have the Liberals been condoning unethical practices for the last 10 years? The hypocrisy is really quite something.

Again according to a *Winnipeg Free Press* article in February, the President of the Treasury Board, the Manitoba political minister, actually supports what I have been saying all along.

It is too bad the Liberals contradict each other on this issue. I would like to talk about it more later.

• (1915)

[*Translation*]

**Ms. Nicole Demers (Laval, BQ):** Madam Chair, as a Bloc Québécois member, I am going to have to put another fly in the ointment: the on-line sale of drugs in Canada is not exclusively under federal jurisdiction.

*Government Orders*

On the contrary. While the federal government has the power to legislate on e-business, Quebec and the provinces have jurisdiction over legislation governing medical practices and the supervision of professions.

As hon. members are certainly aware, when it comes to child care, parental leave and a number of other areas, Quebec has a big head start. This is also the case with our measures to control drug sales, and we have taken steps to prevent on-line drugs sales to Americans. There was a good reason for these measures. It is very important, because the most vulnerable members of society are involved, such as the elderly, who generally suffer from chronic conditions, and these are the ones most likely to make use of Internet pharmacies. They have no way of knowing that the medication prescribed to them is appropriate when combined with something they might be prescribed later on.

I did a quick survey to see what we were talking about. In March or April, the Standing Committee on Health met with pharmacists filling prescriptions online who spoke highly of their profession and their products. They said that, according to their estimates, they get about three million orders per year. This means that, every year, three million people get their prescriptions filled online by Internet pharmacies. So, for fun, I did the math.

According to a study on this subject, Canadian medical practitioners signing prescriptions, such as physicians in Manitoba or British Columbia where Internet pharmacies are currently operating, get \$10 per prescription they co-sign. These physicians are licensed to work in Quebec, the provinces and across Canada. So they are part of the health care system.

So, for fun, I calculated what co-signing, signing and verifying 3 million prescriptions work out to. At only five minutes per prescription, that works out to 15 million minutes. If we divide that figure by 20 minutes, which is the approximate time it takes a physician to examine each patient, how many more patients could practitioners see? The answer is an additional 83,333 patients per year. That is a lot of patients at a time when waiting lists are a serious issue.

We complain about the waiting lists and the fact that we cannot meet much of the demand. Yet, we allow physicians to sign prescriptions for people they have never seen or met and about whose true physical condition they have no idea. Is this what we want? I cannot understand this. In this day and age of globalization, clearly, some things need to be considered with regard to the Internet.

Yet if we need to be extra cautious about anything, it is health care and prescriptions. Only physicians are qualified to make a diagnosis. They still need to see the patient to do that. Otherwise, how can they make a proper diagnosis?

Once in my life I went to see a doctor. I was taken aback to find the doctor was a woman. I went into her office and described my symptoms. She did not examine me. She decided that I had something and she was way off the mark. I left her office insulted and angry that she had considered me a number and had paid no attention to my fears.

If we accept the principle of Internet pharmacies we accept fewer services to the public and agree to lowering the quality of interaction among doctors, pharmacies and patients.

• (1920)

This cannot be allowed to happen. Most people with chronic disease are old, defenceless, alone and isolated and with no one to depend on. So they trust their doctor or pharmacist. How can they count on them when they are Americans on the other side of the border and have never seen them?

I do not want to be mean to our fellow citizens on the other side of the border, but we know that, in the United States, the slightest thing leads to court proceedings if rights are deemed infringed. I do not think the Canadian health care system can afford such proceedings simply because care was not taken and the system was implemented without the appropriate precautions. It is too dangerous.

In the Standing Committee on Health, we were told that some people sent their prescription to Canada, regardless of where the Internet site is located—Manitoba, I think—and the Internet pharmacy gets it countersigned by a physician. Then, if the drug is not sold in this country, they send the prescription to another country over which we have no control as far as drug manufacturing, packaging and quality are concerned. That country sends the person's drugs to him or her. So the party responsible throughout is the Internet distributor. This is alarming to me as a woman, and as someone whose mother might one day have access to such services.

I do not think that we want to subscribe to a system with so many loopholes, one that is so lax and does not care about the people it serves. They are the ones who should always be the focus of our concerns. Increasingly, we are realizing that it is not the individual that counts, but profits. As a woman and as an MP, this angers me a great deal. As legislators, we need to focus primarily on the needs of our fellow citizens, of those whom we serve and represent. Those citizens are not across the U.S. border, they are Quebeckers and Canadians who need services and need our attention.

I hope the minister will take the necessary decisions on this matter and will use extreme caution before making any decisions.

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Madam Chair, I want to thank the hon. member for her comments. As members of Parliament, we sometimes face dilemmas. On one hand there are economic interests, but on the other hand the interests of safety for individuals, our health care services and our drugs come first.

*Government Orders*

I understand full well that the economic issue may pose a problem for the hon. member from Manitoba. We do not want to challenge that. We understand that job creation is important to a community, as is safety. Nonetheless, we must have certain rules and a minimum of measures in the first place to ensure the safety of individuals.

Consultations are now under way with respect to the strategy developed by the minister. These will continue and we will introduce a bill for consideration in committee. This bill targets three aspects on which I would like the hon. member to comment.

First is the matter of a drugs and pharmaceuticals network in Canada. There might not be any problems in this area now, but there could be some in the future. We have to know where these drugs are and whether they represent any risks. If there is a surplus in one region of the country, then perhaps the excess drugs could be transferred to other regions. As far as the quantity of available drugs is concerned, if we get to a critical point where safety is an issue, we could take the necessary measure of restricting cross-border sales.

The second aspect is the matter of safety measures with regard to the health of Canadians. We have to be able to prevent the cross-border transfer of drugs in an emergency if the situation became critical to the health of Canadians.

The third aspect is to ensure a certain level of ethics, which would be imposed on all Canadians, including our professionals in every province and territory of Canada. A doctor could give a prescription for drugs to a sick person only after a consultation. We have to make sure of that. These conditions will be imposed on anyone wanting to work in Canada as a doctor or professional, in order to protect the patients and for the safety of the system.

Would it be ethical to have less stringent rules for the sake of doing business with other consumers, clients or patients, just because they do not live within our borders?

I would like the hon. member to comment on these points.

● (1925)

**Ms. Nicole Demers:** Madam Chair, I want to thank my colleague. As members of the Standing Committee on Health, we do not always see eye to eye, but we greatly enjoy working together.

As I said earlier, at the start of my remarks, the federal government is responsible for legislating Internet sales and transactions. However, it is not the federal government's responsibility to determine how pharmacists or medical practitioners will address the various problems that may arise in conjunction with Internet drug sales.

In Quebec, in accordance with the Pharmacy Act, a pharmacist may only sell drugs to patients whose prescriptions have been written by an individual authorized under Quebec legislation or legislation from a Canadian province that would authorize that individual to prescribe medication if they practised in Quebec. I do not think that we can draw any comparisons with the United States.

Also, the physicians' code of ethics stipulates that, in order to issue a prescription to a patient, a Quebec physician must have examined that patient, formulated a diagnosis and a treatment plan, in addition to providing information to that patient and obtaining his or her consent. I do not think that this is applicable to customers living in

the United States, unless they live in a state bordering the jurisdiction in which the Internet pharmacy is located. If so, such individuals could cross the border to obtain the various services they need. Otherwise, I do not believe that this is sufficient.

Based on what the Parliamentary Secretary to the Minister of Health said, I think that the minister wants to adopt a very conservative approach to Internet pharmacies and I congratulate him on this. I want to reiterate what I said earlier, and I hope that his approach to breast implants will be equally cautious.

[*English*]

**Mr. Dave Batters (Palliser, CPC):** Madam Chair, I appreciate the comments from the member for Laval. I appreciate the work she does on the health committee. I hear the passion in her voice when she talks about ensuring the drug supply for Quebeckers and for Canadians.

Certainly, I am very concerned about the issue for my constituents in Palliser, Moose Jaw, Regina, Rollo, Pense, Caronport, et cetera. This is an issue of importance to all Canadians, to ensure the supply of our drugs.

I would like to hear the thoughts of the member for Laval on the progress to date that the government has made to ban bulk exports in this country. That is, indeed, where the threat truly lies.

The threat of bulk exports, to quote a study on May 5, 2004 led by Dr. Marvin Shepherd, director for the centre for pharmacoeconomic studies, College of Pharmacy at the University of Texas, was submitted to the house committee on energy and commerce and the senate permanent select committee on investigations. It outlined his analysis on the implications for drug importations from Canada to the U.S.

Dr. Shepherd said that, based on the number of prescriptions filled, if the proposed legislation in the U.S. were to pass and bulk exports were allowed, the Canadian annual prescription drug supply meant for this country would last only 38 days.

That is a real threat, whether we are talking about heart medication, senior citizens who need medication for Alzheimer's disease or cancer therapies. It is essential that we safeguard the supply for the Canadian public, people in Saskatchewan and Quebec, and people throughout Canada.

I would like to hear the member's comments on the progress that she thinks the government has made and whether or not it has been adequate to protect Canadians from bulk exports. We should not wait until there is a shortage, until our citizens are begging for pharmaceuticals. We should take measures now to ensure that the supply is there.

I would like to hear the member's comments on whether or not the government could be more proactive instead of reactive, and what it has done to date on the bulk export issue.

*Government Orders*

• (1930)

[*Translation*]

**Ms. Nicole Demers:** Madam Chair, I think my colleague for his question. I have listened to him most carefully. I have relatives in that part of the country, so it is important for me to be sure that my Canadian family members are as well treated as my Quebec ones.

I believe that my colleague is right to be concerned. Moreover, some in the U.S. and Canadian media have suggested that the drug companies might limit the supply of drugs to Canadians if Canada did not stop pharmacies from selling to U.S. citizens. This is particularly significant because there are only a few grounds on which imports and exports can be restricted, among them protection of public health.

Under article XI of GATT, export restrictions are allowed to avoid shortages. In the event of a shortage, the federal government could stop drug exports, bulk shipments or others, so that Canada would have sufficient stocks to ensure public safety.

Moreover, in all of its actions, the federal government should consult Quebec and the provinces, since they have jurisdiction over health. They must stop trying to always encroach on areas under others' jurisdiction. Let them keep to their own side of the fence.

I have been greatly disturbed lately by the fact that the situation in Kashechewan has been going on for over 10 years. This was a real opportunity for the government to take action to help people, but it has not done so in 10 years. Let it stop encroaching on other people's yards. Let it stay inside its own property line and use its own tools to build what it is supposed to be building.

Being a woman of passion, I can easily get carried away, but I just want to tell my colleague in closing that he is justified in being concerned and that I too am concerned. I hope that, for once, the minister will take the proper steps to consult the others before making a decision.

• (1935)

[*English*]

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Madam Chair, I welcome the opportunity to take part in this very important debate.

We believe that access to a safe and reliable drug supply by Canadians is extremely important. However, we do not believe that Internet pharmacies with proper precautions threaten our drug supply. To be very clear, when I am talking about Internet pharmacies, I am not talking about bulk drug exports. I am talking about the individual relationship between consumers in the United States and Internet pharmacies.

Canadian Internet pharmacies currently supply between three million and six million Americans with chronic health problems who do not have medical insurance and are not eligible for medicaid. We are talking about a vulnerable population. Let us talk a bit more about these numbers.

People on medicaid cannot have their drugs covered if bought outside the U.S. and people on medical insurance do not need the hassle of buying drugs online. We are talking about a very small

percentage of the market. It is about .5% of the U.S. pharmaceutical market.

These pharmacies cannot provide drugs needed on an acute basis such as antibiotics for an infection, nor can they provide the types of medication that require special storage like refrigeration.

Canadians are very concerned that this business will affect our own drug supply or affect the price regime that is currently set up in Canada, and these are valid concerns for Canadians.

Pharmaceutical companies must abide by the decisions of the Patented Medicine Prices Review Board, which governs the original sale price and any annual increase in new pharmaceuticals. If they were to give up that restriction, they would also give up the patent protection laws.

I want to refer specifically to some testimony that was given before the Standing Committee on Health by Donald MacArthur. He said that in Europe there is a legal and vital parallel trade in medicines. It is well regulated and provides significant direct and indirect savings to health care systems. There are incentives and sanctions to encourage pharmacists to participate in this parallel trade.

He talked a bit about the shortages that have occurred at times in Europe. He also talked about the fact that in 1998 Glaxo Wellcome, which is now GlaxoSmithKline, refused to supply wholesalers that did not sign up for its new general sales conditions. The government's competition authority had to step in with interim measures. This is an example of a manufactured shortage.

MacArthur went on to say that the reasons for drug shortages can be multiple and complex, including higher regulatory user fees, stricter good manufacturing principles, enforcement by regulatory authorities, plant rationalization as a consequence of company mergers, and just in time delivery practices leading to less availability of bigger stock in the distribution chain.

There are a number of factors that contribute to drug shortages when they occur. As I stated earlier, the government has assured us that it has oversight into drug shortages.

Most of the pressure to prevent cross-border sales in Canada has come from the big pharmaceutical companies that have lobbied hard for increased drug prices. They have also threatened to not introduce new breakthrough drugs or withdraw or slow research and development investment, and they have.

Although it is a requirement of Canada's generous drug patent laws that pharmaceutical companies maintain a base research and development percentage of 10%, that percentage has been declining and we are not holding those pharmaceutical companies to account for that decline.

*Government Orders*

Many of us in the House have heard of incredible drug price increases, for example, the price of the drug used to treat Hodgkin's Lymphoma called procarbazine. This is a drug that has been on the Canadian market for over 20 years. The manufacturer and distributor have recently increased the price from \$48.40 for 100 capsules to \$5,660 for 100 capsules. The distributor, Nucro-Technics, claims that the price increase from the manufacturer was justified because of U.S. cross-border shopping. This is smoke and mirrors. This cancer drug is used exclusively in hospitals. It is not provided through Internet pharmacies. Big Pharma is using cross-border sales as an excuse to increase the cost of drugs not currently covered by the PMPRB.

The NDP is not advocating closing Internet pharmacies to acquiesce to Big Pharma's demands. We need the Liberal government to start enforcing the patent laws.

● (1940)

They are some of the most generous patent laws in the world and big pharma cannot have it both ways. It cannot have all the protections from generic competition long past the time that other countries would have opened the market. It cannot refuse to abide by an agreement and reduce its commitment to research and development, and then complain when a small portion of Canadian drug sales go to a small segment of the U.S. population.

In an article by Michael Geist on February 7 of this year in the *Toronto Star* he said:

First, the refusal to supply drugs is already being challenged in both Canada and the U.S. with several pending antitrust lawsuits as well as complaints before the Canadian Competition Bureau. Second, the Canadian government could respond to the pharmaceutical companies by issuing compulsory licenses that would allow their generic pharmaceutical competitors to manufacture the same product in Canada provided the brand-name companies are given reasonable compensation. While such an approach would spark an outcry from the industry, no industry should be permitted to hold a country hostage with threats that undermine public health.

I think that comes to the crux of this matter.

However, the NDP does have one clear problem with Internet pharmacies. They do cause a shortage in the number of pharmacists who are available in Canada. This whole issue speaks to the lack of a pan-Canadian strategy to deal with human resources in the health care field. We have shortages of pharmacists, doctors, nurse practitioners, physiotherapists, and technicians for MRIs. There is a wide range of shortages in health care practitioners.

The practitioners themselves have been asking for years for a pan-Canadian strategy. They want the federal government to step up and take some leadership. It is a role that the federal government could play in terms of coordinating a pan-Canadian strategy. We need that kind of strategy to help us talk about the kinds of training needs that are going to emerge over the next 10 to 15 years, and the number of health care professionals that we are going to need in a variety of fields as we have an aging population.

When we are talking about Internet pharmacies and pharmacists, it is just one small part of the overall picture when we are talking about human resources.

When we are talking about this, we need to also make sure that students can actually afford to go to school. Students who go into a variety of health care professions come out with monumental debt

loads. We need a very proactive program to ensure that access is there for students who wish to pursue a health care profession.

We agree that an important protection is the ban on bulk export drugs. It is absolutely essential that we have this ban on bulk export drugs. We are not interested in becoming a supplier to municipal governments or state governments for drugs. This is what one of the bulk exports could be used for.

An unscientific poll in the *Globe and Mail* and other news outlets clearly shows that a majority of Canadians thought cross-border sales should be allowed. That was an unscientific poll, but there was a measure out there that Canadians thought that Internet pharmacy sales were perfectly okay.

After seeing the signs of devastation in New Orleans after hurricane Katrina, I think even more Canadians will say that individual cross-border sales should be allowed. It would be nice to know that we were helping our American friends that truly need our help when they need it and not the owners of the big pharma companies.

As for the new rules that the Liberal government promoted back in July, we still have not seen any action. There is no legislation yet to ban cross-border sales. We have not seen the new drug supply network up and running yet.

This is not a new issue. This has been around for months. There was actually a meeting of deputy ministers of health around risk assessment of international pharmacies back in June 2004 and still we wait for action.

The NDP believes Internet pharmacies with proper controls, which are absolutely critical, do not threaten access to a safe, reliable supply of drugs by Canadians. There is action needed and we would like to see the Liberal government act on its pronouncements that it made earlier this year.

● (1945)

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Madam Chair, I have had questions for all of the other speakers, just as I have for the critic for the NDP, and specifically one question that is the same.

Understanding that there are economic interests and that people encourage entrepreneurship, that we encourage people to develop jobs, whether it is Internet pharmacies or others, can it be done while maintaining the security of our drug supply and the security of patients, whether they are Canadians or international? I do not think that the member would want a lesser standard being imposed on people outside our country than we would impose on our own people. If we can do that, then would those jobs and industry be permitted?

*Government Orders*

We certainly want to encourage the manufacture of drugs for export in Canada, but we also want to protect drugs for Canadians and protect the security of our people. I would ask the member to speak specifically of the three elements of the strategy. Does she agree with those elements? Does she agree that a bill based on the three elements of that strategy would be worthy of consideration by the House and, by extension, by the health committee?

I would remind her that one of the elements is the creation of a drug safety network or drug supply network, so that we understand what is the state of our supply in Canada and so that if problems were to arise—and the member correctly addressed this earlier when she said there are currently no identified problems that we can think of—and we were concerned, the system would feed the information to us. Another element is that we restrict the exportation of drugs at any time when medically necessary or necessary for the protection of human health in Canada. Third, for all transactions in all provinces, we would require that for a prescription to be given and a drug to be sold to an individual that person must have a relationship with the physician. As I understand it, all provincial jurisdictions now ask for this.

