



CANADA

# House of Commons Debates

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VOLUME 140 • NUMBER 072 • 1st SESSION • 38th PARLIAMENT

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, March 22, 2005**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Tuesday, March 22, 2005

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1000)  
[English]

### EMPLOYMENT EQUITY ACT

**Hon. Joe Fontana (Minister of Labour and Housing, Lib.):** Mr. Speaker, pursuant to the Employment Equity Act, chapter 44, section 20, I have the honour to table, in both official languages, the 2004 annual report of the Employment Equity Act.

\* \* \*

• (1005)

### COMMITTEES OF THE HOUSE

#### FISHERIES AND OCEANS

**Mr. Tom Wappel (Scarborough Southwest, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the second report of the Standing Committee on Fisheries and Ocean which is unanimous. It is entitled "Here we go again...or the 2004 Fraser River Salmon Fishery".

#### HEALTH

**Ms. Bonnie Brown (Oakville, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the fifth report of the Standing Committee on Health. Your committee recommends that, notwithstanding the fourth report of the committee presented in the House of Commons on Friday, February 16, the government enact the proposed regulations amending the tobacco reporting regulations with an amendment.

I also have the honour to present, in both official languages, the sixth report of the Standing Committee on Health. We recommend that, notwithstanding the fourth report, the government take under consideration a recommendation with respect to the proposed regulations amending the tobacco reporting regulations.

Pursuant to Standing Order 109, the committee requests that the government table a response to this report.

I also have the honour to present, in both official languages, the seventh report of the Standing Committee on Health. Your committee adopted a motion on Monday, March 21, calling on the

government to immediately extend compensation to all those who contracted hepatitis C from tainted blood.

\* \* \*

### WAYS AND MEANS

**Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.):** Mr. Speaker, there have been discussions among the parties and I believe you would find there is unanimous consent for the following motion. I move:

That all questions necessary to dispose of government order, Ways and Means No. 7, be put and disposed of this day immediately after the consideration of the business of supply.

**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)

\* \* \*

[Translation]

### PETITIONS

#### TEXTILE LABELLING

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I have the honour to present a petition signed by no fewer than 13,000 people, calling on the government to amend the regulations of the Textile Labelling Act and require companies to disclose the name and address of every manufacturing facility where clothing sold in Canada was made.

This initiative carried out by young francophone members of Amnesty International is designed to raise public awareness of the plight of individuals who are the victims of worker exploitation and give people the chance to make a choice in support of human rights.

It is therefore with great honour that I table this petition.

[English]

#### MARRIAGE

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to present a petition on behalf of a number of Canadians, including from my riding of Mississauga South, on the subject of marriage.

### Supply

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

They therefore call upon Parliament to use all possible legislative and administrative matters, including the invocation of section 33 of the charter known as the notwithstanding clause, to protect the current definition of marriage being the lawful union of one man and one woman to the exclusion of all others.

\* \* \*

•(1010)

[Translation]

#### QUESTIONS ON THE ORDER PAPER

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

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

**Some hon. members:** Agreed.

### GOVERNMENT ORDERS

[English]

#### SUPPLY

##### OPPOSITION MOTION—EQUALIZATION

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC)** moved:

That the House call upon the government to immediately extend the expanded benefits of the recent Atlantic Accord to all of the provinces since the existing equalization claw-back on non-renewable resource revenues severely curtails the future prosperity of Canada by punishing the regions where the economy is built on a non-renewable resource base.

**The Deputy Speaker:** Since today is the final allotted day for the supply period ending March 26, the House will go through the usual procedures to consider and dispose of the supply bills. In view of recent practices, do hon. members agree that the bills be distributed now?

**Some hon. members:** Agreed.

**Mr. Tom Lukiwski:** Mr. Speaker, it is truly a pleasure to rise in this assembly today to speak to the motion because equalization is truly a unique Canadian program.

First conceived in 1956 and implemented in 1957, which as we know was coincidental with Newfoundland entering Confederation, this is a program that treats all Canadian provinces equally, in terms of wealth distribution. In fact, the program was designed to allow all provinces to have the ability, in relative terms, to offer the same basic programs and benefits to its citizens at relatively the same tax rate. In other words, the way the program works is to allow the have provinces, or the more wealthy provinces, the ability to assist financially those provinces who are considered to be have not, or poorer, provinces.

This is a very complicated program, and probably in Canada there is no more than a handful of people who actually understand the formula that goes into designing the equalization program. However, suffice it to say there are approximately 33 revenues bases that comprise this program. Out of those 33 revenue bases, 11 of them deal with non-renewable natural resources.

What we are asking today in this motion is that the non-renewable natural resources should be removed from the equalization formula.

Before I go on, Mr. Speaker, I will be splitting my time today with the hon. member for Prince Albert.

There are many reasons why we feel that non-renewable natural resources should be removed from the equalization formula, but I only will deal with two or three of them. I think that will illustrate exactly why the current formula is flawed.

First, right now it is almost a disincentive for many provinces to develop their non-renewable natural resources. The reason for that is quite simple.

Currently, under the formula, provinces are clawed back or taxed back on revenue derived from natural resource development, and I will make most of my comments designed around what is happening in Saskatchewan because I am far more familiar with my home province. We have the perverse situation where for every dollar that Saskatchewan receives from oil and gas revenue in past years, the government has clawed back or taxed back over 100% of the revenue. In other words, if we get \$1.00 from an oil and gas sale, the government has taxed Saskatchewan anywhere from \$1.03 to \$1.08 in previous years. That is just perverse. It should not be allowed to happen.