Does the hon. member agree with those three elements? I would ask her to comment.

**Ms. Jean Crowder:** Madam Chair, I agree with the parliamentary secretary that the entrepreneurial aspect is a very important point, because we do encourage entrepreneurial activity in Canada. Again I will quote Health Canada's own website, which stated that by November 2004 it was estimated that of the over 7,000 pharmacies in Canada, approximately 270 operated either strictly via the Internet or through a combination. It is a very important piece of job creation in Canada and is more important in some provinces than others.

It would be irresponsible for us not to consider regulations and the protection of consumers. It is critical that those elements are included. My understanding is that there is a protocol already set up to address that, with two points to it. First, in the case of Internet pharmacies, the online purchases by consumers in the United States generally begin with a prescription from the doctor in the United States who has assessed them and the consumers then find a Canadian pharmacy and complete a form establishing their medical history. The online pharmacy then arranges for a doctor with a Canadian licence to review the prescription and co-sign it.

My understanding is that a number of Internet pharmacies were actually investigated and audited to make sure that people were in compliance with regulations that were set out. In general, it was found that most of the pharmacies were in compliance. Those that were not were written up and efforts were made to bring them into compliance.

In addition, the National Association of Boards of Pharmacy, which is a professional association that represents state boards of pharmacies in 50 states and a number of countries, also has been assisting members in developing, implementing and enforcing uniform standards. It has developed a certification for Internet pharmacies.

There is a substantial amount of work that is being done around making sure that the patient, the most vulnerable person, will not be

at risk from this kind of practice, while at the same time ensuring that individuals have access to a safe supply of drugs.

When we are talking about numbers in Canada, I would absolutely agree with the hon. parliamentary secretary when he says that it is essential to have some sort of oversight to ensure that Canadians continue to have access to the drugs they depend upon. It is important to have some mechanism to protect Canadians, to oversee this and to ensure that Canadians come first when drugs are being supplied.

• (1950)

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Madam Chair, I agree with the member on the issue of medical graduates. There is no question about it. This government has allowed the situation for medical graduates to become a crisis situation.

I think the member and I would both agree that education is the best investment society can make in an individual and the best investment an individual can make in themselves. Certainly an education in the medical profession is a great way to spend one's life and contribute to Canadian society.

I do have one question for the member. Would she agree that the Liberal Party has failed abysmally on this issue and also that it is the party that is responsible for the medical graduate shortage? That is one question.

I wonder if the member would also agree that there are situations when a patient is unable to see the doctor. I know that after my accident there were times, due to other factors like getting proper attending care and so on, that I was not even able to get out of the bed but I needed prescriptions. I did not see the doctor but I was able to get the prescriptions. There may be issues such as that of a nurse visiting a patient living in a care home. The patient is obviously ill, the nurse phones the physician and the physician may or may not talk to the patient.

I wonder if the government has considered those types of scenarios. I wonder if there are situations in remote communities where nurse practitioners often have authority for prescriptions. I wonder if the member is concerned about unintended consequences on the third plank that the government is proposing: that there must be face to face consultation. In many cases, it just not practical.

Could the member comment on those points?

**Ms. Jean Crowder:** Madam Chair, the member for Charleswood—St. James—Assiniboia has given me a lot to comment on, so let me try to go through it because I am sure my time is running out.

On the human resource strategy, we have known for a number of years that we have been facing serious shortages in a number of health care occupations, yet the pan-Canadian strategy that has been asked for and continues to be asked for by a coalition of health care practitioners still is not there and we are now in a serious shortage. Many people in Canada cannot get family physicians. We have a serious problem.

*Government Orders*

To roll into that, we have physicians living in Canada who have foreign credentials and cannot get their foreign credentials recognized in Canada. There is a broad range of issues around a human resource strategy and I would encourage the Liberals to take action now on this because we will be talking about this in four more years' time if this keeps up.

On the issue of face to face consultation, it is very interesting that we say it is acceptable for some people in remote communities in Canada to rely on telehealth. We already do it. We already have people in Canada who have nurse practitioners, and as the member rightly pointed out, in the north. We already have these practices in place in Canada. If they are good enough for Canadians, surely we can look at the very professional practices that we already have in place to manage these kinds of situations and deal with them in the Internet pharmacy context.

I think the last thing is the unintended consequences. I think we have covered that in terms of talking about the fact that we already have practices in place where people do not see physicians face to face. The member rightly pointed out his own experience in terms of how we already have people who have to manage without that face to face consultation.

[*Translation*]

**Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Madam Chair, it is a pleasure and an honour for me to take part in the debate this evening, because I believe that this matter is extremely important to all Canadians.

• (1955)

[*English*]

I would like to begin by talking a little bit about the context of this debate on cross-border Internet drugs. Over a year ago, when he was in Boston, the Minister of Health stated that “Canada cannot be the drugstore for the United States”. He also stated that Canada could not “meet the prescription drug needs of approximately 280 million Americans without putting our own Canadian supply at risk”.

The government's June 29 announcement to conduct consultations signalled an important commitment to putting Canadians first when it comes to making available the necessary supply of prescription drugs. Canadians should be concerned about this, because allowing bulk exports is a model that is simply unsustainable here in Canada.

For example, Canada's research based pharmaceutical companies are mandated to supply Canadian patients with the necessary supply of products to meet their needs, and not, quite frankly, to oversupply the Canadian market so that a few what I would call profit-hungry players can engage in arbitrage and ship to the United States or to any other jurisdiction products that are price controlled in Canada and meant for Canadians.

Simply stated, Canadian medicines are for Canadian patients first. I believe that this must be the foundation of the discussion in the House this evening.

There is a concern surrounding this practice among members of Canada's health care community. For example, the Canadian Medical Association, the Canadian Pharmacists Association and the Federation of Medical Regulatory Authorities of Canada, to

name but a few, are part of the health care community that has expressed serious concerns about the growth of the Internet drug pharmacies in Canada, pharmacies that are shipping drugs outside of Canada, drugs that are made for the Canadian market and price controlled for the Canadian market, drugs made and price controlled for Canadians.

Let us look at just one other jurisdiction, that of the U.S. Let us look at the environment there and what impact it could have on Canada. While there are varying estimates of the volume of prescription drugs that has been diverted over the last several years, the Minister of Health himself estimated the volume of these cross-border sales of prescription drugs at approximately \$1.5 billion per year. Earlier estimates were much lower. This demonstrates that the shipments continue to grow.

It is also noteworthy that, while these sales are occurring, the practice in the United States is illegal. However, there continues to be a growing political pressure at the state level and the municipal level in the United States to do two things.

The first is to expand programs that allow Americans to buy Canadian, even though under federal law in the United States the practice remains illegal. The second is to pass resolutions or laws that call on Washington to legalize these imports.

The population of American state jurisdictions with “buy Canada” programs in place already exceeds that of Canada. This makes the threat of large scale importation into the United States or exportation out of Canada a reality.

Legislation in the United States to legalize imports from Canada has been introduced. The passage of just one of these laws would be expected to dramatically increase the flow of drugs to the south of our border.

Let me give members an example. At last count, some 25 states, representing 145 million Americans, are at some stage of implementing a drug import program. Ten American states already have legislation for a drug import program in place. That puts our drug supply for Canadians at serious risk.

• (2000)

Furthermore, the possibility of U.S. legalization of bulk imports poses an unacceptable risk to our continuing supply of safe, affordable prescription drugs for Canadians. In my view, a proactive, responsive stance on the part of the Canadian government is a matter of responsible, good governance.

I would like to come back to the environment in the United States. A study was conducted by Dr. Marv Shepherd, who is the director of the Center for Pharmacoeconomic Studies at the University of Texas. He will be participating in a newsmaker breakfast this week at the Press Club in Ottawa on this very subject. His study found that if all United States residents were to buy their drugs from Canada, the Canadian supply would dry up in approximately 38 days.

*Government Orders*

The Canadian pharmaceutical industry develops, manufactures and distributes medicines predicated on meeting the needs of Canadian patients and the Canadian market. Forecasting is done to take into account the size of the population to be served and the prevalence of the disease or condition to be treated. Given that one country importing supply from another country reduces the inventory available for that country to meet its own forecasted domestic patient needs, aside from cross-border trade of prescription drugs being detrimental from a public policy perspective, it is virtually impossible to do.

Let us take the Tamiflu example. Just last week, when Roche Canada took the unprecedented step of suspending sales of Tamiflu to the Canadian market, there were reports that Internet pharmacies in Canada were busy filling foreign prescriptions at a significant profit. One B.C. pharmacy alone was reportedly filling 400 orders a day for the United States. That is a significant number, when according to the Canadian Pharmacists Association only 4,000 Canadians received the drug in September. Another Internet pharmacy in Montreal, where I live, issued news releases promoting to U.S. customers its Tamiflu stocks.

The Canadian Pharmacists Association reacted to the Tamiflu incident by saying that the government should have acted to protect the country's supply of drugs. Again, when supply gets siphoned off to the United States then it is Canadians who come up short. The situation of Tamiflu is a perfect example of the types of scenarios Canadian patients will face if our government continues to allow drugs to be diverted to the United States.

What is the Canadian opinion on this issue? A public opinion poll commissioned by the Ontario Pharmacists' Association found that some 83% of those surveyed agreed or somewhat agreed that the federal government should take immediate action prior to the implementation of U.S. importation laws in order to protect Canada's drug supply. The same survey found that 76% said that it was unacceptable or somewhat unacceptable for Congress to plan for mass importations of Canadian medicines without consulting the Canadian government.

What are the policy options? The Minister of Health has put forth some important public policy solutions to address the issue of cross-border trade, and in my view, this is noteworthy progress. However, we have to keep in mind that while the government considers its options, the United States continues its movement toward permitting the bulk importation of Canadian products. Once allowed, wholesalers looking to profit from larger, more lucrative markets to the south will act rapidly to divert the product.

While I herald the decision of the Canadian government and our Minister of Health, with the three-prong process of measures that he has put into place, I believe that we have to act even more firmly. I believe that our government should make all exports of pharmaceuticals subject to a permit requirement by adding them to a list of products prohibited for export.

● (2005)

I also believe that wholesalers should not be granted permits to export in bulk a product that was produced for the Canadian market, based on the forecast of the needs of Canadian patients and was meant for Canadian patients. I believe that would prevent whole-

salers from exploiting the arbitrage opportunities created by our price control system.

I also believe that legitimate exports of pharmaceuticals by innovative and generic pharmaceutical manufacturers and exports by and to Canadians living abroad would continue as permitted.

I support innovation in Canada. I support job creation in Canada, but I do not support job creation that is based on putting the health of Canadian patients in danger.

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Madam Chair, I would like to clarify a few points the member made, dealing with imports from the United States.

A few bills were introduced in the House of Representatives in 2001. Each of these bills have failed to become legislation. The most recent bill, the pharmaceutical market access act, 2005, has garnered some attention, both north and south of the border. There was a recent proposed amendment to the bill in the fiscal year 2005, an agricultural appropriations bill. Although anything is possible, it is unlikely that the amendment or the bill will become law.

President Bush stated on September 20 that he would veto any agricultural appropriations bill that would permit the reimportation of prescription drugs into the United States. As a proactive measure, the international pharmacy trade associations in Canada has publicly supported a ban on public sale of prescription drugs from Canada.

The Conservative Party introduced a motion to the same effect, which passed through the health committee and the House. It was the Conservatives who raised the issue of bulk exports and that it should not be allowed. On that we are agreed.

Does the member recognize the harm, the unintended consequences that could be caused if physicians and patients are forced to have face to face meetings? There are numerous situations where it is not practical due to the geography in Canada, due to patient immobility and due to regular refills. Could the member comment on unintended consequences?

**Hon. Marlene Jennings:** Mr. Chair, I thank the member his information concerning legislation in Congress, whether at the House of Representatives or at the Senate. However, when I was talking about the issue of drug importation into the United States, I said that the practice was illegal at the federal level.

The federal government in the United States has not as yet made the practice legal. However, at the state level, states have already passed legislation allowing for bulk importation and for patients, residents of their states, to import prescription drugs produced in another country for another market into their country.

*Government Orders*

I would like to provide a bit of information. Let us look at the state importation status. Past importation legislation was thankfully vetoed by the governor of California. However, it was not vetoed in Texas, Nevada, Washington, Maryland, Vermont, Virginia and Rhode Island. All those states have passed importation legislation to make it legal for their residents to import prescription drugs made for another market into the United States even though it has not been approved by federal legislation.

Utah, Indiana, Arizona, South Dakota, North Dakota, Iowa, Arkansas, Louisiana, Mississippi, Alabama, South Carolina, North Carolina and New York State have adopted web enabled mail order personal importation. When the member talks about it being illegal in the United States, yes, it is an illegal practice. However, the states already have moved to allow their residents to order and bring into the United States, through the Internet, primarily Canadian prescription drugs that were made and manufactured for Canadian patients.

● (2010)

**Mr. Dave Batters (Paliser, CPC):** Mr. Chair, I hear the member's passion for this issue and I agree with her on many points tonight. The point that we probably disagree on, and I would like to hear her comments on this, is when she talks about the importance of banning bulk exports and the threat that poses to Canadians. She referred to Dr. Shepherd's study that indicated that our drug supply in Canada would be depleted in 38 days if this legislation were to pass. It is a real concern for Canadians.

The Minister of Health spoke last November 10 at Harvard. He commented that Canada would not be the pharmacy for the United States. The bulk export issue is not something that has arisen overnight. Perhaps it has been discussed at length recently with the pending threat of avian flu and the Tamiflu drug question.

I hear the members passion. However, given the importance of this issue, why has it taken so long for the government to do anything about this? It has not introduced any new regulations. It has yet to introduce any new legislation. Patience is a virtue, but this is getting to be a bit ridiculous.

On the one hand she talks about how critical this issue is to Canadians, and I agree with her, but why has the government done absolutely nothing to protect Canadians in Saskatchewan and Montrealers in her province of Quebec? Why has the Minister of Health not done anything to safeguard Canadians to this point? It has been over a year. I would like to hear the member's thoughts, hopefully with the same passion.

**Hon. Marlene Jennings:** Mr. Chair, I will certainly respond to that with the same passion.

Canada is a complex country and we have many different jurisdictions. One of the things about good governance is that we ensure that whatever legislation is developed does represent and respect the jurisdiction and our Constitution. The other thing is to attempt to have solid information, solid facts in which to move and consult. This government has taken the time to consult the stakeholders.

Who are the stakeholders? The primary stakeholders are the Canadian people themselves and they have been consulted. The

health care providers, whether it be the pharmacists, the doctors, the nurses or the technicians, they also have to be consulted. However we also must consult with the provinces. The previous member said that an unintended consequence could be that physicians would not be able to prescribe medicine unless they met face to face with their patient.

Under provincial jurisdiction, it is the province that determines the medical acts. Therefore, before our government moves on legislation, we must be sure we have it right, that we are not trampling on provincial jurisdiction and that we have the health care community and Canadians on board. The government is acting. I am proud of this government and I expect the Minister of Health will listen to this debate and to my call, which echoes the call of many others, for banning bulk exports of Canadian prescription drugs.

● (2015)

**Mrs. Bev Desjarlais (Churchill, Ind.):** Mr. Chair, I have listened to the debate for some time this evening. My colleague from Quebec mentioned the huge shortage of medications that we would have in Canada. Would it not be reasonable to assume that if there were going to be an increased use of a drug, that the companies might want to hire more people and produce more of the drug? I am surprised that people would automatically think we are going to run out.

I am also a bit surprised that we would accept the fact, and I could have heard the member wrong in her comments, that if every person in the U.S. had their prescription filled we would run out in 38 days. I think the chance of that happening is pretty slim.

**Hon. Marlene Jennings:** Mr. Chair, if every American citizen went out and filled their prescription by the Canadian market that idea is not far-fetched. We would run out. Prescription drugs that are manufactured and sold in Canada are manufactured for the domestic market. They are based on forecasts of how many Canadians will require this particular drug over the coming year and the actual product is manufactured in numbers to meet that need. It is not manufactured in order for half of it to be sold to the United States.

However I also find it interesting that the member questioned the issue that the companies would simply increase the amount. No, the companies will not. Why will they not? Because the drugs in—

**The Chair:** I am sorry to interrupt the member but the time has expired for debate.

Resuming debate, the hon. member for Yellowhead.

**Mr. Rob Merrifield (Yellowhead, CPC):** Mr. Chair, it is a privilege to stand and address the people in the House and the people of Canada with regard to this debate.

First, we have to understand what has happened, what the problem is and why it is there before we can solve a problem. In reality, we do not have a debate here because all sides agree on one direction, one thing that should be done. It then becomes a matter of why it has not been done which is what the debate should be about this evening.

*Government Orders*

The problem is that we have a pricing regime in Canada for brand name pharmaceuticals and it sets the price for Canadians, not for Americans. The only reason the Internet pharmacy industry is alive and doing well today is because it is using that pricing regime to pump those pharmaceuticals into a foreign market that does not have a pricing regime and whose pharmaceuticals are sometimes 50% to 80% higher for some of the brand name pharmaceuticals.

However, before we think that our pricing regime is so good, we have to understand that it is only for the brand name pharmaceuticals that it is actually working because our pricing regime for generic drugs is actually quite a bit higher than that of the United States and, therefore, we are not seeing the exploitation of Internet pharmacies with regard to generic pharmaceuticals. The problem has to do with whether we can afford to allow the pharmaceuticals to go into the United States and compromise our pricing regime.

We have always, in our party, said that if it ever compromises either the availability of product or the pricing of our product, it has to be curtailed. The decision tonight is either to curtail the Internet pharmacy or to destroy it. The present government is the one that actually encouraged it at one time and said that it was all right and it started.

I for one believe that we should curtail it. I do not believe that we should destroy it. In Manitoba we are talking about the jobs of a significant number of individuals who are working in this industry. I think it is fine as long as it is contained and it does not compromise two fundamental things, which is price of the product or the availability of it.

First, let us deal with the availability of it. There is no fear of the availability of any product except Tamiflu, and I will talk about that a little later. When it comes to the availability of brand name pharmaceuticals, it is the pharmaceutical corporation that must decide whether it wants to play this game. It can decide to live with containing it, but containing it would mean shutting down the bulk sales of it.