There is no incentive for provinces to fully develop their non-renewable natural resources if they realize that the more money they make off natural resources, the more money the government will claw back. That program is deeply flawed and should be amended.

We have seen in years past, particularly in the year 2001-02, situations in Saskatchewan where the government has clawed back certain revenues from oil and gas exploration as much as 200%. Other provinces, particularly the Atlantic provinces of Newfoundland and Labrador and Nova Scotia, which cut a separate deal with the government, will only be clawed back up to 70%.

However, in Saskatchewan, particularly, the money that we gain from oil and gas revenues and all non-renewable natural resource revenues should be reinvested back into the province.

In Saskatchewan about 85% to 90% of all our oil and gas reserves are still in the ground. It is very difficult to get oil, particularly heavy oil, out of the ground. Saskatchewan has been an industry leader, with some new innovations such as horizontal drilling. Now we are looking at new and innovative ways to get oil out of the ground by pumping carbon dioxide into the ground, which ends up trapping itself but allowing more oil and gas to come to the surface. That requires an incredible amount of reinvestment in the province to employ these types of technologies and to employ the research and development required. However, how can we do that if the government is taking at least \$1.00 to \$1.03 for every \$1.00 we gain from revenue? This should not be allowed to happen.

*Supply*

•(1015)

Second, I believe there is a very strong economic argument that suggests that oil and gas, non-renewable natural resources, should not be included in the equalization formula. I would like to frame this in the sense of a business model.

If I were a business owner and had a capital asset that I wanted to sell, converted that capital asset in my company into a cash asset, it would not show up on my income statement. It simply would be a balance sheet transaction. The income from my business is from the sale of my primary products. If I owned a shoe store, I would get my income and my profit and loss would be determined by the amount of shoes I sold. However, if I just converted a capital asset into a cash asset, that would not be considered income. It would be a balance sheet transaction.

What the government is doing with oil and gas, which should be considered a capital asset and when sold converted into a cash asset, is treating it as income. That is not the way the equalization program should work.

The economic indices and the tax revenue bases which compromise the economic argument for equalization suggest that revenue bases such as taxation, whether they be corporate, sales or personal, are the types of revenue bases which should determine the fiscal capacity or the net worth of a province. The government should not be allowed to take a capital asset that is converted into a cash asset and say that proves the net worth or the fiscal capacity of a province.

Finally, one of the most overwhelming arguments for why non-renewable natural resources should be removed from the equalization formula is the recent history with the new deal, the Atlantic accord, signed by the government with the provinces of Newfoundland and Labrador and Nova Scotia.

I absolutely believe that the Prime Minister and the Minister of Finance did the right thing. It was a matter of fairness. They recognized that these provinces needed to keep 100% of their oil and gas reserves. They cut a deal, signed an accord and allowed these provinces to keep that money.

While I believe in the inherent fairness of that deal, I also believe, as the name suggests, that the formula for equalization should be equally applied to every province and territory in Canada. In other words, I do not believe the government can make one deal with one or two provinces and not apply the same deal to other provinces across Canada. The formula fundamentally must be the same. We must have the same equity, the same formula applicable to all provinces. We cannot go into a situation where the government says that it will treat one province differently than another. This is equalization and the same equalization formula must be applied to all provinces.

While I believe that Newfoundland and Labrador and Nova Scotia were treated fairly, I urge the government to give the same consideration to Saskatchewan.

I was born and raised in Saskatchewan and I will probably die in Saskatchewan. I love my province. I absolutely know one thing and that is the Minister of Finance loves Saskatchewan as well.

Saskatchewan people are some of the most honest, industrious, hard-working and optimistic people in Canada. We have faced our share of adversity over the years, starting with the dirty thirties and most recently with the drought and the frost situation affecting our farmers. However, one thing the Saskatchewan people have never done is complained unnecessarily. Unlike the comments of some of the members opposite who seem to categorize Saskatchewan people as whiners and complainers, all Saskatchewan people want is to have a fair deal.

That is why I urge all members of the House, when the vote takes place tonight, to recognize that in issues of fairness across the board everyone should vote in support of this motion without equivocation, without compromise and without exception.

•(1020)

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** Mr. Speaker, yesterday I had the pleasure of participating as a member of the finance committee on fiscal imbalance. The committee met in Regina. I want to commend the Bloc member for Saint-Hyacinthe—Bagot who chaired the committee. He did an excellent job, and it was a very good meeting.

We met with the Premier of Saskatchewan, Mr. Calvert, Brad Wall, the leader of the opposition in Saskatchewan, and with a very fine individual, Ian Peach, who is the chair of a policy think tank in Saskatchewan. Basically the thrust of the meeting was to discuss horizontal fiscal imbalance, namely, equalization. It was a positive meeting. I think every member on the committee who heard Premier Calvert, Mr. Wall and the other individual was convinced when they left the meeting that there was a great injustice in the equalization formula as it pertained to the province of Saskatchewan.

Virtually every elected official in the province of Saskatchewan understands that Saskatchewan is not being treated fairly in this arrangement. There is no western lens with regard to equalization when it is applied to the province of Saskatchewan.

The Minister of Finance has said that Saskatchewan is being treated differently than Newfoundland and Labrador and Nova Scotia because Saskatchewan is a have province. There are numerous experts in the country, the Conference Board of Canada, Professor Courchesne and others, who have said that by just about every commonly used objective measurement of fiscal capacity Saskatchewan is anything but a have province.

In fact, Professor Courchesne says that by emphasizing non-renewable resources, Saskatchewan is in the strange position where, with a declining net per capita income, it loses equalization payments and becomes a poorer province through equalization. That is not the intent of section 36 of the Constitution Act. Other provinces have rising net per capita incomes and are receiving equalization.

I created a simple chart on Manitoba for the last 10 years. Over the last 10 years Manitoba has had a \$1,500 higher per capita income than Saskatchewan, but the average difference in equalization payments in that period was \$915 million in favour of Manitoba. It underscores exactly what Professor Courchesne is saying. This formula is just plain wrong. The Minister of Finance and members on the opposite side should understand that the equalization formula creates major problems for the province of Saskatchewan.

### Supply

There are many sound reasons why non-renewable resources should be removed from the formula. Time does not permit me to deal with all of them, but I want to target a few of them. I would recommend that people read Professor Courchesne's paper on this issue. I would also recommend they read the Atlantic Institute for Market Studies. It has done some excellent work in this area. If anyone really wants to find out the injustice in Saskatchewan's case, one only has to read some of those articles.

This is simply bad policy. That is the first reason. It creates a major disincentive to develop a resource. In the past, some of the oil that was been developed in Saskatchewan had been clawed back at 127%. There is no sound economic reason for even trying to drill to find oil if it is going to be clawed back at 127%. It is a disincentive for development. Why develop the resource?

I will use the example of Newfoundland and Labrador as well. It is on the verge of developing a nickel mine in Labrador, the Inco project, which should be a big boost for Newfoundland. Newfoundland could lose as high as 90¢ out of every dollar that it receives from the nickel production in Labrador. One really has to question the merits of developing resources when the equalization formula has a huge disincentive for developing them.

• (1025)

There is a second reason why we should not include non-renewable resources. They are capital assets. One of the academics used the analogy of a baker. A baker makes his income from making bread and selling it, but if he starts selling off his ovens to pay for his operation the baker eventually will be in trouble.

There is even a flaw in that argument. The baker's oven is sold to somebody else who can make bread, but when we sell oil and gas they are converted into energy and are permanently gone. We will never get them back. That is a sound reason for rejecting this inclusion in the formula.

It is double taxation. I asked the premier of Saskatchewan why we would develop these resources if we were going to get clawed back at 100% or higher. He said we would create employment, increase our corporate fiscal capacity in the province and broaden our property tax base, but the point of the matter is that all of those items are already caught under the equalization formula. Every one of those economic benefits is already caught and what we are doing is getting into double taxation, which is wrong. It is a doubling up on these things.

There is another reason why we should not be clawing back non-renewable natural resources at 100%. The reason is very simple. It is out of sync with modern economic theory. Capital is never taxed at these levels. Most capital does not attract any tax whatsoever under tax policy; it is only capital gains that does. The Minister of Finance should fully understand that. Also, it is only at half the rate.

The understanding of economic theory is that capital has to be treated a lot differently from income as it is at the foundation of an economy. Under this formula we are talking about a 100% clawback on capital. It is just plain wrong.

What we want in Saskatchewan, and what I think is wanted in every province, is for provinces to be able to develop their economies around their resources and to in the long term become

true have provinces. All we are asking for in Saskatchewan is the same privilege that Alberta had back in the 1950s and 1960s when it could develop its non-renewable resource base and become in all respects a true have province. I think this current formula creates a major barrier for Saskatchewan to overcome.

If we are going to have an equalization program in the country, why not have an equalization program that has strong incentives for provinces to become true have provinces? It seems like this formula is bent and determined to keep certain provinces as have not provinces in perpetuity.

There are a lot of reasons why we would want to remove non-renewable resources from this formula for the province of Saskatchewan. I want to raise one further one. All these things are cyclical in nature. I remember when oil was \$11 a barrel. I remember when potash was in the tank and other items were in the tank. This is just about the only engine we have in Saskatchewan right now. The prices are high right now, but two years from now we could be back in the tank on this whole deal.

Why a government would want to have 11 out of 33 of the tax bases focused on non-renewable resources defies imagination, because that creates a volatile equalization formula and it is extremely harsh for the province of Saskatchewan.

I want to conclude by proposing an amendment to our motion. I move:

That the motion be amended by adding the following:

and that it include a transition adjustment to equalization in order to provide compensation to provinces that would not benefit from the extension of the expansion of benefits.

• (1030)

**The Deputy Speaker:** We will look at the amendment to see if it is in order and get back to the House in short order.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, this is a very important debate. It touches not only on equalization but on the whole question of the gap in the horizontal and vertical fiscal arrangements.

On October 26 the Prime Minister and the premiers reached a new framework agreement on equalization so that over the next 10 years everything was basically set in motion with the agreement of all of the stakeholders.

Subsequently, with regard to Newfoundland and Labrador and Nova Scotia, the question about the offshore oil revenues came up. As a consequence, there was in February a change made to the treatment of the offshore oil revenues, taking into account that only a factor of 70¢ on the dollar was being taken into account with regard to their fiscal capacity. The bottom line is that there was a situation in Newfoundland and Labrador and Nova Scotia that was an inequity, which was identified and has been dealt with.

It appears that the question of Saskatchewan is an argument on a similar basis, but I am not quite sure. I would ask the member to explain how the Saskatchewan situation emulates the situation that existed in Newfoundland and Labrador and Nova Scotia.

*Supply*

**Mr. Brian Fitzpatrick:** Mr. Speaker, I do not think there is a whole lot of difference. We are talking about clawback on oil and gas. The Newfoundland and Labrador situation is offshore, which is somewhat different. In Saskatchewan we have the asset underground, obviously, not offshore.

Other than that distinction, the net effect of the recent accord was to totally remove the revenues from the offshore oil from the formula. All we in Saskatchewan are saying is that we have oil too and it is very costly to extract. It is not light west Texas crude. It is heavy oil. It is very expensive oil and it takes a lot of money to extract it.