What has the health minister done? The minister came forward a year ago this November and said that this was his number one issue. I wonder how many times we have heard the government talk about something being its number one issue, but this was the number one issue in the speech the minister gave a year ago at Harvard.

However all winter last year the minister would throw another balloon in the air almost every week saying that it should be stopped because of this or it should be stopped because of that. For a little while he had a different reason almost on a weekly basis, which made it difficult to understand where he was. It was obvious that he wanted to do something but absolutely nothing was done. Here we are a year later and this was his number one priority.

He sent this to the health committee and we looked at it but we got bogged down on it to some degree. However we did come forward with a solution to the problem to help the minister out. The reason we came forward with a solution before we had completed our study was because of what was happening in the United States, where a bill was being pushed through Congress that looked like it would pass perhaps in the summertime. Before we broke for spring we felt

that something had to be done to kick the minister in the backside to make something happen.

We pushed a motion through committee and on June 6 we moved for concurrence in the House on the committee report. However the Liberals, who had agreed to the motion in committee, limited the debate on the report and we were not able to vote on it on June 6.

The motion put forward by myself asked that the bulk sales of pharmaceuticals be shut down. It was all right to go individual to individual but to shut down bulk sales, the two fundamental problems that we were afraid of was either the price or the availability of the product.

Now, not only do the brand name pharmaceuticals want us to shut down the bulk sales but the Internet pharmacy businesses also say that we should do that. They see it as a positive move. They are very content with the business they have at the present time, which is actually diminishing because of the difference in the Canada and U. S. dollars.

• (2020)

We pushed the minister into action but what did he do? On June 29 he came out with an announcement. We thought something would actually happen but nothing happened. He announced that something had to be studied a little further and that perhaps he would do something with regard to dealing with this, which would be to shut down the bulk exports by way of the Food and Drugs Act. That is what should have been done and we expected that to happen. It should have been done long before now.

Here we are this evening debating and we should be debating on which way we should go on this. We also drove that debate into the House where we actually had a vote in the House on October 6, less than a month ago. The vote was 288 to 0, which means that every member of the House representing every Canadian in the country voted to shut down the bulk exportation of brand name pharmaceuticals in this country. We still have a minister who has not acted even though it was his number one priority a year ago.

That is the situation we have seen not only with the Internet pharmacy but with other high priority issues like crystal methamphetamine, an issue that we have long been waiting for. I had gone to the minister with a private member's bill asking for the precursors of methamphetamine to be prosecuted and to change the Food and Drugs Act to make that happen. The minister agreed with me and told me that he would see what he could do. He made an announcement in mid-summer that had to go into the chronicles for 75 days, which is long past, and we still have seen no action on the precursors for crystal methamphetamine. I took the minister at his word when he said that he would do something but he has not done it.

*Government Orders*

It gets worse than that. Hepatitis C is another issue where the House spoke loud and clear. A motion was moved in the House which was a directive given by the House to the minister to be able to compensate those who were victimized with hepatitis C outside the 1988 to 1990 window and absolutely not one cheque has been given. There was \$1.2 billion set up in a fund and \$1.1 billion left in it and the minister is still saying that we should study it. He said that we had to study it in June to find out whether we had enough money to pay out. He found out there was enough money but there still has not been one cheque.

That is the kind of contempt that the government is showing to Canadians and to the House. That is not democracy.

If we are here debating something tonight, it is not whether there should be a decision to ban exports of pharmaceuticals. We should be debating whether the House means anything, whether a vote in the House carries any weight and why the government is still in power when it can treat this place, and Canadians in an extension of this place, with such contempt. That is the real debate that should be taking place in the House tonight, especially on a day like we have had today when we see the kind of situations that the government has got into over the last number of years. It is a disgrace and it is frustrating.

Let us talk about something that is really relevant and very current with regard to brand name pharmaceuticals, Tamiflu. We have right now another few birds that have contracted avian flu. We are not sure exactly what strain it is. It is not only in Manitoba and in Ontario but it was discovered this afternoon in British Columbia. We are seeing, almost on a daily basis, a potentially very serious problem happening in our country.

When we see why we should have had bulk sales of pharmaceuticals banned it is because of the Tamiflu. Yesterday, not the brand name pharmaceuticals, but the Internet pharmaceutical corporations said that they will stop all sales of Tamiflu to the United States. They are the ones who have shown the leadership, more leadership than we have seen from the government and the minister.

It is absolutely amazing, when we are sitting with a potential crisis and when we have seen that it was the number one issue on the mind of the minister a year ago, and we have still seen no action. No wonder we are excited and upset about what we are not seeing in so far as leadership from the government.

• (2025)

Should it happen? Should we be banning bulk sales? Yes, but not now; it should have been long before now. What this debate is really about is the lack of leadership from a government that has shown none in this regard.

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Chair, the hon. member says that the banning of bulk sales is the remedy to everything. My contention is that is only part of the remedy. That is not where it ends.

Let us look at the Internet pharmacies themselves and how they have caused shortages of product and medications in this country. They have stretched medical ethics as though they were an elastic. They have gone so far as to send flyers in the mail last year telling doctors that if they want to make some extra money for their

Christmas shopping they could sign prescriptions at \$10 a crack. I raised that flyer on the floor of this House. Surely the hon. member, knowledgeable as he is on issues involving medicine, cannot say that this is okay, that this is acceptable.

I want to go back to the issue of Tamiflu. I want to read something that was read into the record earlier today. This is from a media report:

Online, demand by individuals is skyrocketing.

"It's crazy," said Mark Catroppa, a vice president with CanadaMedicineShop.com in Vancouver, British Columbia. The company has about 175,000 U.S. customers.

Last year, his company sold no more than 10 doses of Tamiflu or Relenza in any month....During the past two weeks, about 400 people a day ordered the drugs [from outside the country].

Can the member say that these individual sales do not also affect the availability of product when that kind of increase is going on, not according to what I say, but according to what the people selling the stuff are saying themselves?

How can the member say that it is only the bulk sales that are at issue and not the Internet pharmacies as an institution?

• (2030)

**Mr. Rob Merrifield:** Mr. Chair, I would like to clear up some of the numbers that the hon. member has been using.

The Canadian International Pharmacy Association, which is the bulk of the Internet pharmacy group, right now are serving 1.8 million individuals. That has actually been decreasing in the last year or year and a half, not increasing.

When the hon. member uses the red flag of Tamiflu, I do not know if he heard me but I mentioned in my dialogue that yesterday the Internet pharmacy completely banned all sales of Tamiflu, recognizing the potential shortage and that Canadians come first. I think that is an appropriate move. I am not saying they had to do it by any means. I am saying they did it voluntarily and hats off to them.

By the way, Roche Pharmaceuticals is the only corporation in the world that actually produces Tamiflu. It is the only brand name pharmaceutical, and I have never seen this before, that has actually stopped selling Tamiflu, so that it has enough for Canadians who may potentially need it for emergency flu symptoms this winter. I see that as a positive thing.

Getting back to my hon. colleague's objection to the Internet pharmacy, let us get serious about what his objection was, which was that a doctor in the United States prescribing to a patient in his office is not as valid and as safe as a doctor in Canada prescribing to his patient. That is really what he is saying by saying that a doctor cannot fill that prescription.

That is an argument which I absolutely believe has no weight. In fact, in some ways I would say that the relationships of physicians in the United States with their patients are just as valid as those of doctors in Canada with their patients.

I know the minister has used that argument. I know my hon. colleague has thrown that argument around. I say it is a phony argument. I say it does not pull any weight.

*Government Orders*

That would mean that if a doctor saw a patient in British Columbia who wanted a prescription to be filled in Newfoundland or any other place in Canada it would not be valid. Let us say that a patient in Vancouver was seeing a doctor in Vancouver but went up to Prince George to fill the prescription and that is valid, but a patient from Seattle who sees a doctor and goes up to Vancouver, which is just a few miles away, would not be valid. I say that is phony. That is a garbage argument that does not pull any weight as far as I am concerned.

Anyone in the medical profession who does not have an axe to grind and a bent on this one would recognize that.

**Mrs. Bev Desjarlais (Churchill, Ind.):** Mr. Chair, to emphasize again the comments relating to Internet pharmacies and physicians from one country to the other, my understanding is that Canada recognizes American trained physicians and American trained pharmacists. They might have to do a bit of licensing here and there, but we recognize their credibility. The statements coming out of the mouths of politicians here in Canada that somehow one would not be as credible I would put along the same lines as statements by George Bush suggesting that drugs coming from Canada are not safe.

I would like the member's comments on that.

**Mr. Rob Merrifield:** Mr. Chair, I would argue the same thing. That is what my argument was with my hon. colleague, that a doctor-patient relationship in the United States is just as valid as a doctor-patient relationship here in Canada.

We need to ensure that there is a doctor-patient relationship in the United States that is valid. We should do that in Canada as well. I would suggest to my hon. colleague that probably does not happen all the time, and perhaps that is the weak link.

This is not about a professional in one country being more professional than another. That is a phony argument and does not carry any weight at all.

The member asked a very good question. How do we fix the problem? Everyone says we need to ban the bulk sales of pharmaceuticals because that is what is really compromising the price and availability of a product for Canadians.

As for me, I will look after my constituents. I will look after Canadians first. They are our number one priority. As long as they are looked after, then we are doing our job in the House on behalf of all Canadians.

• (2035)

**Mr. Dave Batters (Palliser, CPC):** Mr. Chair, I would like to commend the member for Yellowhead on the motion that he put forward in committee and which passed unanimously in the House 280 to 0, asking that the Minister of International Trade and the government be proactive in protecting Canadians and end the practice of bulk exports.

The member for Glengarry—Prescott—Russell had some passionate views on Internet pharmacies, but he directed his comments toward my colleague from Yellowhead as though he could do something about it, as though he were the minister of health. I urge the experienced member to turn those comments toward his government and the Minister of Health and the Minister of

International Trade. I urge him to ask that these things be fixed. He has the passion, but we are not the government yet.

I would like the member for Yellowhead to clarify something that was addressed by the member for Churchill earlier in the debate. She made a comment regarding prescriptions going south to the United States. She said that the pharmaceutical companies could just hire more people and make more pills.

I would like to hear the thoughts of the experienced member of the health committee on that process. My understanding is that this is a very complex process. Plants cannot be built overnight. Complex pills are being made that affect the human body. We are not selling record players or vacuum cleaners. These are medications that alter the human body.

Is it simply that easy, to just hire a few more people and pump out more pills?

**Mr. Rob Merrifield:** Mr. Chair, obviously it is not, although I think it would be a stretch to say that we would have a shortage of some of those pills. A lot of the pharmaceutical corporations do not want to play the game if they are just going to sell into a regulated market and for that to be exploited and sent to another international market. That regulated market is for Canadians, and that is really the issue. Could they make more pills? In time they probably could because they are in the business of selling pills, but that is not the real issue.

The other thing which I think needs to be mentioned is that there is actually a law in the United States banning the importation of Internet pharmaceuticals. There is not a politician with the backbone to enforce that law and say, "Grandma, you have to pay twice as much for your pharmaceuticals in the United States". That is the reality of the situation. They understand that full well. I talked to a number of them at a conference a couple of weeks ago.

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Chair, I appreciate the opportunity to address this urgent matter of public health.

As my hon. colleague the Minister of Health has made clear, the Government of Canada is committed to securing the access of Canadians to an uninterrupted supply of safe and affordable drugs, particularly those used for serious or life threatening conditions.

The fact is that drugs may be in short supply for any number of reasons, including a shortage of raw material or an unforeseen breakdown in the manufacturing process. These are not desirable situations, but they are understandable.

What is not acceptable, however, is if our pharmaceutical supply in Canada becomes strained because we have sold off our medicines to a higher bidder. That puts the health of Canadians at a grave and immediate risk. To mitigate that risk, the Government of Canada is taking action now, bold and decisive action that will immediately protect our domestic drug supply. The strategy proposed by our government will have a direct and measurable impact on the health of Canadians.

*Government Orders*

• (2040)

[*Translation*]

Other effects of these measures will be felt over the longer term. By protecting uninterrupted access to safe and affordable drugs and by reducing pressure on the cost of our drugs and the pricing system, the initiatives we are proposing will help keep our health care system viable. As part of the measures we are planning, we intend to increase the security of prescription drug sales in Canada, something that will benefit all patients, whether they live in Canada or elsewhere.

[*English*]

Americans are keen consumers of our Canadian medications. They come in person over the border or order their medicines online. Without question this is good business for the Canadian drug manufacturers and pharmacies. According to IMS Health, total cross-border drug sales to the U.S. reached \$1.35 billion in 2004. That may be a drop in the bucket for America's \$300 billion retail prescription market, but it represents a sizeable 8% of the same market domestically.

It is not just the scope of the phenomenon that we are concerned about, it is the staggering growth rate as well. Consider that between 2002 and 2004, cross-border drug sales escalated by about \$7 million to \$60 million per month. We all know what is driving this trend: money.

For some time now Americans have been taking advantage of Canadian drug prices that are on average 40% lower than the cost of comparable products in the United States. While U.S. prices have soared in recent years, the costs of prescription drugs in Canada have been held in check by the Patented Medicine Prices Review Board.

With the growing price differential between our two countries, cash-strapped U.S. state governments, institutions and individual seniors have looked northward to meet their ever expanding needs.

[*Translation*]

Now if we could stop time so that nothing moves, we could meet the current demand for export handily. But nothing, obviously, is static. The demand for prescription drugs in the United States continues to grow, as in Canada, and reasonably so, since the population is aging, more people have chronic illnesses and the number of new drugs increases.

In addition, from time to time, a new demand arises, as with the recent rush to buy Tamiflu as protection against the effects of a potential flu pandemic. As well, the American Congress is currently considering nine bills all, more or less, involving the legalization of bulk drug imports from Canada.

We have no way of knowing the size of the American bulk drug import market, but we do know that it will be too big for Canada to handle without compromising its own supply. If the bulk market legislation revives cross border sales of drugs that meet American standards, from the current 0.5% to 1% of the American market, the impact on Canada would be considerable. It would mean that one drug in six intended for use in Canada would be diverted and sent out of the country.

[*English*]

The potential risk to public health is self-evident but there is another consequence to consider, the impact on our health care system. Right now, thanks to our made in Canada drug pricing regime, patented medicines here cost about 9% less than the international median. That is an important price break for us because patented drugs make up 80% of Canada's total drug expenditures, \$18 billion of the \$22 billion spent on all types of drugs in 2004.

What is more, we spend more on drugs than any other component of our health care system, including physician services. One dollar of every \$6 we spend in health care goes to medicines. As we look toward the future, drug expenditures are projected to grow faster than any other component of health care. In other words, by preserving the access of Canadians to affordable drugs, we are also protecting our domestic drug pricing regime and that will contribute to the sustainability of our health care system.

To address these challenges, the Government of Canada has proposed a three part strategy. First, we would create a pan-Canadian drug supply network. The network would furnish us with precise, comprehensive and up to the minute data on Canada's drug supply. Information like this is crucial for governments to make effective plans and take meaningful action to safeguard Canadians' access to medicines.

The second element of the strategy would amend the Food and Drugs Act to allow the Government of Canada to restrict drug exports whenever necessary to protect human health. We could, for instance, impose bans on the export of individual drugs or classes of drugs if Canada appears in danger of suffering serious shortages.

The third and final element would reinforce conditions on the sale of prescription drugs. Physicians would be required to have an established relationship with their patients before issuing prescriptions to them. This would hold true whether the patients were Canadian or from any other country.

As the details of our strategy take shape, we are asking Canadians to provide their input. Toward that end, we launched public consultations on October 6. People can contact us with their thoughts either through online forums or other channels until November 7. Health Canada has also recently completed face to face consultations with representatives of the drug industry, wholesalers and distributors and professional associations representing pharmacists, medical practitioners and their regulatory authorities. A meeting with provincial and territorial ministers of health is slated for November.

*Government Orders*

Over the past seven months there have also been discussions with other federal departments, as well as with Americans, including the health and human services secretary and members of Congress.

● (2045)

[*Translation*]

It should be clear that the Government of Canada is paying very serious attention to protecting Canadians' access to safe and affordable drugs.

We are not trying—and I underscore this—to shut down the activities of any industry. Rather, our intent is to give priority to health protection, the security of Canadians and the viability of our health care services and system.

[*English*]

However, we cannot be paralyzed into inaction. We must plan and prepare today and be willing to take bold and swift action whenever the need arises, indeed before the need arises. That is why we have put forward the response strategy I described, to give us the information and tools necessary to secure Canadians' access to a safe and affordable supply of prescriptions drugs. I encourage my hon. colleagues to support these initiatives.

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, the hon. member raises some interesting points, but one issue is very intriguing. The member says that the industry grew dramatically between 2000 and 2004 and that this was causing concern. This has happened under a Liberal government. From the year 2004 to present, the industry has shrunk. I know in my own province, the number of online pharmacies has gone down by about 50%.

On the issue of importation in the United States, we have to be clear. Bulk exports from Canada to the United States cannot be allowed. We all agree on that point. The fact that some states, as has been suggested, have allowed bulk imports is irrelevant because the FDA in the United States controls the boundary. The states can say whatever they want but the federal government in the United States will not allow for bulk importation.

Another interesting point is the PMPRB was a Conservative initiative, and the pricing is based on industrial averages of the OECD. To suggest that the pricing will somehow be affected is not an intellectually honest argument.

The member also talks about a pan-Canadian network. That seems like a good idea except the Liberal government has proven completely incapable of dealing with anything that requires coordination. We have to look at Infoway as an example, another billion dollar boondoggle that the government has caused. The Auditor General has raised several concerns about this.

If this is such a big concern, he is on the health committee, why did he not raise this at the health committee? Why did the Liberal chair of the health committee not raise it? It was the Conservative members who raised it and have insisted that the health committee deal with the issue and study it. The Liberals have refused to be proactive and push that agenda where it should be dealt with, at the health committee.

● (2050)

**Hon. Robert Thibault:** Mr. Chair, the member is right on one point and one point only. It was a member of the Conservative Party, namely the opposition critic, who wanted this to be studied by the committee. He also put the proviso that the minister should not act until it had been fully studied by the committee. He has brought 32,000 dilatory motions at the committee. He has kept bills before the committee, like a private member's bill that would have antiperspirant classified as food. Because of that we have been unable to get to other points of business, which I think is interesting. However, I give credit to some of the points he makes.