I would also make the point that in the middle of an election campaign when a Prime Minister is in a region of the country like Newfoundland and Labrador and makes a commitment to change the equalization formula because he says it is unfair to be clawing back these non-renewable resources, he is not just making a promise to Newfoundland and Labrador and Nova Scotia. He is making a commitment to every single Canadian across this country. He made a promise at that time. If he will not live up to the spirit of that promise with a national program like equalization, I would say that it is a promise broken.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I would ask my colleague to further explain a comment he made during his presentation about the differences between Saskatchewan and its fiscal capacity and some of the other provinces. It appears to me that in Saskatchewan the net per capita fiscal capacity is about the third lowest in Canada. Newfoundland and Labrador, I understand, is the lowest, but Saskatchewan is the third lowest.

Provinces like Manitoba and Quebec, and others of course, have a higher net per capita fiscal capacity, yet my understanding is that in the upcoming year Manitoba will be receiving approximately \$1.6 billion in equalization payments, Quebec will be receiving \$4.8 billion in equalization payments and Saskatchewan will be receiving only \$82 million. I see some inequities there. I wonder if the member could expand upon that.

•(1035)

**Mr. Brian Fitzpatrick:** That is a very good question, Mr. Speaker. This has intrigued me. It is why I went back over the last 10 years and compared us just with Manitoba. I could have used other provinces, but to me Manitoba seems to be a good comparison. Both provinces have a million people. They are side by side. There are some similarities between the two provinces.

It just shows me how flawed the formula is when we look at per capita income and per capita GDP. In most of these things in most years, Manitoba outperformed Saskatchewan but Saskatchewan is far short of Manitoba on receipts. It just reinforces Courchesne.

I also looked at Robert Mansell's study of fiscal federalism. He did extensive work from the period of 1961 up to mid-1995. I ran the numbers. The difference between Manitoba and Saskatchewan in that period was something like \$600 million a year. Saskatchewan was at 85% of the Canadian average for per capita income and Manitoba was at 92%. I am not maligning Manitoba, but it underscores the deficiencies in fiscal federalism in this country and

how Saskatchewan quite literally is getting shafted under this formula.

**Hon. Ralph Goodale (Minister of Finance, Lib.):** Mr. Speaker, given a topic as complex and contentious as federal transfer payments and interprovincial equity, it is only to be expected that there would be points of both agreement and disagreement in connection with the opposition motion that is before the House today.

For example, the motion calls for "expanded benefits" to flow from the Government of Canada to all the provinces. In fact, we are already doing that under the equalization program and under virtually every other federal transfer payment program. Federal transfers are now at an all time record high and they are rising year after year.

Let us look at some of the actual numbers. Equalization payments this coming year will total \$10.9 billion, matching the highest level ever. The pool of federal equalization dollars available to help the less wealthy provinces will continue to go up at the annual rate of 3.5%. Over 10 years, the cumulative provincial gains will total more than \$33 billion.

The Canada health transfer this coming year will total \$19 billion in cash. Again, that is the highest level ever. It too will keep increasing by 6% per annum over 10 years. The cumulative provincial gains in cash for health care will total more than \$41 billion. To that total we have to add also health related tax transfers from the federal government to the provinces, which today are worth about \$11.5 billion per year. They too are rising.

Then there is the Canada social transfer. This coming year it will total \$8.4 billion in cash, plus another \$7 billion in tax transfers, and again it is on the rise.

In addition, there are several other existing federal transfers to help provinces with immigration, public infrastructure, ongoing social housing services, new affordable housing projects and much more.

Plus, we are currently adding two new federal transfers for child care and for municipalities, which will bring a further \$5 billion each in new federal support for or through provinces and territories over the next five years.

Therefore, on the issue of bigger federal benefits obviously we are already moving in that very direction and the dollar values involved are very large.

In structuring all of this, the Government of Canada is constantly striving for fairness, but in a country as big and diverse and complicated as Canada, fairness is not a simple matter of one size fits all. The various provinces and territories unfortunately do not share the same geography, the same history, the same population bases, the same physical resources, both renewable and non-renewable, or the same level of economic development or future potential. A cookie cutter approach from province to province or from region to region has never worked in Canada and it likely never will.

### *Supply*

With respect to the arrangements concluded earlier this year with Newfoundland and Labrador and with Nova Scotia under their pre-existing Atlantic accords, which are separate and apart from equalization, the straight extension of these arrangements to every other province, as appealing as that might sound, would not in fact increase benefits to all, nor would this apparently easy approach necessarily improve equity among provinces.

For example, the Atlantic arrangements are applicable only if a recipient province is already eligible to receive equalization payments. In other words, their internal provincial revenue-raising capacity must fall short of the national equalization standard, which last year was about \$6,200 per capita. This means by definition that four provinces, British Columbia, Saskatchewan, Ontario and Alberta, would be missed by the opposition's specific proposal.

Second, for the Atlantic arrangements to continue for the longer term, a recipient province would have to carry a provincial debt burden that is among the four worst in the country. By definition that would leave out the other six.

To illustrate where things stand at the moment on debt loads, the debt to GDP ratio in Nova Scotia is close to 43%. In Newfoundland and Labrador it is a whopping 63%. These are the two most heavily indebted provinces in the nation.

● (1040)

The average for all the provinces is some 25% and that is about where a province like Saskatchewan stands, better actually than the debt ratio of the Government of Canada, which is about 38%.

In this search for fairness and equitable treatment, which we are all in the House concerned about, it is not as simple or as easy as just extending the Atlantic arrangements. On the issue of equalization clawbacks, as mentioned in today's motion, it must be noted that such a mechanism applies in the present formula to all so-called overpayments under the equalization system, not just to those that result from non-renewable natural resources. It would therefore be difficult for a majority of the provinces, as things stand now, to accept a clawback exemption or exception for only non-renewable sources of revenue.

Indeed, Premier Hamm of Nova Scotia, Premier Binns of Prince Edward Island, Premier Lord of New Brunswick, Premier Charest of Quebec, Premier McGuinty of Ontario and Premier Doer of Manitoba, to be precise, three Conservatives, two Liberals and a New Democrat, are all on the public record clearly opposing this approach that is embedded in the opposition's motion today.

I make this point not to be critical of the benefits, which the opposition wishes to see extended, but to underscore the complex challenge of accomplishing that objective in a way that is perceived by all to be fair to all. Change in this very difficult area must be accomplished in a careful and thoughtful way.

That is why, before we began to tackle the various issues related to the equalization program through back to back first ministers' meetings last fall, we gave the provinces some guarantees about what would happen during a two year transition period. The equalization receiving provinces had at that time just experienced a sudden drop in their benefits in one particular year. It caught everybody by surprise. They complained that the program was too

complicated, too unpredictable and not adequate to meet their needs. They said that they could not conclude a reasonable deal on health care unless they knew where they stood on equalization.

To accommodate all of that, we put a floor under the program to overcome that previous shortfall, bringing the benefits of equalization to \$10 billion this year, then up to \$10.9 billion next year and then indexed annually thereafter, as I mentioned earlier. We also eliminated the clawback effect for this year and for next year. We are distributing the available dollars according to an interim formula, pre-negotiated and agreed in advance with all of the premiers. That is for 2004-05 and 2005-06.

For the future we have commissioned a team of acknowledged, independent and impartial experts to consult with all the provinces and with others and to report back by the end of 2005 on the best possible allocation of equalization entitlements, ways to make these payments more stable and more predictable, the most appropriate methods of measuring disparities among the provinces, and the proper way to treat various provincial revenue sources, such as natural resources, property taxes and user fees, all of which have been the subject of interprovincial disagreements from time to time.

That gives a flavour of the difficulty and the complexity of dealing with this issue. At any given moment in time the equalization program has 1,320 moving parts, spread over four fiscal years, so one can imagine the difficulty in trying to achieve genuine fairness and equity out of that very complex picture.

● (1045)

The five distinguished Canadians who will be serving on the expert panel on equalization are: Mr. Al O'Brien, a retired deputy provincial treasurer from Alberta with a 35 year career in the provincial public service; Elizabeth Parr Johnston, a private consultant who formerly headed up both Mount St. Vincent University in Nova Scotia and the University of New Brunswick; Dr. Robert Lacroix, the much respected rector of the Université de Montréal; Fred Gorbet, a public policy adviser with 24 years of experience in the federal public service; and Michael Percy, the dean of the School of Business at the University of Alberta. Their nominations to serve on this important panel have been very well received. I sincerely thank each and every one of them for taking on a difficult but crucial assignment to make the equalization system better.

While we await the panel's advice on how to make equalization as effective and timely as possible, there are many other fronts upon which we can make and are making progress. The success and well-being of Canadians is not solely a function of intergovernmental fiscal transfers. They are important, obviously, but there are many other important ways in which the Government of Canada contributes to the provincial and regional strength and prosperity of this country.



*Supply*

For example, in the 2005 federal budget the Government of Canada is investing more than \$1 billion over five years in Canada's regional development agencies. We are putting another \$1 billion toward maintaining the momentum of our innovation strategy ensuring that all Canadians, east, west, north and centre, are fully a part of the knowledge based, technology driven and highly skilled world of the 21st century.

In British Columbia, among other things, the innovation agenda includes world leading particle physics research through the TRIUMF project.

In Atlantic Canada, it is a host of new initiatives under the Atlantic innovation fund and the NRC's Atlantic technology clusters.

In Quebec, among other things, it includes major new work in the field of genomics research and through the Canadian Space Agency located in Montreal.

In Saskatchewan, it is the Canadian light source Synchrotron, the new InterVac Vaccine Centre and the Petroleum Technology Research Centre which houses probably the world's most useful science on mitigating the effects of climate change.

In Ontario, it is more federal funding to the automotive sector and through all of our science granting councils and more help to universities to defray their indirect costs of advanced research in Toronto, Guelph, Kitchener-Waterloo, at Western and the list goes on.

We are also investing in vital public infrastructure in cities and communities, both large and small, in every corner of Canada. This includes \$3 billion in the direct infrastructure initiatives for municipal and rural projects, for strategic projects and for border projects that are already up and running; plus \$300 million more in the budget for the green municipal funds administered by the Federation of Canadian Municipalities; plus \$7 billion more over 10 years through the full GST rebate to all municipalities; plus \$5 billion more ramping up over the coming five years through the sharing of the federal excise tax on gasoline, and then an ongoing \$2 billion per year thereafter for cities and communities from the Government of Canada.

I mention all these examples to underscore the point that federal investments in fairness and in equity and federal support for regional growth and strength is not limited to transfer payments. It goes far beyond that, billions and billions of dollars beyond equalization and other transfers to the benefit of Canadians everywhere.

Since the mover of the motion today and I both come from Saskatchewan let me close my remarks today with a couple of points specifically about my own home province.

Since 1957, since equalization first began, Saskatchewan has had to rely on these payments to keep its head above water. However recently that is beginning to change partly because of the adjustments that we made to the equalization program last year which brought an extra \$710 million into Saskatchewan from the Government of Canada, and that is the biggest equalization bonus to Saskatchewan ever in history.