On the question of bulk exports and the restrictions for them, if we get to the mechanics of the bill that the minister proposes to bring forward, it answers those questions. I do not think anyone argues on the three elements.

The member would argue one element. He would argue about the question of there being a relationship between the patient and physician. I will get back to an item that was raised a few times, the question of Tamiflu. The use of these drugs without proper supervision and under the wrong circumstances can have a detrimental effect to humanity.

That is why Roche has been very responsible in saying that it will provide its supply to governments, to ensure that those public supplies are done first and that it be handled properly. There is a risk of developing resistance to antivirals. In the eventuality of there being a pandemic, it is important that these products be used properly and that they be used under the supervision a doctor.

Those questions come to mind. I kid the member and we have some very interesting jousting matches. I understand where he is coming from. He, like all of us, shares a concern about the safety of Canadians, the safety of the drug supply and the proper use of our medical system. He also has the interests of his province on the question of the economics of these Internet pharmacies.

How do we strike a public balance? Consultations are underway. The bill that will be brought before us will be studied at the committee is the right way to proceed.

**Mrs. Bev Desjarlais (Churchill, Ind.):** Mr. Chair, my colleague has said that the government wants to take action and wants to get something done. I go back to the comments that were made earlier about the vote in the House which had unanimous support to ban the bulk exports. Nothing has been done. It is wonderful to talk and talk about how wonderful one is and all the wonderful things one will do. However, when the government is in a position to do those things and does not do them, at some point Canadians have to say that it is just a lot of fluff. There is a key point that can be fixed and everyone seems to agree on it. That is the banning of bulk exports.

*Government Orders*

I know we want to look after Canadians first. There is no question that we want to ensure the pricing and the availability. I think we are all on the same page in that regard as well. However in return, as Canadians we should feel quite honoured with our health system and our system of pricing. Literally millions of Americans want to access our system. Their politicians are afraid to take action against them because they know they will be ripped to shreds by their own population. Somehow it is up to Canada to act responsibly because American politicians are unwilling to put in place the same type of system that we have, a system that benefits all their population.

• (2055)

**Hon. Robert Thibault:** Mr. Chair, on the question of the motion on bulk exports, there is no argument anywhere in the House. There is a principle of many members of the House, especially the party to which the member used to belong, and that is we should consult with our stakeholders. I agree with that, but sometimes it is still in the process. We are going through that period now.

Also the question of having the proper legislative and regulatory framework to do that in light of our international commitments, our international contracts and engagements and treaties and trade arrangements makes it necessary to bring legislation forward. We have to do it. We are going through that process now to ensure we protect our drug supply.

The earlier comment that the price of drugs is not at risk by Internet pharmacies and bulk exports is not true. Our price control mechanism is at the factory gate and not necessarily at the pharmacy level or consumer level. If we restrict the supply and the demand remains the same, there is a risk of a price increase. It is important to maintain a good and proper supply to meet Canada's needs.

**Mr. Dave Batters (Palliser, CPC):** Mr. Chair, some interesting interventions tonight. I appreciate the comments of the member for Churchill. She talked about the democratic deficit opposite. If anyone knows about the democratic deficit, it would be the member for Churchill after what she has gone through, and I sympathize with her.

I would like to address the parliamentary secretary and get his comments on a quote from the C.D. Howe Institute. It says:

If large-scale drug exports were to occur, most likely drug prices would rise in Canada to U.S. retail levels, which would eat into provincial health care budgets and increase drug costs for most Canadians.

That certainly is the threat. That is why I am here tonight. That is the threat to senior citizens in Moose Jaw, Saskatchewan and people throughout Canada. This is all about access to medications that help Canadians live longer, happier and healthier lives.

Given that concern, I would like to hear the member's comments on that and I would like to hear why his government has done absolutely nothing. As the member for Churchill has said, there has been a lot of talk and a lot of studies, but nothing has been done to ban bulk exports which everyone is in agreement on.

**Hon. Robert Thibault:** Mr. Chair, on the C.D. Howe comment, I just answered that question by saying the price management review regime is at the factory gate and not at the consumer level. If the supply is restricted at the consumer level, at the pharmacy the prices would increase.

I hear a bit of speaking from both sides of the mouth from that party. The official critic of the opposition brought a motion forward at the health committee saying "do not act until the committee has made a full study". Then he presented all possible motions to stop the committee from studying the issue.

The minister is making the moves to do exactly what the House has asked. We all want to ensure that drugs that are manufactured for Canadians are there for the Canadian market. However, it has to be done within the legal framework in the proper way, and that requires consultation. Principles have been laid out. The consultations are on the way. The minister indicated this evening that legislation would come before the House, and I look forward to the member's support for that legislation.

[*Translation*]

**Mr. Réal Ménard (Hochelaga, BQ):** Mr. Chair, it is a pleasure to be able to come closer to you. This takes me back to the days when the Bloc Québécois was the official opposition. Of course, there is nothing to prevent optimistic thoughts about future seating arrangements, but that is not what we have to talk about tonight.

The Bloc Québécois has asked for this very important debate. All colleagues in this House recognize the intensity of our trade relations with the U.S. but precious few of us would be prepared to support drug exports. Motions have been made by a number of members, among them the likeable member for Glengarry—Prescott—Russell, one of the deans in this place. It seems to me that he may even have shaken hands with Wilfrid Laurier, his roots go back so far in the House of Commons.

The motions by the various members cause us to reflect upon the leeway we have here. In fact it is hard to propose solutions on something like this. Formally, given the treaties Canada has signed—trade treaties in particular—it is not clear whether it could enact legislation completely banning exports.

We know that there are provisions in these trade agreements that allow us to restrict exports if there is an anticipated crisis or danger of shortage. Might a permanent arrangement that would prevent drug exports not end up in a dispute with the United States? That is something to consider.

One fact remains, however. The number of Canadian Internet pharmacies has tripled since 2003. Today there are more than 150 of them, and half of those are in Manitoba. Of course, I understand the Conservative health critic's interest in this, since he is a Manitoba MP. I know this is a very important industry, with more than 1,000 jobs connected to it.

What is the explanation for the American attraction to our drug availability program? The first factor of course is that in Canada there is relative control over the sale of drugs. I say relative because people must not think that the control is over retail sales.

*Government Orders*

The patented medicine prices review board was created by the Conservatives under Brian Mulroney. I do not wish to bring back bad memories for the member for Glengarry—Prescott—Russell. However, the fact remains that the Conservatives created this organization at a time when patent duration was the subject of much debate and when Canada was not very competitive in terms of patent protection for industry. We moved from 10 to 17 years, and then from 17 to 20 years. As a result, we created a quasi-judicial body called the patented medicine prices review board, which controls the price at the factory gate.

So there is an action remedy system. Prices are limited to the median. For a drug available elsewhere, its retail price in seven countries is compared. If the price is determined to be excessively high, the patented medicine prices review board may take steps to force the industry to refund a portion of the retail price to consumers. That said, at present, drug prices are 35% lower than they are in the United States.

In passing, I want to say that, in recent years, the Bloc Québécois has been concerned that generic drugs were not controlled. We know that the patented medicine prices review board has no jurisdiction over them, although Canada has expanded its jurisdiction with regard to patents, but not necessarily with regard to generic drugs. The provinces decide which drugs will be on a formulary, and therefore eligible for a refund.

I also want to say that as a Quebecker and someone sensitive to the importance of research—I am very sensitive, and the member for Glengarry—Prescott—Russell is well aware that I have been known to cry in certain circumstances—I have often raised this question in caucus and added it to the agenda.

• (2100)

I have often included this issue on our meeting agendas. We have to recognize that the branded pharmaceutical firms, those doing research, are also behaving inappropriately. What they do has been called evergreening. In fact, a patent was to last 20 years. From the date of the application to the appearance of the generic drug on the market no more than 20 years could elapse. The branded companies filed secondary patents, thereby establishing an automatic 24 month injunction and starting the cycle over, regardless of the content.

As soon as an allegation of copyright infringement is made, under the Canadian system, which is quite similar to the American one, evergreening begins. It does not appear to me to be done for the benefit of consumers. In my battles, I have always had the support of our party's critic for industry, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques. He is a member of the party's left and supports consumers' interests.

We also try to understand why Americans are interested in Canadian drugs. Our pricing system is quite controlled. Furthermore, 70 million Americans have no insurance. So when they face calamities and health problems, they have to pay full price for drugs. In some cases in the states, when you become ill without health insurance it can literally bankrupt you. This never or rarely happens in Canada.

From a technical standpoint, the whole issue of the export of drugs needs to be considered. It is not clear what level of government is

responsible. What we do know is that no law in Canada currently prohibits the export of drugs. Provincial laws contain prohibitions.

I am more familiar with the situation in Quebec, where pharmacy legislation promotes the patient-doctor relationship. It is not possible for a practitioner in Quebec to fill a prescription for a U.S. citizen without facing a system of penalties going as far as being expelled from the college of physicians. Why? Because under the Pharmacy Act of Quebec a doctor must see the patient in person, must give a diagnosis and must develop a treatment plan. Unlike a doctor from Manitoba, a doctor from Quebec who fills a prescription issued in the U.S., could be found guilty and be expelled from the college of physicians.

That is why there are so few Internet pharmacies in Quebec. I am not saying there are none. The hon. member for Glengarry—Prescott—Russell is nodding his head. He probably read the same papers I did.

In closing, I think it is important for us to debate these issues. I know that the Standing Committee on Health will be conducting a study. The Bloc Québécois for the most part agrees with the idea of prohibiting the export of drugs.

Obviously the jurisdictions will have to be respected. As I was saying, Quebec already has rather hefty provisions to protect ourselves from this phenomenon. We know this is a debate that has well and truly been launched. Several million dollars are at stake, besides which if Canada were to supply the U.S. on a very large scale, it would have a shortage of drugs. Judging by the production infrastructure of companies, both generic and branded, it is not at all certain that we will be able to respond to this demand that is predicted to be 10 times greater than our own.

I am anxious to work on this issue in the Standing Committee on Health.

• (2105)

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Chair, I thank our hon. colleague for his remarks. Like him, I have noticed that this problem is much more infrequent in Quebec and other jurisdictions that have a high quality, or at least strict, code of conduct. It is no coincidence that this industry has taken off in provinces with more, shall we say, flexible codes. The lack of such rules has created this situation.

So I want to ask my colleague if he too realizes that the problem boils down to the fact that the United States—how ironic—which invented consumer protection legislation, is apparently incapable of adopting legislation for consumers regarding pharmaceutical products. It adopted legislation on vehicle windshield height and all sorts of things. Recalls of defective vehicles and so forth originated in the United States.

*Government Orders*

However, for reasons beyond my comprehension, that same society is unable to adopt legislation protecting its consumers from, in the eyes of some, overly high prices or, at least, prices much higher than ours, and these people purchase their supply from a place that better protects its consumers, meaning from us. Therein lies the problem.

I fail to understand the reaction of some American legislators who say that importing drugs into their country is illegal. In truth, they want to avoid, at all costs, saying that they will enforce that legislation, because this could cost them votes back home.

So, I take issue with the comments of our colleague opposite, the member from Manitoba, who is saying that, since it is illegal to import drugs into the United States, bulk imports must be prohibited. Individual imports are illegal, but we have to ignore this. Only the provision on bulk imports, and not the other, must be enforced.

I want to hear what my colleague thinks about that.

● (2110)

**Mr. Réal Ménard:** Mr. Chair, our colleague's comments are very pertinent and clearly show his knowledge of the issue. I agree with everything he says. I will perhaps add one explanation.

In the U.S., the relationship to medicine is rather different. This is, in my opinion, really one of the consequences of a desire to let market forces govern the health system. Hon. members will recall that, when he was president, Bill Clinton mandated his former wife, the first lady at the time, to carry out a study on the costs of "socializing" the U.S. health system just a little bit, but that reform never came to pass.

That does not surprise me. Although consumers are better protected in certain other areas, I feel that the U.S. health system still leaves a great deal of leeway to the private sector and to market forces. This is, I believe, the reason we are in a bit of a bind here.

It is cause for concern that there have been nine bills introduced in the U.S. Congress, not all from Republicans but from Democrats as well. There is certainly a bit of hypocrisy about wanting this protection on the one hand but not wanting to respect the law on the other. Our colleague is right to encourage us to be cautious.

[*English*]

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, I would like to mention that the number of Internet pharmacies in Manitoba has actually gone down. The reason for this is because a large portion of the Internet pharmacies are actually going overseas where there is an even greater price differential between the United States and the EU or Australia and New Zealand, for example. The industry is actually in a decline, it could be argued.

I want to get the member's comments on my concerns. One is the issue of provincial jurisdiction and whether the federal government has the ability to do what it is intending to do.

I think we are all in agreement on the ban of bulk exports. We have had that discussion. I have a question for the member, who is also on the health committee, and who voted to have the health committee study the issue and also ban bulk exports. Why does he think the government is taking so long to do anything on the banning of bulk exports? It has had the opportunity to control the agenda of

the health committee to study the issue on an expedited basis and it chose not to do so.

I wonder if the member would comment on both the provincial jurisdiction and why the government has not acted on the direction of the health committee.

● (2115)

[*Translation*]

**Mr. Réal Ménard:** Mr. Chair, I will answer my colleague's totally non-partisan question. This is sort of our trademark in committee. We leave partisan issues aside.

First, I believe it is very clear that the provinces are responsible for ensuring that the various codes of ethics and professional practice are upheld.

Second, one point is not clear in my mind. I was reading that article 309 of NAFTA prohibits restrictions on the import and export of drugs, except when a shortage is expected. Could the government simply have introduced a bill to prevent the export of drugs? This is not clear to me.

I think it warrants a little more investigation. We know our time is limited. We cannot take another two or three years to consult and consider. Clearly the states are going to move. As was mentioned earlier, nine bills have been introduced, by Republicans and Democrats alike.

I think, however, that it is worthwhile arguing for a little more room to consult and discover what sort of legislation would be most appropriate. I think the Standing Committee on Health, of which my hon. colleague is a member, has work to do in this regard.

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Chair, I am pleased to take part in this evening's debate on Internet pharmacies.

Most hon. members would agree that I have been raising these issues in the House of Commons for a very long time. During the first year after I left cabinet, perhaps even longer ago than that, I was the only member to raise these issues in the House of Commons.

Many things still trouble me. I want to thank the parliamentary secretary and the minister for the plan they presented this evening, which is the first component in creating a drug supply network. This plan was overseen by the Minister of Health. It was a very good idea. We have to ensure the safety of the supply.

The second point is the need for enabling legislation under the Food and Drugs Act that would allow the Government of Canada to prohibit the bulk export of prescription drugs and other essential drugs when the health of Canadians is at stake. The hon. member for Hochelaga mentioned the section under NAFTA that is somewhat related to all this. At least this could be one of the reasons why that section was drafted that way. I intend to discuss this with the minister.

*Government Orders*

The third point consists in giving more teeth to the current provisions whereby any purchase or sale of prescription drugs should come as a result of consultations held between the patient and the medical practitioner. We must address this issue.

• (2120)

[English]

I heard a Conservative member in the House say that it is only those who have an axe to grind who think that the Internet prescription system damages the health care system. I believe I am paraphrasing the way the member put it.

However, Canadian Medical Association's statement on Internet prescribing in 2004 stated that "It is not acceptable for a physician to sign a prescription without properly assessing the patient", except as indicated above, and there is a whole matrix of how this is to be done, and so on and so forth. This is the position of the Canadian Medical Association, hardly a group with an axe to grind.

Other people are also concerned with this whole business of prescriptions over the Internet in the kind of vacuum that we see now. Let me name a few from a press release that I have which dates back a year ago. I am sure the list is much longer now. It includes: the National Association of Pharmacy Regulatory Authorities; the Canadian Pharmacists Association; the Canadian Medical Association and I just quoted from its report; the Association of Deans of Pharmacy of Canada; the College of Physicians and Surgeons of Manitoba, would you believe, Mr. Speaker; the Manitoba Society of Seniors; Pharmacy Alliance for Canadians; and the Coalition for Manitoba Pharmacy.

Even within those jurisdictions, where these kinds of sales are going on in a very big way, certainly it is not supported by everyone there. The professionals in the health care sector say that this is going too far and that it is wrong. It is not me, not the member for Glengarry—Prescott—Russell. I am not a member of the Canadian Medical Association, much less the College of Physicians and Surgeons of Manitoba, a province 1,000 miles from my constituency.

On top of that there is a whole number of pharmacies themselves, groups of seniors, and a large number of people, consumer groups and others who tell us that we have to be careful with all of this. They include: the Canadian Hepatitis C Network, Canadian Treatment Action Council, Canadian Organization for Rare Disorders, Canadian Arthritis Patient Alliance, Best Medicines Coalition, Manitoba Epilepsy Association, British Columbia Persons With AIDS Society. Those are all consumers of medicine who are worried about this.

One cannot say that every single one of these organizations is wrong. Their concerns are legitimate when we start seeing runs on various products, whether they are caused by bulk sales which arguably of course is worse, or whether they are caused by Internet pharmacies all of a sudden selling thousands of prescriptions in an area where they were not selling any the previous year.

I read one example of 175,000 prescriptions where in the previous year only 10 doses of the same thing were sold. No one can say that increasing the sale of something and removing a product from this country where 10 units were removed last year and 175,000 were

removed in a few months of this year, that it does not cause a shortage.

It is ridiculous to pretend that. That is not a bulk shipment at all. This has to do with the Internet pharmacies. Then someone says that the Internet pharmacies, after having seen the damage that they have done, have decided that they are not going to do this any more for a little while. That is hardly a redeeming value. Once one creates a mess and then says that one is not going to participate in the mess that one has created for a little while, to me is not good enough.

• (2125)

This is why I think that part of the program announced to us by the parliamentary secretary this evening is so vital, that is, when he says the government wants to establish a system whereby it will be possible to pinpoint one particular medication and say that is it, it is in the national interest that people not be allowed to send any more of this out of the country, whether it is bulk shipment, Internet pharmacies or anybody else, because it threatens the health of Canadians. That is why we are here.