● (1050)

However the truly good news is that Saskatchewan does appear to be graduating from its historic reliance on equalization for a big chunk of the provincial government's annual budget. Not including equalization, Saskatchewan is now collecting its biggest provincial tax revenues in history and has joined the ranks of the three or four most fiscally secure provinces. Commodity price forecasters are projecting strong ongoing markets for oil and gas supplies worldwide and that augers well for Saskatchewan's fiscal future.

If this province needs to fall back upon equalization once again, the program will be there to help, hopefully an improved program as a result of the work of the panel.

Rather than struggling with the perpetual uncertainty and the minimized ambitions that such reliance upon equalization implies, Saskatchewan, happily, is increasingly in the position to break free from its historic limitations and to move boldly ahead. As the reform of equalization continues to unfold, I want to ensure that Saskatchewan is in all respects treated fairly just as I want every province in this country to be treated fairly.

The expert panel, for instance, will be asked specifically for its advice about how to deal with natural resources in the equalization formula. The cases to be made by Saskatchewan about how to adjust the formula for the future will be afforded a full and fair hearing.

At the same time, as we all strive to make equalization as robust and as fair as possible for Saskatchewan and for every other province, let us keep our eyes equally upon economic growth, investment, new business development, new jobs, the things that could propel Saskatchewan beyond the status quo of the last 50 years to a new kind of future, not boxed in by history or geography, distance or climate, politics or defeatism.

The Government of Canada must invest in Saskatchewan and in other parts of the country in more than just equalization. For example, it must invest in a bold plan about water development for the future, in energy development, in new innovations, science and technology, in value added in the livestock sector, and in social and economic infusion, particularly to attract new Canadians to Saskatchewan and to better engage our aboriginal population.

I am an optimist about Saskatchewan. This is the centennial year of the province, 1905-2005. While paying proud tribute to our past, we need to be equally focused on our future and we need to build that future. Would it not be great for the historians 50 years from now to analyze this time, to look back on these early years of the 21st century and say, "That's when Saskatchewan regained its momentum. That's when it gained its traction, its self-confidence. That's when Saskatchewan moved beyond old dependencies and limitations. It focused on growth. It believed in itself. It seized its future and it never looked back".

*Supply*

● (1055)

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** Mr. Speaker, I had a discussion with Premier Hamm of Nova Scotia a few days ago. He said that he sure was glad that he does not live next to Alberta. A huge problem for Saskatchewan is that even if it could find a way to reduce some of its taxes which are not competitive with Alberta's, the equalization plan would be right there to club it over the head for doing it.

The payback was a one time thing. I agree with that. It was a good thing, but I remind the Minister of Finance that the federal government had clawed back things such as the sale of crown leases at the rate of 240%. This was an adjustment for some of the gross inequities that I think any fair-minded Canadian would realize is just wrong. It is a one shot deal. It is not like the Atlantic accord, which is a more permanent solution to the whole problem.

Quite often in question period the Minister of Finance refers to the Grant Devine regime. I want to put something in perspective. I remember 1981 and 1982. Marc Lalonde was the minister of energy. He forecast \$100 a barrel for oil in this country. He painted a rosy picture. It was \$40 a barrel then, which would be about \$80 a barrel now. The prospects were never ending; Saskatchewan was going to be a rich province forever and a day. It was only a matter of time before those things collapsed. Grain prices collapsed and interest rates were 19%.

I am not trying to defend the Devine government. The member opposite knows that I was never an enthusiastic supporter of the direction of the Devine regime, but I am pointing out that there are a whole lot of things that happened in Saskatchewan in the 1980s.

Anybody governing that province would have had a very daunting task. I think the Minister of Finance was a member of the provincial legislature at that time and was well aware of a lot of the problems. Most people would say that the national energy program itself extracted close to \$2 billion out of the Saskatchewan economy in those times as well, which was not a good thing.

I wanted to put some fairness into this. Surely the Minister of Finance is not saying that equalization should punish provinces because they do not agree with a government they may have had in the past. Should we punish Quebec because we did not like the Duplessis government back in the 1950s or 1960s? I do not understand the argument.

The equalization formula should measure a province's current fiscal capacity and try to meet the intent of the Constitution. Making reference to some government in the 1980s and saying to a province that it is not entitled to equalization because one did not agree with its politics back then is a poor argument and quite honestly, an unfair one.

I do not want to start pointing fingers at other provinces saying that I did not like the NDP government in B.C. at a different time or a government in another province. I do not see how that serves this debate. I wanted to bring that to the attention of the Minister of Finance because I think his argument is flawed.

**Hon. Ralph Goodale:** Mr. Speaker, in previous debates I have made the references to which the hon. gentleman refers simply as a matter of putting the current situation into some context. While the

debt load in Saskatchewan is relatively low compared to most other provinces, at about 25% or thereabouts of provincial GDP, the fact of the matter is that the debt load today would be a much lighter burden if the course of events in the 1980s had gone in a different direction. That is just historical context.

That is not to say that Saskatchewan should not be entitled to all the benefits of federal legislation and federal programs like equalization and all the others. It is simply to put the matter in context. There is no argument being made here about punishing the province for the previous failures of a previous administration. It is simply to explain why some of that burden exists now 15 or 20 years later.

On the matter of the payments that were made to Saskatchewan last year, I am very pleased that those payments were made. I think Professor Courchene, who was referred to earlier, performed a valuable public service by doing the kind of analysis that he did in pointing out in particular the problem with crown leases and for last year a payment of \$120 million was made in order to correct the deficiencies in those old calculations about crown leases.

I would also add that we made the commitment to Saskatchewan to keep that analysis of previous errors in calculation methodologies going and to bring it up to date constantly. In fact this year we will be making another payment to Saskatchewan in respect of that same problem, in the order of about \$6.5 million more, intended to get rid of those old issues and to make sure that the excessive clawbacks to which the hon. gentleman referred are fully corrected.

On top of those corrections, we have added \$590 million more because of the floor we have put under the system for this year. I hope that the good work of the panel will give us valuable advice about how to adjust this system for the future so old problems do not occur and that all provinces, including Saskatchewan, will be treated fairly based upon the panel's advice.

● (1100)

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, the Minister of Finance talked about the Saskatchewan net to GDP ratio of approximately 25%. My information has it at about 34%. I wonder if the minister could confirm that.

He talked about the payments last year to Saskatchewan of \$710 million, but he failed to recognize that there was also an equalization adjustment of \$223 million, in effect clawing that money back. Therefore, the net to Saskatchewan was not \$710 million.

I stated several reasons why I believe that non-renewable natural resources should be removed from the formula. There are many more which I will not get into now because of time, but one of the indices which I think is a true indicator of the net fiscal capacity or the net worth of a province is what I mentioned earlier, and that is the net per capita fiscal capacity. It shows that in 2003 Saskatchewan was the third worst in Canada with under \$20,000.

*Supply*

Provinces such as Manitoba and Quebec had a higher net per capita fiscal capacity, yet they were receiving an enormous amount of money more than Saskatchewan. Projected for 2005-06, Manitoba which has a higher net per capita fiscal capacity than Saskatchewan is going to receive \$1.6 billion. Quebec will receive \$4.8 billion. Saskatchewan will receive only \$82 million. I wonder how the minister can justify this as being fair to Saskatchewan.

**Hon. Ralph Goodale:** Mr. Speaker, I believe the arithmetic that the hon. gentleman is using is arithmetic which, for the purposes of the argument, eliminates the impact of non-renewable resources in the calculation of the figures. This is one of the thorny questions the expert panel will have to grapple with.

In my experience over the last number of years, there have been three issues in particular that have bedevilled the equalization system and have raised questions of equity, not just involving Saskatchewan but involving a variety of other provinces. The first is the treatment of property taxes. That hits in different ways in different parts of the country. The second is the extent to which user fees are considered to be sources of revenue and therefore are or are not included in the formula. The third is natural resources, both renewable and non-renewable.

Because we recognized the complexity of all of this and the issues that cut in such different ways in different parts of the country, we started to reform the equalization system last year. We did this first by making more money available to it, putting a floor under it to try to give every province a leg up while we were going through this period of transition. We also created a panel of impartial, non-partisan, independent experts. I mentioned their names in my remarks. They will do the government, the opposition and the whole country, including all of the provinces, a great service by analyzing these bedevilling questions and giving to all of us the best advice about how to fix this incredibly complex formula and to do so in the interests of Canadians everywhere.

• (1105)

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, first, I want to thank my Conservative colleagues for this opportunity to discuss the important issue of equalization.

I listened carefully to the speech by the Minister of Finance. I think some of his information is inconsistent, particularly when he said, "We have taken note, in the past, of problems with the equalization formula. We have started to make corrections, to fix the inequities and to consider all the provinces as equal". I must tell him that if we are questioning, now, the equalization formula and the special agreements with the provinces and if we are debating the pros and cons of such agreements, it is thanks to the Prime Minister and the Minister of Finance, and I do not mean that in a good way.

During the election campaign, when the current Prime Minister thought the rug was being pulled out from under him, when he felt the power slipping through his fingers, he travelled across Canada making lots of absurd promises and commitments.

One such commitment was to Newfoundland and Nova Scotia. During the election campaign, he promised that offshore oil and gas resources would be exempt. He knew quite well—or if he did not know, he is completely missing the boat—that he would create huge

distortions in the equalization formula, if he carried through on his commitments, as in the case of the special agreement of \$2.6 billion over eight years he concluded with Newfoundland on January 28, and another one for \$1.1 billion over the same period with Nova Scotia.

By doing so, the Prime Minister and the Minister of Finance have created an extraordinary precedent. Obviously, amendments to the equalization formula have been made since 1957. Changes have been made for example to the revenue sources, part of the formula which determined how much equalization each province is entitled to. Some revenue sources were added, others were eliminated. At one point, the formula was based on a 10-province standard, and then on a 5-province standard. However, this kind of special agreement is unprecedented. This generosity of this agreement is also unprecedented.

This agreement totally altered the objectives of equalization as set out in subsection 36(2) of the Constitution. I will remind the Minister of Finance of this, if I may, since I have the impression sometimes that he does not fully understand what the program is all about. Subsection 36(2) of the Constitution says that equalization aims "to ensure... reasonably comparable levels of public services at reasonably comparable levels of taxation."

The preamble to providing "reasonably comparable levels of public services at reasonably comparable levels of taxation" is to treat each province consistently fairly, based on a single formula. That is the principle of equity.

Parallel agreements that exclude offshore oil revenues, one of the 33 revenue sources used in evaluating the fiscal capacity of each province, that is the wealth of the province and its capacity to provide quality services at more or less comparable levels of taxation, skew the calculation.

This is the case for two provinces in particular, so the whole formula is skewed. The objectives of the equalization formula, objectives set out in subsection 36(2) of the Constitution have been skewed, and we are being told this is a first step to improvement. There has been no first step to improvement. It is a total travesty of equalization and its objectives, so much so that even Ontario is now complaining about it.