To me, that is why it is so important. We cannot think of medication as little pills that look like candies, even though they do look like that most of the time. This is a very important component of the Canadian health care system. A member of my family is at home right now with pneumonia. She will be angry with me for raising this, but so be it. The prescription costs \$100. I thought that was outrageously expensive, except that after three or four days of taking the medication she is getting better. Then what I thought was that about two hours in the hospital would have consumed twice as much as the \$100. Maybe if we think of it that way, the medication, which we all think is too expensive, is not expensive if we compare it to the alternative.

The point I am making is how important all of this is for the well-being of Canadians. Prescription medication in particular is so very vital. I am leaving for South America with the Prime Minister in 48 hours to attend the Summit of the Americas, at least I think I am. I need to have a flu shot and a number of things before I leave. They are all provided to us. Countless other Canadians need medication: preventive, a vaccine, as I am going to get, and for treatment, in the case of others who are ill. We just cannot afford to be out of these products at any time. That is why I encourage the minister, as I have been doing for a long time, to be vigilant on this.

I thank the parliamentary secretary and the minister, too, of course. I listened attentively to the parliamentary secretary's presentation. He simply must continue on that track and be even more vigilant in protecting the health of Canadians.

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, I would like to thank the member for his comments and congratulate him on his time in public office. I am looking forward to reading the member's book, which I understand I can pick up at any retail bookstore.

Having said that, let me comment that Health Canada has stated that there is no documented evidence on shortages. I would also like to mention that the member listed many organizations that have concerns about bulk exports. We do too. We all agree on that. Organizations have outlined their concerns, including those he has mentioned. We are all on the same page here. The fact is that the government has not done anything on the issue of bulk exports.

However, I will also note that there is a way of balancing the member's concerns and dealing with what is a legal and legitimate industry. Even the President of the Treasury Board, in a *Winnipeg Free Press* article earlier this year, is quoted as saying that he "would like to see the folks who provide the service continue to do it". That is a direct quote.

I think we have to be reasonable. The fact is that patients have an established patient-practitioner relationship in the traditional sense with their U.S. physicians. There are ways to ensure that the ethical issues are addressed as well.

I wonder if the member would comment on the fact that the entire House agrees that bulk exports from Canada should be banned, that in the United States it is the federal government that is responsible for its own jurisdiction, and that as long as price, supply and safety of Canadian drugs are not threatened, this industry should be allowed to maintain itself. It is an opportunity to bring much needed jobs to have not provinces. Could the member comment on those points?

• (2130)

**Hon. Don Boudria:** Mr. Chair, I do not agree with many of the points the member raised except that he has said he might like to read my book. I agree with that.

More seriously, though, the hon. member says there is no evidence of job shortages. We have had countless press conferences in this building with pharmacists, pharmacist associations, and members of the Canadian Medical Association. I have a letter here from the Canadian Treatment Action Council listing 132 drugs that were not available in one part of the country at one point in time, and so on. Many people inform us or at least allege that these shortages or at least strains on the supply in various regions of the country are going on right now.

The hon. member says that the authority is with the federal government in the U.S. and it is illegal to bulk ship into the United States. He referred to that slightly in this most recent presentation and more extensively a little while ago. I was listening.

What he does not say, though, is that both are forbidden to enter the United States. Internet pharmacies that send cases of stuff to 100 different people or bulk ship 10 cases of stuff to one person are equally forbidden. If the argument is that we should not be sending bulk stuff to the U.S. because it is against U.S. law, I take the hon. member's argument at face value. They are both forbidden. Why would we say that we should listen to U.S. law as it applies to bulk sales but not to the other? I think the argument is the same for both. That is the point I am making here.

I am going to go back to something I heard in the parliamentary secretary's discourse a while ago. If we are having a run on a product, and never mind the U.S. law for a minute, whether that run

### *Government Orders*

is caused by someone having shipped cases in bulk to the United States or it is like the other case that I talked about a while ago, with 175,000 prescriptions in one year being shipped individually out of Canada to the U.S., the effect is the same. That was in an area where there was only a handful of them a year ago.

The effect is the same. That is the point I am making. To say that it is only the bulk sale component is not so. In my view, both have to be addressed. That is why I think the government's plan is on the right track. I urge the government, though, to move expeditiously on this issue, not to wait until we have a major crisis and run out of something and then have Canadians getting sick because we do not have the medication in question.

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Chair, I was happy to hear the words of the member for Glengarry—Prescott—Russell. I must confess that I have not yet had a chance to read his book; I am waiting for the movie and for volume two of his book.

There is a question that I would like to ask. I have listened to the debate and to where people are on that question of balancing economic interests and legitimate business with protection for Canadians. Let us look at the strategy that the minister has put forward. First, we would have a surveillance system of the drug network. This network would indicate exactly what the supply is in Canada and would monitor it. I think everybody would agree that this is a good move.

On the second point, I note that the member is an experienced member of Parliament who has done a lot of work internationally respecting Canada's role in the world and our need for trade and respecting our trade agreements. Under the strategy the minister has put forward, we know that if there is a human safety reason for restricting drug shipments, we can. The network would give us that information and we would have the tools to do that after the legislation is passed.

The true point remains, this last point that is contentious, and it is the question of the ethics of practice. Where we have those principles in Canada, at the Colleges of Pharmacists and those professional organizations, a pharmacist will only fill a prescription that has been written by a doctor licensed to practice in Canada. There is the question of having a relationship. That question remains for some interesting debate on how we balance that with the current operations of Internet pharmacies.

Would the member comment on those points?

• (2135)

**Hon. Don Boudria:** Mr. Chair, I think the parliamentary secretary is totally correct. My approach to all this has been to focus on the issues that are important. They are not always the same ones that we see in the news.

*Government Orders*

For instance, about a year ago cameras were going gangbusters because there were two buses in Toronto with senior citizens getting out of the buses and coming from the U.S. to buy prescription drugs. It made for some great camera shots. At the same time, with one Internet pharmacy supplying 2,000 prescriptions a day we would have had to have a train about 20 miles long to accommodate that number of people if they had all come individually. Obviously that does not make much of a camera shot. A computer terminal just does not do it.

At the same time, it is not the busload that is the issue. Nor is it grandma who is in Florida going to see a doctor there because she is there for the winter. We have the doctor there confirming with the doctor in Canada that it is the grandma known by the doctor in Canada, that she is sick with that particular disorder, and that the doctor recognizes her and sees her all the time when she is back home. Then the doctor over there issues a prescription or some such instrument across the border.

That is not the issue. Nobody is trying to solve that so-called problem because it is not one. The real problem is that which affects the security of our drug supply and that is how I believe we have to address the problem.

**Mr. Dave Batters (Palliser, CPC):** Mr. Chair, I am here this evening to participate in the debate because it is an issue of great personal importance to me and to my constituents in Palliser, Saskatchewan. It is an issue of importance to all Canadians.

The issue is ultimately about patient access to medications so that Canadians can live longer, happier and healthier lives. It is about the sufferers of illnesses such as heart disease, Alzheimer's and cancer. It is about providing access to medications. It is for that reason that I am here this evening to participate in the debate. I must confess that given the circumstances with what has gone on today in Parliament in having Justice Gomery confirm that millions of dollars were stolen from the public treasury to benefit the Liberal Party of Canada, I do not think it is a coincidence that this debate is happening this evening. It is bumping CPAC off the airwaves where we would focus on some of the corruption that has gone on under the government.

Nonetheless, I thought it was important enough to come here tonight and participate in the debate because it is an important issue in terms of health care. It is also an issue with which I have a bit of a history. Prior to being elected, I was a pharmaceutical representative for Pfizer Canada. I was very proud of the work that I did travelling the southern half of Saskatchewan with the goal of educating physicians specifically on three different medications in the cardiovascular realm. Physicians have to be experts in 300 or more different medications and I only had to know three. I am proud of the work that I did in that realm. It was a good experience to meet the many good physicians that we have in Saskatchewan, especially those physicians I am thinking about tonight in Moose Jaw, in the riding of Palliser and in southwest Regina.

It was an honour to do that for a living for five years and to talk with physicians about mortality and morbidity data, data about drugs that saved lives. I would drive into communities in southern Saskatchewan and rural Saskatchewan. Whenever one drives into a community it seems that invariably one has to drive past the

cemetery before getting to the doctor's office. That just seemed to be the pattern. I would remind myself that it was important work that I was doing. It may seem quirky but I used to say to myself, "Let us try and keep this cemetery a little bit emptier for a little bit longer". That was how I treated that job. It is how my colleagues at Pfizer treated their jobs, and the seriousness of this issue.

It is very important. We seem to all be in agreement in the House about the need to ban bulk exports. We need to see some action. The member for Yellowhead showed some leadership. He put forward the motion calling on the government to end the practice of bulk exports, asking the Minister of International Trade to protect Canadians proactively from bulk exports. Proactive is the key word. We need to be proactive as opposed to being reactive and waiting to see if there is a crisis, waiting to see if there is a shortage for Canadians. We cannot afford to do that. Canadians need access to these medications and we cannot afford to put that supply at risk.

The Minister of Health said at Harvard on November 10 last year that Canada could not become the drugstore to the United States, a country with 10 times our population. I agree with him but again there has been no action. We have heard members opposite say that we need to study and to consult with the stakeholders. That is the Government of Canada. What we need is leaders. This applies to issues across the board. We really need the political will and some leadership on a topic where members voted 280 to 0 on a motion to ban bulk exports. The will of this House is pretty clear.

● (2140)

The government's approach appears to be reactive and not proactive to ensure that the medicines and vaccines destined for Canadians remain in Canada. The only obvious solution is a ban on the bulk export of pharmaceuticals.

Many people have alluded to a study by Dr. Shepherd, who will soon be in Ottawa. His study indicates that if the pending legislation in the United States passes, our drug supply will dry up in 38 days. That is terrifying. It is certainly terrifying for the people of Palliser and to everyone who is watching this debate tonight. That is shocking information. Clearly, we need some leadership from the government to safeguard Canada's drug supply.

There has been added focus on this issue tonight because of the avian flu issue and the drug Tamiflu which may protect Canadians from the avian flu. This starts the debate as to the need to safeguard Canadian medicines that are intended for Canadian patients.

There is certainly increased pressure in the United States to pass resolutions that call on Washington to legalize the bulk imports of drugs. Legislation to legalize imports from Canada has been introduced in the U.S. and it has bipartisan support. Tonight we have stressed the importance of protecting this drug supply and banning bulk exports.

In June of this year the Minister of Health proposed strengthening existing federal regulations under the Food and Drugs Act. The topic was that we are going to discuss it and we are going to study it. What we really need is action from the government.

*Government Orders*

The truth is that the government has done nothing to protect the Canadian drug supply. The government has not changed any regulations or brought in any legislation, despite the minister's lofty promises. The government needs to act now to protect Canadian medicines and vaccines that are intended for Canadians.

Earlier tonight during questions and comments I talked about the C.D. Howe Institute which said:

If large-scale drug exports were to occur, most likely drug prices would rise in Canada to U.S. retail levels, which would eat into provincial health care budgets and increase drug costs for most Canadians.

Yet the government has done nothing.

This is a worry for me. It is not only the drug supply but the price of drugs. The member for Charleswood—St. James—Assiniboia who is the health critic for the Conservative Party said that the issues we need to concern ourselves with are price, supply and safety. All of these are critical issues.

The Canadian pharmaceutical industry develops, manufactures and distributes medicines based on its forecasting of the needs of Canadian patients. It does not calculate taking care of our neighbours to the south.

There was a comment this evening from a member who had been a member of the NDP until she was forced to sit as an independent about the fact that drug companies should make more drugs and hire more people.

Pharmaceuticals are not like any other manufactured good. Drugs have an active ingredient that is either derived from a biological source or is chemically engineered in laboratories. Some biological sources are scarce and oftentimes the lab work required to make the active ingredient is extensive. This makes it difficult to meet any unforecasted increases in demand. Plants cannot simply be built overnight. The required safety specifications cannot easily be met.

● (2145)

I will finish on the safety issue. One of the products on which I used to educate physicians in Saskatchewan was a drug called Norvasc, a drug for hypertension and angina. There was a case recently in Hamilton of patients being prescribed Norvasc, but when they picked it up from their pharmacy, it turned out that they were getting nothing more than talcum powder pressed into the shape of Norvasc, this pill that I know so well. I was outraged to hear that. Clearly we need to take steps to ensure the safety of our drug supply.

In summary, this is quite a simple debate. There seems to be agreement on all sides of the House. It is unfortunate that at this hour in this important debate there are no members of the NDP or the Bloc Québécois present to hear this, but it is critical that the government take action to protect our drug supply—

**The Deputy Chair:** Order. The member will recall one of the very important rules is that we do not mention who is present or who is not present. We will move on to questions and comments.

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, the member for Palliser raised a lot of concerns. I think he is quite right that the concern is about supply, price and safety. The main threat to those three factors is bulk exports to the United States.

The member also mentioned that at health committee the Conservative member for Yellowhead brought forward a motion to encourage the government to ban bulk exports so there is no threat that bulk exports to any other nation could occur. That motion was passed by the health committee and it was passed by the House 288 to nothing. Yet the minister has done nothing.

Is the member frustrated by the government's inaction? Also, could the member comment on the inaction on the entire health file, be it wait times, dealing with the human resource crisis in the medical field, or even the crisis that the government caused in the first place? Ten years ago the government cut transfer payments by \$25 billion and reduced the number of medical graduates. Now we are in a big mess. Could the member expand on his comments to the broader issue of the health care crisis in which we see ourselves today?

● (2150)

**Mr. Dave Batters:** Mr. Chair, I welcome the opportunity to address my esteemed colleague from Charleswood—St. James—Assiniboia on these subjects.

First, regarding the bulk exports, I think we have agreed in this House tonight that there is unanimity. Thank goodness for the leadership of the member for Yellowhead for bringing this issue forward and forcing the government to act. We are still waiting, but hopefully it will act soon.

The member for Yellowhead, I should mention, is also a member of, as are many of members opposite, the Conservative Party's crystal meth task force looking at issues relating to crystal meth that pose a serious health risk to Canadians. I know he has been pushing the government, as I have, to make changes to the laws to help deal with that threat to Canadians.

Regarding the overall health care questions, the member alluded to the fact that the government under the now Prime Minister, who was then finance minister, chopped \$25 billion out of the budget in 1995 which was intended for transfer payments to be used in large part for health care. I remember I was watching with interest 10 years ago as that happened and thought, "Can we even comprehend the magnitude of this disaster and what it will mean down the road?" We are seeing it today, in terms of health care wait list times.

The government talks about the need to address wait times for surgeries, diagnostic tests and just to see a general practitioner, but it is unable to do anything. That is really the difference. It talked about a fix for a generation, but it has not actually done anything. We cannot recover overnight from a slash in spending of \$25 billion. That takes years to recover from.

*Government Orders*

Nowhere in this country are the problems in health care more evident than in my home province of Saskatchewan, where we have the longest wait times in the country. While I am critical of the government opposite, our provincial NDP government has made some really poor choices in terms of health care in Saskatchewan. It is about priorities and where we place our priorities in terms of spending. Is it a priority to recruit physicians? Is it a priority to ensure that we have an adequate amount of nurses and pharmacists to serve the population of Saskatchewan? It has not been a priority for the NDP government in Saskatchewan, that is clear.

A friend of mine was an ophthalmologist in Moose Jaw. He loved Moose Jaw, but he left because of the NDP government. He said that it destroyed health care in the province of Saskatchewan, the province that he loved.

There are big issues that need to be addressed regarding the health care file. The government clearly has an awful lot of work to do on this file. It needs to make health care a priority, not just talk about it but back it up with some action, and we could start by banning bulk exports.

• (2155)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Chair, I am delighted that the member was a representative for Pfizer because I would like to ask him a question related to the patenting system.

The member for Pickering—Scarborough East and myself have been working at leading an initiative to try and stop the abuse of patents where they get extended and extended, so that the brand name companies can keep the high prices forever and the drug does not get genericized, which costs everyone more for their drugs, especially those on low incomes and seniors who cannot afford it. We showed some leadership. The Bloc voted against us, unfortunately. His party sort of wavered; it was partly for and partly against.

I wonder if he will show some leadership and help us get the patent system fixed, so that we can get things running smoothly and on to generics, so the costs can be lowered for seniors and all Canadians.

**Mr. Dave Batters:** Mr. Chair, the issue of patents and intellectual property is a very important one to the pharmaceutical industry and to Canadians. Clearly, the issue that is important, and we have covered this tonight, is the access of medications to ensure that Canadians have access to their cholesterol-lowering medications, their blood pressure control medications, and that seniors have access to drugs that lessen the effects of Alzheimer's disease. All this is extremely important.

The member will know that regarding the patent laws and intellectual property laws as they currently exist, it is a bit of a myth to say that the companies are marketing these drugs for 20 years. Currently, the patents are 20 years on these products. Those take effect when the molecule is first discovered and first patented. The member will know that it takes many, many years before that pill is ever available to the public and brought to the shelves of pharmacies. It is often 12 or 13 years, which leaves the pharmaceutical industry X amount of years to recover its investment, and then yes, make a profit. There is no question that these companies are in the business

of making money, but more importantly, these companies are in the business of helping people live happier, healthier lives.

When I was with Pfizer, sure we talked about our sales but we talked about far more. We talked about the possibility of being part of a company that could cure cancer, or being in an industry that would find the cure for cancer and diseases like it. I was proud of that work and we need to support that industry. The industry is a big employer in this country. It spends huge resources in terms of research and development for new medications. I personally see the industry as part of the solution in health care and not, as some members do, as part of the problem. That is important to note.

It is also important to note that while I appreciate the member's efforts, there is really another issue that needs to be addressed. If we talk about the affordability of medications, our generic drugs in Canada are more expensive than generic drugs in the United States. It is because of increased competition in the U.S. There is much more competition there than here in Canada. So, I would like to end my remarks by talking about the need to look at generic pharmaceuticals and ensure that Canadians are not being over-charged for those products.

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Chair, I am pleased to have the opportunity to speak tonight on this issue. It is an issue that is important to me. When I came to this place last year, I sought out the health committee. It was the committee I really wanted to be on. I am proud that the Parliamentary Secretary to the Minister of Health is a Nova Scotian. It did not necessarily help me get on the health committee, but I fought to do so and am pleased to be on it for specific issues.

The official opposition critic on health will know my passion for the issue of a national wellness program, for example, and there are other issues that are important to me as well, such as caregiving and seniors. The issue we are discussing tonight is an issue that has a big impact on seniors, among other Canadians. It is a pleasure to have a chance to speak late this evening on this important piece of pending legislation.

On June 29 my colleague, the Minister of Health, on behalf of the government, announced the three prong strategy on cross-border drug sales that included proposed legislative and regulatory changes to safeguard the safety and the supply of Canadian drugs. I would like to speak briefly about those proposed changes to emphasize how they respond to concerns about this industry. They respond to the concerns of ordinary Canadians, Canadians from Dartmouth—Cole Harbour and across this country.

The security of our drug supply must be maintained. I think that when Canadians give it thought, they are concerned about the availability of drugs, particularly at times like this when there are concerns raised in the media and other places about specific health concerns like pandemics.

*Government Orders*

The measures that we are talking about are simply: a drug supply network, legislation under the Food and Drugs Act to restrict the bulk export of prescription drugs, and strengthening the food and drugs regulations to require that drugs be sold based on a prescription issued within an established patient-practitioner relationship.

The first measure to establish a drug supply network to be housed in Health Canada is essential for the federal government in order to have more comprehensive data to identify when or if a prescription drug supply shortage actually exists in this country. Such a shortage could be caused by exports to the United States or many other causes, such as manufacturing problems.

The growing importance of drugs in modern health care and the threat to Canada's drug supply through the potential legalization in the United States of bulk imports makes it necessary for the Government of Canada to have the capacity to introduce appropriate controls. It is essential that we know when shortages of essential health products such as drugs occur, so we can respond in an appropriate manner. Indeed, the health of our economy could be at risk at a time when the world is bracing for an overdue influenza pandemic. We must have all the necessary tools at our disposal in order to respond.

The second measure is export controls. They would only be implemented in response to a shortage or the risk of a shortage of a drug or a class of drugs essential to the health of Canadians that would only be maintained for a specified period or as the risk persists. We will respect our international trade obligations and investors can be assured that any actions under these measures will be reasonable.

The third initiative to strengthen the existing provisions under the food and drugs regulations is required, so that prescription drugs are sold pursuant to a prescription that has been issued within an established patient-practitioner relationship. The necessity for this measure has become clear as technological innovations such as the Internet, electronic prescribing, and telemedicine create new ways of linking patients with health care practitioners. These are important innovations for the health care system, but they also provide certain challenges and this is one of those.

Authorities responsible for regulating the practice of medicine will work to ensure ethical practices that are based on that established patient-practitioner relationship. I think most Canadians believe that this type of practical procedure makes sense. The patient-practitioner relationship is, after all, paramount to most Canadians in their experience.

I would like to take a closer look at the economics of the cross-border drug business with regard to the rise of Internet pharmacies. I acknowledge the inventiveness and the entrepreneurial spirit of our Internet pharmacies. However, we cannot forget that their business is based on an ancient and fundamental business practice known as arbitrage, which, in essence, is the old adage of buy low and sell high.

● (2200)

It is a fundamental tenet of our health policies that drug prices in Canada be affordable. This is increasingly important as pharmaceuticals replace many older forms of medical treatment.

Not so long ago, for example, ulcers were routinely treated with special diets, antacids and in the end, surgery. Then some scientists in Australia made the remarkable and unexpected discovery that ulceration of the stomach or duodenum was the result of an infection of the stomach caused by the bacterium *H. pylori*. The importance of this discovery is reflected by the receipt of this year's Nobel Laureates in physiology and medicine. Now we routinely treat such infections with antibiotics and avoid significant costs and intervention with patients and doctors and hospitals.

Many within the industry have attributed Canada's low drug prices to the Patented Medicine Price Review Board, the PMPRB, that regulates patented pharmaceutical prices. Most other developed countries in the world also regulate prices with a similar mechanism with the notable exception of the United States.

The PMPRB establishes the maximum price that can be charged by manufacturers for patented medicines sold in Canada to ensure that they are not excessive. Annually, it ensures that prices do not rise faster than the rate of inflation. Now on occasion manufacturers tend to set their prices internationally at a level that reflects the ability of the marketplace to pay. That is the relative purchasing power in different countries. In Canada's case these prices are often below the PMPRB maximum for marketing purposes.

Despite the sudden growth of cross-border drug sales since December of 2003, sales stabilized at about \$1 billion Canadian retail per year, and Internet drug sales have declined from \$617 million to \$506 million over the past year. Currently, cross-border drug sales represent more than 8% of prescription drug sales in Canada, but less than 0.5% of the \$300 billion U.S. market. Average savings to American consumers have fallen from 44% in December 2003 to less than 30% nationally. This is due in part to a strong Canadian dollar and to pharmaceutical manufacturers' restrictions on the supply of drugs to Internet pharmacies.

*Government Orders*

The recent decline also is due to the fact that Canadian Internet pharmacies are increasingly meeting U.S. demand indirectly through non-North American suppliers in places such as the U.K., India, and China where drug prices are often even lower than they are here. The top three Canadian Internet pharmacies source 50% of their product from Europe. These products do not flow through Canada and do not require approval by Health Canada. We should remember that these Canadian Internet pharmacies are businesses, not philanthropies, that are responding to market demand in the United States. If they do not, other foreign Internet pharmacies will fill that demand.

Another major constraint on the growth of these exports to the U. S. has been the refusal of pharmaceutical manufacturers in Canada to sell to those pharmacies which they have reasonable grounds to believe are exporting to the United States. A March 2003 ruling by the Competition Bureau in Canada determined that since cross-border sales violated U.S. laws against importing prescription pharmaceuticals, manufacturers had a reasonable business justification from restricting the export of Canadian products to sales contracts with pharmacies and wholesalers, so long as they continued to supply our market.

Ten manufacturers have limited the supply of their products to Canadian Internet pharmacies. While these manufacturers supply controls have caused concern for some that Canadians in general might face potential drug shortages, there is no evidence for this concern. Manufacturers have clearly indicated their intention to stop supplying export pharmacies but continue to ensure adequate supply for Canadians.

As well, pharmaceutical manufacturers' inventory levels in Canada continue to be at an all time high, double the level of three years ago, providing further comfort that the drug supply is okay. However, we do not want to rely solely on the current provisions to protect our access to affordable drugs.

In the U.S. 27 states and 19 municipalities are considering drug importation at various levels. Currently, there are bills before the U. S. Congress to legalize the importation of drugs for both personal and bulk rate. Given the relative size of our two markets, I think the health minister has noted that Canada cannot be a drugstore for the Americans. This has resonated strongly in Washington and in the U. S. media.

The government strategy to address the issue of cross-border drug sales has those three clear initiatives: first, a drug supply network; second, legislation to restrict bulk export of prescriptions; and finally, strengthening Canada's food and drug regulations to ensure that drugs are sold based on a prescription within that established patient-practitioner relationship. All of these are undertakings to safeguard the safety and supply of Canadian drugs.

● (2205)

We must continue to be sensitive to the economic dimension as we go forward, but we will move as a government to protect the drug supply of Canadians and we will ensure that our citizens have no reason for concern.

● (2210)

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, I thank the member for his presentation and his contribution at the health committee.

I am pleasantly surprised that his description of the industry, though there may be some differences in some of the specifics, is pretty accurate. Compared to some of the hysterics and questionable comments that we heard earlier this evening, the member is quite correct in the context of the argument.

For example, he recognizes that the industry has plateaued at about a billion dollars. It has not increased as what was claimed earlier. A lot of businesses have gone offshore, which is a point that I tried to make earlier tonight and seemed to be lost on some of the members across the floor.

When dealing with reasonable arguments, there is a lot of commonality in where the parties stand. I think we all agree that bulk exports are out of the question and that the appropriate safeguards should be in place.

I think the concern that exists goes to unintended consequences. We have not seen the proposal in its final form, but there seems to be room for concern about the fact that there are many situations where the patient does not see the doctor in a face to face situation. There are also concerns about provincial jurisdiction.

As a member of the health committee, could the member comment on why the minister has taken so long to act when clearly the health committee and the House have stated that bulk exports simply cannot be allowed?

**Mr. Michael Savage:** Mr. Chair, I thank the hon. member for his indication that we might have some meeting of the minds on parts of this. It leads me to believe I might have made a mistake, but that is not the case.

In terms of the health committee report, we all endorsed that. We all believe that this is an important thing. I believe it was June 6 that our health committee endorsed the resolution. There had been a previous one on February 3 by hon. colleague who asked me the question, indicating that the committee refrain from any action pertaining to the Internet pharmacy industry until the committee had fully studied the issue and submitted its recommendations to the House.

However, on June 6 we asked for action and on June 29 the minister moved. He is consulting in a way that is prudent and reasonable. He is ensuring that stakeholders are considered and he is balancing that with the need for action.

Therefore, I commend the minister and I think we can look forward to a common consensus when the bill comes before us.

**Hon. Robert Thibault:** Mr. Chair, I thank the member for Dartmouth—Cole Harbour also for his comments. On a related subject, I know the member has been very much involved with the post-secondary initiatives and the post-secondary education caucus. He understands the question of how much effort has been deployed by the federal government in investing in research in Canada, in the universities and in the private sector and ensuring that there has been collaboration between the private sector and the universities.

*Government Orders*

The member made a great presentation about the drug for ulcers that was developed in Australia. He understands the role that can be played by the research field. Has he any thoughts on the question of research in pharmaceuticals in Canada?

**Mr. Michael Savage:** Mr. Chair, the parliamentary secretary talked about research and the investment that the Government of Canada has made juxtaposition with the private sector research that has been in place in Canada. When my colleague was the regional minister in the province of Nova Scotia, he was very involved in a large number of those research grants and investments in post-secondary education in Nova Scotia and Canada in general.

As most members in the House probably know, Canada has been hugely successful since 1998, investing in the range of \$13 billion in publicly funded research through initiatives like CIHR and supporting granting councils like NSERC, SSHRC, and CFI.

Canada has become a leader, reversing the brain drain, bringing researchers back into Canada, not only repatriating researchers but keeping them here and bringing new ones here. When we look around the world, we see China and India, with populations over one billion people, investing heavily in research, innovation, technology and commercialization, it reinforces the wisdom of Canada's decision over the past five years. It also shows us the importance of keeping that up.

We have not had the level of private sector research that some other countries have had. We have been able to partner in a lot of cases. CIHR partners and leverages a lot of research money. Drug companies and others, some of whom are really responding to the challenge, would do well to keep Canada in mind, when they build their research plants, and continue to invest in Canada where a lot of their consumers are.

• (2215)

**Mr. Steven Fletcher:** Mr. Chair, I am still looking for an answer as to why the bulk export portion of the health committee recommendation has been delayed. I think we would all agree that we would like to see faster action. The health committee stated that it wanted to study it in its entirety before the minister acted, but there was an issue about bulk exports so we decided that it should not be dealt with.

The member also indicated that the industry had plateaued and may even be in a decline. The urgency on the other issues is not there as it was on the bulk issue.

Would he be in agreement to have the health committee study this issue in conjunction with the consultations that are occurring? I also would like to assure the member that he did not make a mistake. I started to doubt myself too. Hopefully, we can get some progress on this very important issue.

**Mr. Michael Savage:** Mr. Chair, I would love to see our health committee work on a non-partisan basis as reasonably as possible. I certainly am prepared to work with it.

With all due respect, the health committee has been inundated with ridiculous motions on everything from asking the Prime Minister to appear before it and talk about why he wanted to get rid of the Canada Health Act, as per Sheila Copps' book, to recently proposing that Earncliffe should appear and discuss why it received

contracts with Health Canada. These motions were discussed in committee instead of important issues like the one we are discussing tonight.

If the health committee can play a role, I would be very much in favour of that. The motion was passed on June 6. It was brought up on June 29 by the Minister of Health. We recessed for the summer. It came back before the House and was passed on October 5. We are just barely past October, so we have acted expeditiously on this. The Minister of Health is very sincere and consistent and committed on this issue. I hope the entire House will support this when it comes before us.

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** Mr. Chair, I am pleased to speak to the issue of cross-border drug sales and the federal strategy to help ensure an adequate supply of safe and affordable drugs.

I am fully aware that quality, efficacy, supply and pricing of pharmaceutical drugs are important topics to many Canadians, including my constituents of Brampton—Springdale.

When we discuss this issue, one of the most troubling points is the way in which some doctors have begun co-signing some of the prescriptions for patients from the United States whom they have neither seen nor examined. As a former health care practitioner, this indicates to me a misuse of prescribing authority, encourages poor prescribing habits and is a potential threat to patient safety.

It has become apparent that some Internet based pharmacies do not require patients to visit a Canadian doctor to obtain a Canadian prescription. Instead, the Internet pharmacies are asking Canadian physicians to co-sign prescriptions for patients they have never seen. This practice has come to the attention of the government through the cross-border drug sales that are occurring. A prescription issued in the absence of an established patient-practitioner relationship raises significant safety concerns, regardless of whatever the originating circumstance is.

The principal motivation, from the research that I have done and that we have determined from this initiative, in co-signing cross-border prescription is to facilitate commerce and not to ensure patient safety.

Provincial and territorial colleges of medicine and other regulatory authorities are responsible for the practice of medicine and for ensuring that there is a patient-practitioner relationship. They have called the practice of co-signing prescriptions outside of an established patient-practitioner relationship disgraceful and unprofessional. I am sure that many Canadians and other stakeholders involved in this initiative will agree. These colleges and regulatory authorities have taken disciplinary action against physicians who have engaged in this unfortunate practice.

From the federal government's point of view, the practice also raises questions about the quality of care and patient safety.

*Government Orders*

The food and drug regulations require, as a condition of sale, that prescription drugs be sold only if authorized by a practitioner who is licensed to practice in Canada.

Canada health care practitioners conduct a risk and benefit assessment prior to prescribing a drug to a patient. They meet with a patient. They evaluate the patient and then this forms the foundation of their clinical evaluation. This allows for an appropriate level of interaction to weigh the risks and the benefits of a patient using a particular type of prescription drug.

Fundamental to promoting the safe use of prescription drugs is a need to ensure that Canadians continue to benefit from the knowledge and the expertise of health care professionals who have gone to school for many years before those patients take prescription products.

This is why the Minister of Health is consulting with the Canadian public and stakeholders to discuss optimal implementation of a proposed regulatory amendment to the Food and Drugs Act. This proposed amendment would require that prescription drugs be sold pursuant to a prescription issued with an established patient and practitioner relationship.

Provinces and territories, as we all know, are responsible for the regulation of the practice of medicine and pharmacy. This responsibility has been delegated to them by the colleges and registrars of medicine and pharmacy in each and every province and territory in our country.

Provincial and territorial regulatory authorities have indicated that some Canadian health practitioners have begun co-signing prescriptions without ever undertaking an appropriate assessment of the patient. These bodies have stated that this practice is simply unethical and is not part of a sound medical practice on which many Canadian family physicians and practitioners pride themselves.

• (2220)

Thus, the dispensing of drugs that have been prescribed in this manner is of great concern not only to the regulatory bodies but to many other Canadians and this Minister of Health and parliamentary secretary.

The Federation of Medical Regulatory Authorities of Canada has stated that it is its position that physicians should only prescribe in the context of an established patient-physician relationship to ensure continuity of care and to ensure that appropriate information is transmitted to the patient. This includes telephone prescribing, Internet prescribing, countersigning of prescriptions and electronic prescribing.

The Food and Drugs Act and the food and drug regulations set out very general prohibitions and provisions for the sale and the advertisement of drugs in Canada and their standard of manufacturing. These include very specific requirements for the sale of prescription drugs because of their inherent health risks.

However the regulations that are currently underway do not explicitly require, as a condition of sale, that a prescription be issued pursuant to an established patient and practitioner relationship.

The inclusion of a regulatory requirement for an established patient-practitioner relationship as a condition of sale of prescription drugs would complement and reinforce existing provincial and territorial rules and also enhance our federal regulations, standards and guidelines.

In doing so, the intention is to enhance the protection of patient safety in relation to the sale of prescription drugs. The co-signing of U.S. prescriptions by Canadian physicians has highlighted the need for us as Parliament and as a House to address this very important issue. The planned requirement would apply equally to all prescription drug sale situations. This is a very important topic that is of great concern to many Canadians and to the health care professionals.

• (2225)

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, I would like to quickly outline for the member the information that has been provided by the Internet pharmacies.

We have been told that absolutely no prescription medications are filled through the Internet without patients providing their personal health information and their medical history to the international pharmacy, along with prescriptions by fax or mail. The patient also must be under the care of a U.S. physician and must have had a physical within the past year. The information is then passed on to a Canadian physician and, if satisfied, a prescription that is medically appropriate is filled by the pharmacy. That is what has been indicated, for example, by the IPS pharmacies.

I would also like to ask the member about the situation in remote communities where it is not practical to have a face to face meeting with a physician, even for a simple refill of a medication. We are also dealing with nurse practitioners who have the ability to prescribe in certain cases.

I wonder if the member would comment on the potential unintended consequences of the minister's proposed legislation.

**Ms. Ruby Dhalla:** Mr. Chair, in regard to the established patient-practitioner relationship, as a former health care provider I can say that relationship forms the basis of clinical decisions that are made for evaluations of patients and the type of treatment that is proposed for a patient. It is completely unheard of for any individual who is a patient to not have an established doctor-patient or patient-practitioner relationship and receive consultation or treatment advice.

Regardless of which physician, and even though everyone is trained, whether they are in the U.S. or Canada, it is extremely vital, for patient safety and for their own individual direction in their particular program of care, that they see a physician one on one so their course of treatment and type of treatment may be evaluated.

I must commend the Minister of Health and the department for including provisions that will strengthen and ensure that there must be an established patient-practitioner relationship prior to having anyone co-sign a prescription. It is vital for patient care. It is vital for patient safety and it is of paramount importance in that particular individual's treatment.

*Government Orders*

• (2230)

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Chair, the member for Brampton—Springdale brings a lot of important experience to the table having been a health care practitioner. I guess if one was one, one is always one. Although not practising now, she is practising on a policy standpoint and doing an excellent job at the health committee.

One of the elements that was mentioned tonight by the opposition members was the question of practitioners within our country who have foreign credentials and who are not licensed to work in Canada but who could help alleviate a lot of the problems of the wait list times. It is often frustrating for them to get their accreditation or they are underutilized in the health care system, if in it at all, while they are waiting.

I know the member has a lot of interest and has been doing a lot of work in the area. I would ask that she comment on the potential, the possibilities and what would be the next steps in dealing with the problem.

**Ms. Ruby Dhalla:** Mr. Chair, it has been a pleasure to work with the hon. member and, based on his experience, he has done a tremendous job of representing his constituents and has added a tremendous amount of value to the health committee.

He raises a very important topic in regard to foreign credential recognition. We are very fortunate that we attract the best and the brightest to come to Canada and to make Canada home for both themselves and their families. It is quite unfortunate, as I have said time and again, that when these individuals come to Canada to make it home for themselves and their families their qualifications are not recognized nor are they accredited. The recognition of foreign credentials is a vital issue, not only for the our productivity but also for our economy and the future prosperity of our country.

It was a pleasure to see the number of individuals in the House who provided support for the motion I brought forward in June for the creation of a secretariat for the recognition of foreign credentials. This secretariat would work in collaboration with stakeholders, such as the provinces, the territories and the regulatory associations, along with individuals who have been affected.

It also has been wonderful to see our Prime Minister and our Minister of Health address health care as a priority and provide substantial funds into this very important issue to ensure that doctors who do come as new immigrants are able to get the expertise, the knowledge and the skills they require so Canadians can actually have access to a physician.

I have spoken many times before about new immigrants but the issue of recognition of foreign credentials, especially in the area of health care and medicine, is also affecting Canadians who have been born and raised in Canada, who are not able to get into medical school here in Canada, who have graduated with great university degrees and done well, have gone abroad into other international institutions but have had great difficulty once they decide to reunite with their families.

I hope as we move forward with the assistance and the support of the Minister of Health and other ministers in cabinet and in the

government, including our Prime Minister, that we will be able to make significant progress in this very important area.

The Minister of Human Resources and Skills Development just announced a few days ago that we will also be holding a summit in relation to foreign credential recognition. I hope, as a result of that summit, by working in collaboration with all these stakeholders, that we will be able to have some significant deliverables and that we will have the secretariat up and running so that Canadians, whether they are new immigrants or whether they are Canadians who have been born and raised here, do have their qualifications recognized and accredited so that we can have an increase in the number of doctors so Canadians who are looking for physicians and health care providers will have access to them.

**Mr. Dave Batters (Palliser, CPC):** Mr. Chair, I too would like to thank the member for Brampton—Springdale for her comments this evening. I respect her as a health care provider, the information she is able to share with us and the special insight she has regarding this debate.

I would agree with the member completely on the issue of foreign credentials and the need for Canada to have a system in place across the country recognizing foreign credentials. Currently it varies from province to province and it is really quite difficult. In my home province of Saskatchewan there are a number of excellent physicians from South Africa. This is a serious issue. In Saskatchewan we have the longest health care wait lists in the country, so anything that is going to contribute to shorter wait lists is welcome news.

One could debate who had this plan first. This was a pillar of the Conservative Party's plan for health care in the last election campaign. I know this is something that the leader of the official opposition believes in strongly and I am sure it will be a pillar of our policy again.

I was going to spare the member from any partisan comments but then she talked about the Prime Minister who in 1995 was the finance minister. She commended him because health care is a priority. In 1995 when the current Prime Minister was the finance minister, we saw health care cuts of \$25 billion, so I would hate to see the cuts to something that was not a priority. That was absolutely frightening.

I would like to ask the member quickly about bulk exports. There is unanimity here tonight that bulk exports need to be stopped in order to protect the Canadian drug supply. Quite simply, given that the member for Yellowhead brought forward a motion that was unanimously passed in this House calling on the government to stop bulk exports, I am wondering if the member opposite could tell the House what luck, if any, she has had in discussing this issue with the health minister or with the trade minister to expedite the matter of banning bulk exports.

It is a very serious issue that Canadians are looking at very closely, to safeguard our drug supply. What success has she had in discussing the matter with the ministers and why has it taken so long—

• (2235)

**The Deputy Chair:** The hon. member for Brampton—Springdale, very briefly, please. We are out of time.

*Government Orders*

**Ms. Ruby Dhalla:** Mr. Chair, if I do not have a lot of time, I do want to say very quickly, bringing in partisan politics, that ensuring quality health care for Canadians across this country is a definite priority of the Prime Minister and the Minister of Health. That is why we have seen substantial investment in it.

From my time here in the House of Commons, we have seen that the legislation on the ban of the bulk exports of prescription drugs is moving very quickly through the House. It was brought forward June 6. The standing committee unanimously adopted a motion to immediately ban the bulk exports. On June 29 the Minister of Health announced a three-pronged strategy. On October 6 we launched public consultations. It is now the beginning of November and we are here discussing this very important issue. We hope by the end of November that our Minister of Health and the government will bring in legislation required to restrict the export of prescription and other necessary drugs to ensure safety and quality—

**The Deputy Chair:** Order. Resuming debate, the hon. member for Winnipeg North.

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Chair, I am very happy to participate in this debate no matter how late it is. It is a critical issue that needs thorough discussion. A consensus from this place needs to be presented to the Minister of Health so we can finally see some action on a very important issue.

It is interesting that we have heard tonight that the government will be presenting legislation. It has talked about this for a long time. We are still waiting to see what that legislation and the package of initiatives will be to address the matter of cross-border sales of pharmaceuticals. Would it not be nice for once if the Minister of Health instead of saying that there was a problem and that the government was going to do something, actually said that the government is doing something and said what it is doing.

Let us put this in perspective. If there ever was an issue that identified just how ingrained that culture of dithering is, it would be on the matter of Internet pharmacies. This issue has been around for a long time. I went through my files and I have mail going back to 2003. Perhaps if I went back further, I would find there were concerns raised even before then.

Here we are three years later in a debate that is very important, but the government has dragged its feet and we are still waiting for legislation. Perhaps tonight we will actually generate some good suggestions for the minister. Perhaps he will make sure that he brings forward a package of initiatives that deal decisively and creatively with the problems we are talking about.

I am glad to participate in this debate because it is an issue that has very clear and strong importance for people in Manitoba and particularly in my constituency of Winnipeg North. The Internet pharmacy business is a major part of the Manitoba economy. It brings in sales in Canada of \$690 million. For a province that is a big player in this area of the economy that is significant revenue. It is estimated that about 2,000 residents of Manitoba work in this particular sector of cross-border drug sales. There are many benefits for the economy. Some would say they are as high as \$1 billion per year in terms of trade revenue.

It is a matter of significance to many people who work in this industry. Many of my constituents have expressed concerns about

their future, about whether or not the jobs they now hold will be there in the future and whether they will be able to provide for their families in the future, given the concerns and issues that have been raised.

However, there is another side to the issue. It is not simply a question of business gains and job opportunities for Manitobans, or Canadians anywhere in the country for that matter. Whatever we do in terms of addressing the issue of cross-border sales of pharmaceuticals, we have to be comfortable and confident that our drug supply is safe, secure and affordable for Canadians, first and foremost. That is an absolute requirement for public policy changes in this area.

It is clear that whatever we do in this field, we have to ensure that we have a made in Canada solution to an international issue. We have to be sure that we do what is in the best interests of Canadians, what is good for our economy, what is good for people who depend upon a safe, affordable supply of drugs and what is good for our health care system as a whole.

I mention the last point because drugs are the fastest growing segment of our health care system. It is the most costly part of our health care system. It has in fact exceeded the costs incurred to our health care system by doctors' fees.

• (2240)

Knowing all of that, it is clear that we have a lot of work to do any time an issue like this is raised. In this case I want to be clear that I join with others in the House in commending the minister for taking some preliminary steps in banning the bulk export of drugs. I want to be clear that I join with others in the House in terms of his efforts regarding doctors having signing responsibility for prescriptions filled in Canada.

I want to mention a few other concerns raised by people in my constituency and in my province. Some pharmacists in Manitoba do not feel that all of their concerns have been addressed. They applaud the government for some of the initiatives taken but raise other concerns.

I put them on the table tonight because we still have time. We are not dealing with legislation yet. We do not have a package of responses from the government. Obviously, the government has taken three years to get to this point and it is still working on the package. Perhaps some of these suggestions will be useful.

I want to raise a couple of concerns presented to me by two individuals in Winnipeg, Manitoba. The first is a pharmacist by the name of Archie Orlikow who happens to be the brother of David Orlikow who was a member of Parliament for many years. Until very recently he held the record for holding office for the longest period of time on a consecutive basis. That record was recently surpassed by my colleague the member for Elmwood—Transcona who now holds that title and that honour and who is, as we all know, the dean of the House.

*Government Orders*

Archie Orlikow is a pharmacist who has been involved in this area for many years and was one of the pioneers of the Manitoba Formulary. He has been raising concerns about Internet pharmacies for years. He has been a regular voice in this place through his letters, faxes and e-mails. He has done an admirable job of bringing some very serious concerns to our attention. I want to mention a couple of those concerns and make sure that the Minister of Health includes them in his package of solutions.

First, Mr. Orlikow talks about the possibility of increased costs to consumers and to patients if we do not deal with the issue of cross-border sales in a decisive way. He says it is clear that Canadian price controls through the Patented Medicine Prices Review Board are working effectively but that there is some evidence of deductibles going up in pharmacare programs and some evidence of the cost of drugs rising as a result of this whole phenomenon of Internet pharmacies. He also talks about the additional cost to traditional pharmacies that are trying to compete with the fairly massive Internet pharmacies that are able to compete for trained pharmacy personnel. That is one concern.

The second concern has to do with the availability of prescription medications. Archie Orlikow and Charles Cruden, the other person who signed the letter, indicate that there may be some evidence of some prescriptions not being filled completely because of a short supply. They question why that is and how we ought to address it. They say that some prescriptions are not available and there is a necessity sometimes to substitute another medication and they give some examples. They also say that it has been reported that prescribed medications are being purchased from different countries and they want to be sure that Canadians are receiving authentic medications.

The final area of concern has to do with patient safety and physician ethics. The authors of this letter acknowledge the promise made by the government to actually require Canadian doctors to have signing responsibility for prescriptions filled in Canada, but they raise questions for example with the communication for prescriptions by electronic means, how can there be assurance that the request is bona fide.

● (2245)

Mr. Orlikow raises questions around prescribing medications that are being purchased from different countries and how Canadians can be sure they are receiving authentic medications.

He raises these issues looking for assurances from a government that ought to have a complete handle on the question of safety and affordability of medications, because they are vital for the health and well-being of so many in our society.

It is such a centrepiece of any kind of health care prevention model that we have to be absolutely clear about any impact of a policy pertaining to Internet pharmacies. We have to be absolutely certain that we have done our utmost in Canada through our federal government to ensure that safety of all drugs is guaranteed, that there is no shortfall in supply and in fact that Canadians will never have difficulty accessing the drugs they need when they need them.

● (2250)

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, as a fellow Manitoban, I share the member's concern about the job situation. It is interesting to know that the senior Liberal minister has been quoted on the front page of the *Winnipeg Free Press* as saying that he would like to keep the online pharmacy industry going, but yet it seems that what is being proposed here will close it down. Therefore, I do have a question for the member. Is she concerned about the Liberal Party hypocrisy on this issue?

I have another question. The suggestions that the Liberals have brought forward suggest face to face doctor consultation. This is doubly worrisome for Manitobans, because we have a lot of rural areas where that may not be practical, or because of the illness itself it may not be practical, and of course because we have a shortage of doctors it may not be practical. This may add a level of unnecessary bureaucracy. I wonder if the member could comment on that.

Finally, the Liberal Party has suggested that the health committee somehow has been delaying a study on Internet pharmacies when in fact the health committee is chaired by a Liberal and the Parliamentary Secretary to the Minister of Health is on the committee. Already this fall, two or three health committee meetings have been cancelled. Also, the Liberals suggest that the meetings that have happened have been clogged up with ridiculous motions. I assume they must be referring to the motions dealing with breast implants or HIV. I certainly do not agree that those were hopeless or not useful motions.

I wonder if the member could comment on the doctor issue, the unintended consequences issue and the fact that the Liberals seem to be cancelling health committee meetings and not allowing the health committee to actually study the issue of Internet pharmacies. Could she also comment on the hypocrisy of the senior Liberal minister in Manitoba?

**Ms. Judy Wasylycia-Leis:** Mr. Chair, I am happy to answer those questions from my hon. colleague, beginning with the first one pertaining to Liberal members of the government, particularly those from Manitoba.

I am not at this point able to ascribe any motives to the senior Liberal member in Manitoba in terms of this debate and this issue, because I think that what we are all grappling with is a difficult situation. None of us want to see the end of Internet pharmacies. We do not want to shut down the business, because it is providing a useful role in terms of the Manitoban and Canadian economies as well as meeting a need for an important service for lower income and vulnerable people in the United States. We are all cautious about maintaining a balanced position.

I imagine that the Liberal senior member from Manitoba is in the same boat. He is getting information after the fact. He is not getting direction from his own government and the Minister of Health in order to be able to deal with this expeditiously and on a timely basis.

*Government Orders*

I believe that we have to balance the role of Internet pharmacies in our economy with the real concerns that many have demonstrated, particularly those from the pharmacy community, who have an expertise in terms of pharmaceuticals and understand the possibilities for confusion, shortages, chaos and problems in terms of our supply.

What I want to do tonight is say to the Minister of Health that he must take those concerns into account when he brings forward his package of solutions. He must make sure that he listens to the Archie Orlikows of the world, hears their concerns, answers those concerns and comes back to the House with a package that gives all of us assurances that the quality of our drug supply is not threatened, the affordability of drugs is not in question, and the future supply is not a worry.

That was in answer to the first part of the member's question.

The second question has to do with the supply of doctors and the whole issue of broader questions around our health care system. I think the best thing I can say on this issue pertaining to that question is that we must not let ourselves assume, in this debate dealing with Internet pharmacies, that we can off-load onto it all of the other problems with the system of pharmaceuticals in Canada.

There are many problems that have to be addressed. There are many issues in terms of the whole health care system. There is a critical shortage in terms of some health care professionals. There are waiting lists in terms of other areas. There is clearly still a big impact from the cutbacks of 1995.

Let us deal with these separately. Let us acknowledge that in terms of safety and affordability we have major work to do in this Parliament to beef up the scientific research capacity of Health Canada in terms of scrutinizing drugs entering the marketplace and scrutinizing them for side effects once they are on the marketplace.

That is an area where the government has been totally negligent and totally irresponsible. It was in 1997 that the minister of health at that time, Allan Rock, actually killed the only independent research bureau for scientific analysis of drugs. The drug research bureau of Health Canada was killed by the Liberals, meaning that there is no independent capacity left within the federal government apparatus for determining safety of drugs and problems with interaction with other drugs and foods once they are on the market. This is a problem that has to be addressed.

There are questions about evergreening and the whole drug patent system, about the fact that the Liberal government keeps letting the brand name drug companies have open season in terms of pricing. Not only do those companies have, through the Liberals' help, an extension on drug patents up to 20 years, but they have also allowed for that period to be extended through court cases and challenges.

• (2255)

Let us start dealing with banning evergreening. That is what we have said in our end of the world, in the NDP corner of this place. Let us stop this control that brand name pharmaceutical companies have over our drug supply.

These are a couple of the issues that we have to deal with. There is so much more that we could do as a Parliament and as representatives of the people in terms of these issues.

The final question to me pertained to the role of the health committee and the minister's responsibility to the committee. I think that is a very important issue. It has been a problem throughout the time that I have been in this chamber, since 1997. It has been difficult for the health committee, a standing committee of Parliament, to get the ear of the government and to have timely and responsive meetings with the Minister of Health.

I sense that the member is dealing with the same problem, only on an even more harmful basis. It sounds like the present Minister of Health is practising the same kind of dithering with respect to this issue and the member's committee as he has shown with respect to the whole question of enforcing the Canada Health Act. The fact that he and ministers before him have let slide the issue of enforcing the act to ensure that privatization does not get such a strong foothold in our country is something that we have to wrestle with daily.

That is why the New Democratic Party has put forward a package of suggestions to the Prime Minister and the Minister of Health as a road map for the future. In fact, we have suggested that this Minister of Health take seriously the notion of tougher legislation to prohibit the establishment of private clinics and private hospitals, to prevent that kind of situation by penalizing provinces that allow for that kind of erosion of our health care system. We think that is an absolutely critical need in our society and in this country. We hope that the Minister of Health ends his dithering and starts to act on behalf of Canadians.

• (2300)

**Mr. Merv Tweed (Brandon—Souris, CPC):** Mr. Chair, it is a pleasure to speak on the take note debate that we are having tonight. I want to begin by first thanking and congratulating my colleague, the member for Charleswood—St. James—Assiniboia, who has been a leader on the health issues in Canada in the short time that he has been elected to Parliament.

The member has been willing to bring forward the issues that Canadians are prepared to discuss and wanting to discuss, and facing them head on with solutions that are sensible and acceptable by many and most Canadians.

We are talking about the bulk export of drugs particularly into the United States. It is important that we not confuse this with the one on one sale of drugs which constitutes the online pharmacy industry. It is important because sometimes the government in its anxiousness to be seen as protecting the health care of everybody at all cost, it sometimes confuses the two issues. It is very important to acknowledge that the online pharmacy industry in Canada is separate and different from the bulk export industry.

*Government Orders*

There is not a Canadian, there is not a member of Parliament, who would suggest that at any time we should ever jeopardize the supply of drugs to our Canadian population. We understand that. I think we all agree to that, but I think we cross a line sometimes when we try and tie the two together. Sometimes we attempt to make political points in some parts of the country at the expense of others who are to some degree taking advantage of a system that has been put into place and enhancing their opportunities not just for the individuals that are doing it but for the people of the communities that they represent and live in, and the people that they work for.

I know that some members of the government would agree that there is a distinct difference. I know that the President of the Treasury Board stated and he believes that Ottawa can rescue the Internet pharmacy industry and save the jobs, not only in Manitoba, but across Canada. He believes that is has found a market, found an opportunity and has developed it into a good business with sound principles, but also a business and an industry that understands that we must be always aware and cognizant of the issues affecting the drug supply to the people in Canada.

It sometimes surprises me when the Minister of Health makes statements that I think are meant to aggravate and perhaps incite the people of Canada. However, I sometimes wonder if what he is trying to do is in the best interest not only of the industry but in the best interests of Canadians.

I do want to make note and I know that the member for Charleswood St. James—Assiniboia has mentioned it a couple of times, that there was a motion passed in the health committee that asked to study this issue. It was agreed upon and yet to this day the minister refuses to engage that committee and create some relevance where we can get a better understanding of the issue.

I do not think it is wise for governments to move forward on issues like these without proper consultation, without discussion, and without engaging Canadians on what they are asking for and what they are prepared to accept and prepared to work with.

We are talking about the Internet pharmacy this evening. I know that it has been mentioned by some of the members and one of the ways that they would control or regulate it would be by forcing patients to have an appointment with a doctor in Canada.

• (2305)

We live in an electronic age. We can travel anywhere in this world. We can access banking institutions with a card. We can access services anywhere in the world based on the recognition of a card. We put a card in and take our money and our services out. It is time that the government and Canadians accepted this as a way of moving forward and a way of providing service.

I challenge the government to tell me if it does not want to shut the industry down because sometimes I think that is its motive and that is what is driving the government.

We have a system in Canada right now where our patients cannot see doctors. We cannot get in. We have extremely long lineups and members across the floor would agree that it is an issue. Obviously, government members identified it. They said they have committed \$41 billion to reduce lineups to see doctors. Yet, we want to force another group of people to have an appointment with a doctor in

Canada. No matter where we are, the prescription is written by a qualified doctor. That, to me, is the issue. We do not have to question the credentials of the doctor. We do not have to verify them. Obviously, the relationship has worked well and has worked for many years.

I live in a border community and long before online pharmacy, people from the United States travelled to Canada with their prescriptions. This is not something new; it has been going on for many years. If we live in a border community anywhere in Canada and we ask our pharmacist what percentage of traffic is made up by Americans, I think we might be surprised at the number of people who are actually accessing our services and have been for years.

That is an important note to remember when we partake in the debate because the bottom line is that nothing has changed that has not happened in the last 20 years except the technology and the ability to access it. That is important to remember.

Where I live, and I suspect where most people live, getting an appointment with a doctor is difficult enough. To add this on top of it is only a ruse to suggest that the government wants to shut these pharmacies down. Government members may mask it in terms of ethics or in many other words they choose to use, but in essence, they are saying they want to shut this industry down. I do not think that is a good thing for Canadians or for the Canadian consumer. If we want to look at it purely from an economic position, it is not a good thing for the economics of our provinces and of our country.

As I said earlier, we must not confuse bulk exports with the one to one sale of drugs which constitutes the online pharmacy. I think we all agree that as long as we can offer a safe and secure supply to Canadians, we should continue to support the online pharmacy industry. Even the online pharmacies have agreed and recommended that if we were to ban the sale of bulk drugs to the U.S., we could resolve many of the issues that we have. It is not a complicated matter. It is a matter of supply and demand. We would not move large bulk supplies across to the United States or any country for that matter with the idea that we would protect the Canadian consumer.

• (2310)

In closing, we have to remember that across Canada many people access prescriptions without ever having seen a physician. It is done through home care. It is done through nursing. It is done through nurse practitioners. They make the call, they give the definition of the symptoms and the drug is prescribed. It is important that we never forget that. I think that a ban on bulk exports would satisfy all the stakeholders. It would ensure the viability of the Internet pharmacy, and a healthy Internet pharmacy in Canada is an option that we should all look at and consider.

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Chair, I think there is some confusion here. We are talking about the same things but sometimes in different terms and there seems to be some confusion.

If we took the most pessimistic view of how the measures are being considered and the impact they would have on Internet pharmacies, it would not have the impact of closing the Internet pharmacies. The Internet pharmacies could still operate very easily within Canada.

*Government Orders*

The problem arises with cross-border exports. Within Canada, if patients have seen a doctor licensed to practice in Canada and a relationship exists—and the relationship can be defined differently, like home care or nurse practitioners in certain instances—people can purchase their drugs through an Internet pharmacy within Canada and it would not have an impact. But with cross-border Internet pharmacies, it does. There is a lot of discussion to be had as to how we should look at that in order to permit the continued operation of the Internet pharmacies and still meet the goals that I think we all share.

The member for Glengarry—Prescott—Russell made the point very well when he said that cross-border Internet sales, not only bulk but at the consumer level, can have an impact on the drug supply. At the present time, generally, the level of exports has not had an impact, but we do not know what the future may bring and it is always good to prepare in advance.

If the member removed the question about ethics, the practitioner and the relationship, I would ask him if he would agree with these two points. First, we have a national drug supply network, so that the left hand knows what the right hand is doing, and we monitor the state of pharmaceuticals within Canada. In this manner we can foresee if there are shortages coming and even make adjustments or transfers if there are shortages in one area of the country and surpluses in the other.

Second, we take the necessary measures to restrict all sales outside of Canada, bulk or at the consumer level, when it has a risk to human health. I believe that would be legally within all the treaties and the trade agreements that we have signed. Therefore, if we see that there is a shortage coming in those areas, the mechanism could work. Sometimes it might be a specific drug in bulk form and sometimes it could be a consumer level drug, patient level drug, or an Internet pharmacy type drug depending on the drug and the circumstances.

I wonder if the member would not see at least those two elements as being very good ways to manage our drug supply and preserve a secure and healthy future for Canadians.

**Mr. Merv Tweed:** Mr. Chair, the member is not necessarily wrong in his comments, but the antagonistic way in which the Minister of Health presents these to the public is to fearmonger. When the minister suggests that Canada will not become the drugstore for the United States, I think we can all agree that it is not our intent. However, it is the language the minister uses that tends to conjure up a government coming in with its heavy hand on an industry that has been relatively successful and obscure in the sense that it has never been brought to the public forum the way the minister has. The comments that he makes are too aggressive.

We do not want to see a shortage in Canada. With all the controversy that the minister has dragged up about Internet pharmacies, we have not seen this to date. We have not seen an issue where the Internet pharmacies have had to restrict, or reduce or cut back. If we listen to what they are saying, the suggestion is that one of the easiest ways to move this ball forward is to ban the sale of bulk drugs. They agree with that. They have been far more generous in their comments, suggesting it is not their desire either to see Canadians shortchanged.

However, to make a bold and sweeping brush statement that we will ban Internet pharmacies because Canada will not be the drugstore for the Americans, is only done for political reasons. To me it is political posturing. The member has made very reasonable comments, and I think most agree with that. We have to get rid of the rhetoric and work to possible and plausible solutions. I think it can be done and it can be done in the interests of all people. I think Canadians will and can benefit as can Internet pharmacies.

● (2315)

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Chair, I commend the member for Brandon—Souris for his comments. In his role as a member of Parliament, he has demonstrated an outstanding ability to represent his constituents. As the western economic diversification critic, he has done an outstanding job representing that issue, and representing his constituents, the shadow cabinet and so on.

Beautiful communities like Ninette and Killarney are very fortunate to have the member as their representative.

One thing that struck me in the member's comments was the issue around the doctors and the fact that we already had lineups to see doctors. One of the unintended consequences that could happen by forcing face to face consultation with doctors is people will not have access. Because of the Liberal neglect of the health care system, the \$25 billion that was cut in 1995, and the government's policy to reduce medical school graduates, we have a family doctor shortage. I happen to know the member's major community has a major doctor shortage so it is a double whammy.

Could the member discuss the implications of not having enough doctors in a rural community?

**Mr. Merv Tweed:** Mr. Chair, it is important for all of us not to ignore the issue of Internet pharmaceuticals and the bulk transfer of drugs. The member has a very important issue.

Regrettably, I live in a community of 50,000 plus people who continue to struggle on a day to day basis to find doctors to provide services to the community and to the region at large. It is frustrating that the government would focus on an issue like this at a time when so many other communities are facing the same shortages. I am not trying to belittle the issue that we are discussing tonight, but the far more important issue is the supply of doctors.

I know one of the members across, and I regret that I cannot remember the member's riding, stated that through the immigration policy we can enhance these opportunities and bring doctors into these communities that are in desperate need. In reality, the way the immigration system is now is almost prohibitive in bringing doctors into our communities.

*Government Orders*

Doctors in my communities have been in the immigration system for four years. They have met every qualification, they have been practising, we have accepted them as people in our community, as Canadians. Yet the system will not allow them to advance to finalize becoming Canadians. That is a far greater problem and a far greater obstacle.

If we had a surplus of doctors, the members across the floor might have some validity in suggesting that the one on one contact, if we decide we want to slow the industry down, might be good. There is no one on one contact with local doctors for the people in my community and that is my priority. I think it is a priority of many of the people who represent constituencies across Canada and it should be the priority of this government.

We need a way of bringing doctors to our country, training them and making them accessible to the rural parts of Canada which are not being served well by the government at this time.

• (2320)

**Mr. Anthony Rota (Nipissing—Timiskaming, Lib.):** Mr. Chair, I rise this evening to add my voice to the many who are speaking out on the issue of cross-border drug sales. From 2001 to 2004, Internet pharmacy sales grew by 1,100%, rising from annual sales of \$70 million in 2001 to \$840 million in 2004. Combined with cross-border foot traffic, the total industry accounted for approximately \$1.35 billion Canadian in sales in 2004. Internet pharmacy sales growth has stabilized since mid-2004 and actually began to decline in early 2005 due to enhanced manufacturer restrictions to participant Internet pharmacy operations.

I note that the Government of Canada is fully aware of the economic significance of this industry. The minister has been clear that it has never been his intention to shut down the industry. However, the responsibility to ensure that 32 million Canadians have continued access to safe and affordable prescription drugs is paramount.

The appeal of Canadian prescription drugs is driven by the price differential for patented drugs between Canada and the United States. The latest Patented Medicine Prices Review Board annual report identified the fact that Canadian drugs are, on average, 40% less expensive than those in the U.S. It should be noted that such price differentials with the United States are echoed in other OECD countries.

It is a fact that the United States has the highest prices for pharmaceuticals in the world and its citizens are looking to Canada for some relief. Recent estimates indicate that one million to two million Americans are now filling their prescriptions through Canadian pharmacies each year.

A combination of factors has kept drug prices lower in Canada, one of which is the key role played by the Patented Medicine Prices Review Board in regulating the prices of patented drugs.

I applaud the government for its unwavering and continuing commitment to our regime of price controls. Furthermore, it is worth noting that our belief in the necessity of such regulations is in line with all other industrial countries, except the U.S.

The mandate of the PMPRB was developed in 1987 to balance increased patent protection for innovative medicines with affordable domestic prices. Under PMPRB guidelines, Canadian prices for patented drugs cannot exceed the median international price of a basket of comparator countries.

It is crucial to note that our price regulatory regime was implemented by the Government of Canada for the benefit of Canadians and our health care system.

Last year the American market for prescription drugs was worth about \$300 billion. Last year sales of pharmaceuticals in the U.S. were equivalent to one-third of Canada's total GDP.

We have been fortunate thus far that the cross-border drug trade has not caused systematic drug shortages in Canada, but we should not take this to mean that shortages will not occur. At present, half of Manitoba's drug supply goes to the United States. The Government of Canada has a legitimate concern that any significant expansion of this trade could be at the expense of Canadian patients.

If Canadian drug policies were forced to the U.S. level, annual prescription drug expenditures in Canada would increase by more than \$14 billion. The effect of such an increase on our drug programs and potentially on the finances of Canadians would be tremendous. It is also worth mentioning that if prices in Canada are forced to rise to U.S. levels, the price differential driving cross-border drug sales would vanish, as would the industry.

There are currently nine bills, four in the House of Representatives and five in the U.S. Senate, before the 109th U.S. Congress to legalize the bulk importation of prescription drugs from Canada. Import legislation currently has majority support in both the House of Representatives and the U.S. Senate and has a strong potential for passage.

In addition, while illegal under U.S. federal law, the cross-border drug trade is receiving broad support from state and municipal governments. At last count, there were some 30 American states, representing over half the U.S. population and more than five times the Canadian population, at various stages of implementing state operated drug import programs.

Import programs adopted by state and municipal governments are intended to control the escalating costs of prescription drug programs and to support drug affordability for individual residents. However, the motivation behind at least some of the current proposed federal import legislation is to weaken, if not remove, foreign price controls.

*Government Orders*

● (2325)

At the 2004 OECD health ministers meeting in Paris, then U.S. Secretary Thompson implied that OECD members should lift their drug price controls to generate greater corporate revenues to fund innovation. More recently, U.S. Senator David Vitter, sponsor of a leading drug import bill, has indicated his intention of using drug importation as an indirect instrument to undermine foreign price controls. These are not incidental or innocuous developments.

We are not unsympathetic to the plight of millions of uninsured or under-insured Americans, numbering some 70 million at latest count. I do believe, however, that the Government of Canada's focal concern must continue to be the continuity and adequacy of supply of safe and affordable drugs for Canadian needs.

To that end, the Government of Canada is proposing a strategy to help ensure a safe and adequate supply of affordable drugs for Canadians. This strategy includes three elements.

First is a pan-Canadian drug supply network to provide Health Canada with a more comprehensive understanding of our drug supply.

Second is an export restriction scheme. This means that if the domestic supply of an essential drug were dangerously low, we would have the authority to introduce appropriate export controls to help preserve the supply for Canadian patients when necessary to protect human health. These export restrictions would remain in place only as long as the threat to domestic supply makes them necessary.

The third piece of this strategy involves the strengthening of existing federal regulations under the Food and Drugs Act governing the sales of prescription drugs in Canada, strengthening patient safety.

Although the threat to Canada's domestic drug supply may not be imminent, responsible government requires that we monitor potential threats and be prepared to take the steps necessary to mitigate those risks.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Chair, before I ask my question I would like to say that the previous speaker commended a member of Parliament and I would like to commend our three privy council members, the Minister of Health, the Minister of State for Public Health and the parliamentary secretary, for their excellent work on a great number of tough issues, including this one.

I have a question for the member on arbitrage and what effect it will have on the prices in Canada and the United States. Before the member answers that, I want to mention that the supply of drugs in the north of course is different than it is in the south. It is even harder to get them there. We have to remember that there is a good supply available.

I remember that at the beginning of the last century there was the great Iditarod escapade, in which a diphtheria serum was needed in Nome, Alaska. There was a thousand mile dog trek to get there,

which has led to the great thousand mile dog race held now between Whitehorse and Fairbanks.

Even today there are not international flights to most of the north, so drugs have to be available in Canada. Sometimes there are only periodic flights within Canada. We have to make sure there is a good supply of drugs in Canada for Canadians.

However, could the member answer the question I asked at the beginning of my remarks?

● (2330)

**Mr. Anthony Rota:** Mr. Chair, I will start with the question regarding the north and then go on to arbitrage.

The supply and quality of medicine have to be guaranteed. The last thing we need in this country is a shortage. Once we have a shortage, we cannot supply our own people with medication.

There is one thing I would like to make clear. Some of the opposition members on the other side make it sound like this is the end of Internet pharmacies. This is not the end of Internet pharmacies. This is merely the end of transporting our drugs to the United States or any other country that would undercut our prices.

One of the things to remember as well is that someone in a northern community can still order drugs through the Internet.

On the issue of arbitrage, I will cover it quickly. Arbitrage is a trading term used in the stock market and many markets. It is about finding a lower price somewhere and then selling somewhere else at a higher price. Unfortunately, it is all based on grabbing a supply and exhausting it. As soon as we exhaust it, then we are back up to normal. Otherwise, we see something average out.

What ends up happening with arbitrage is that once the supply ends, we end up with all the prices going to the higher price. In this case, we are looking at the United States, which is about 10 times our size. If we took our one-tenth of our size, and put it up against the U.S., which is 10 times our size, and we average it out, we know the prices are coming down. What will happen in fact is that our prices will rise to the price that the Americans are charging.

Not only would something like that be detrimental to Canadians' health, I think it would also be detrimental to our health care system and what it costs us to supply it.

[Translation]

**The Deputy Chair:** It being 11:32 p.m., pursuant to order made Monday, October 31, 2005, under the provisions of Standing Order 53(1), the committee will rise and I will leave the chair.

(Progress reported)

[English]

**The Acting Speaker (Mr. Marcel Proulx):** This House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24(1).

(The House adjourned at 11.32 p.m.)





# CONTENTS

Tuesday, November 1, 2005

## GOVERNMENT ORDERS

### Cross-Border Drug Sales

(House in committee of the whole on Government Business No. 20, Hon. Jean Augustine in the chair).....	9359
Mr. Valeri.....	9359
Mr. Dosanjh.....	9359
Mr. Fletcher.....	9360
Mr. Thibault (West Nova).....	9361
Ms. Demers.....	9361
Mr. Batters.....	9361
Mr. Fletcher.....	9362
Mr. Boudria.....	9362
Ms. Crowder.....	9363
Ms. Demers.....	9363
Mr. Thibault (West Nova).....	9364
Mr. Batters.....	9365
Ms. Crowder.....	9366
Mr. Thibault (West Nova).....	9367
Mr. Fletcher.....	9368
Mrs. Jennings.....	9369
Mr. Fletcher.....	9370
Mr. Batters.....	9371
Mrs. Desjarlais.....	9371
Mr. Merrifield.....	9371
Mr. Boudria.....	9373
Mrs. Desjarlais.....	9374
Mr. Batters.....	9374

Mr. Thibault (West Nova).....	9374
Mr. Fletcher.....	9376
Mrs. Desjarlais.....	9376
Mr. Batters.....	9377
Mr. Ménard (Hochelaga).....	9377
Mr. Boudria.....	9378
Mr. Fletcher.....	9379
Mr. Boudria.....	9379
Mr. Fletcher.....	9380
Mr. Thibault (West Nova).....	9381
Mr. Batters.....	9382
Mr. Fletcher.....	9383
Mr. Bagnell.....	9384
Mr. Savage.....	9384
Mr. Fletcher.....	9386
Ms. Dhalla.....	9387
Mr. Fletcher.....	9388
Mr. Thibault (West Nova).....	9389
Mr. Batters.....	9389
Ms. Wasylcia-Leis.....	9390
Mr. Fletcher.....	9391
Mr. Tweed.....	9392
Mr. Thibault (West Nova).....	9393
Mr. Fletcher.....	9394
Mr. Rota.....	9395
Mr. Bagnell.....	9396
(Progress reported).....	9396

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