• (1110)

A week and a half ago, we were in Toronto in connection with the committee on fiscal imbalance, which I have the honour to chair. Ontario finance minister Greg Sorbara told us that, since this agreement, Ontario has been questioning its participation in the federal tax base and Canada wide programs. It is not that Ontario no longer wants to contribute to these programs, but rather it feels that, in a great gesture of generosity, with a specific agreement like this one, the government has undermined one of the basic principles of the equalization program, which speaks of equity.

### Supply

There is no more equity. The Prime Minister has gotten us into an unprecedented mess. Such a mess that, instead of lessening the inequities between provinces and reducing fiscal imbalance, horizontal as well as vertical, the Prime Minister and the Minister of Finance have heightened disparities.

Let me illustrate the financial magnitude of this agreement with Nova Scotia and Newfoundland and Labrador. Huge amounts are involved. Equalization is paid per person, that is to say, on a per capita basis. If we take the amount that will be provided to Newfoundland and Labrador, for example, namely \$2.6 billion over eight years, including \$2 billion immediately from the Minister of Finance's surplus for the 2004-05 financial year, and apply it to Quebec on a per capita basis, the payment—listen to this—would be \$38 billion over eight years for the Government of Quebec. That is if the generosity of this agreement with Newfoundland and Labrador is taken into account.

It is so generous and it so upsets the delicate financial balance of the equalization formula and its concern for inter-provincial equity that at the present time—it can be seen and we have heard it from Mr. Sorbara and from Messrs. Audet and Séguin in Quebec City—at this very moment, if this agreement is taken into account, the fiscal capacity of Newfoundland and Labrador has surpassed that of Quebec, of course, but Ontario's as well. The term fiscal capacity refers to the ability to generate revenue from property taxes, individual income taxes, the GST, etc., in short, the 33 sources of user fees and taxes taken into account in the equalization formula.

It is hardly surprising that Mr. McGuinty and Mr. Sorbara have come out saying that this no longer makes sense. One cannot have special agreements like this, which upset and completely mess up a system that the government wants to improve. Instead of the system being improved, it has been messed up even more than it was. It can hardly be said that corrective action was taken when everyone revolts and wants to have special agreements like this.

Is the federal government not teetering on the edge of a slippery slope here and at risk of losing its balance because of this special agreement? Instead, a comprehensive approach to and reform of equalization and taxes and comprehensive reforms of them.

In fact, the equalization debate is actually part of a broader discussion about the fiscal imbalance. Everybody can see it in Canada, from Halifax to Regina. As a matter of fact, we were in Regina just yesterday with Premier Calvert. Everyone knows that it makes no sense for the federal government to have individual agreements like this and pit the provinces against each other in this way. Over the next five years, with special agreements as generous as the one for Newfoundland and Labrador and Nova Scotia, the federal government's surpluses are expected to total \$70 billion.

All provincial governments are staggering under the burden of their responsibility to provide quality services. These services are enshrined in the Constitution as part of the equalization program. Everyone wants to provide quality services, but front-line health, education and social services are the responsibility of each province. They are staggering under the load and do not have sufficient financial resources to be able to adequately respond to these fundamental needs, which rank among the highest priorities of Quebecers and Canadians.

Meanwhile, the federal government is piling surplus on surplus. In the next five years they may well reach \$70 billion. The federal government negotiates individual agreements in order to get the provinces bickering, so that it can ride to the rescue and be lord and master of the allocation of funds.

● (1115)

This approach is unacceptable. It cannot continue.

The minister was talking about equity. Allow me to give an example that disproves his statement. When we talk about treating the provinces fairly, the formulas and the weights for each province are based on very clear and very fair rules.

This special agreement has been reached with Newfoundland and Nova Scotia, which has already added more pressure to the fiscal imbalance caused by the election promises of the Prime Minister and the Minister of Finance.

In addition to this special agreement, another was reached with Saskatchewan. This year, it was decided to give that province \$582 million. Even though the province was not entitled to equalization payments, the Minister of Finance, a native of Saskatchewan, found a way to manipulate the figures so that it would receive \$582 million.

Since we are talking about equity, let us talk about it truthfully. While special agreements are being signed with certain provinces, the Government of Quebec is being asked to return an equalization overpayment it is claimed to have been paid in recent years, in the sum of \$2.4 billion.

Side deals were made in order to exclude sources of significant income, as in the offshore oil revenues in Nova Scotia and Newfoundland. A side deal was reached with Saskatchewan that would pay it more than \$580 million, even though it is not entitled to equalization, and British Columbia's equalization debt of roughly \$132 million—if I am not mistaken—was forgiven. However, Quebec is being asked to reimburse \$2.4 billion. This is fair. That is how the provinces are being treated fairly and according to strict and fair criteria invariable from one province to the next.

The Minister of Finance should be ashamed of the gulf between his actions and words, which he passes off as a solution to the equalization problem. This is no solution. Anything the government has done about equalization from the start simply makes an even bigger mess of it. The formula does not convey the fiscal capacity of the provinces very fairly. I will come back to this later.

There is a double standard when it comes to negotiating with Newfoundland, Nova Scotia, Saskatchewan, British Columbia and Quebec. We call that inequitable, unfair and irresponsible. The Prime Minister made a commitment that has put us in an unbelievable vicious circle where everyone is dissatisfied when they do not get a side deal like Newfoundland and Nova Scotia did.

*Supply*

Yesterday in Regina during a session of the Subcommittee on Fiscal Imbalance, which I chaired, I had the opportunity and immense honour of welcoming the Premier of Saskatchewan, Mr. Calvert. I must say, his presentation was extraordinary. He truly presented things as they are, with perhaps one of the best analysis that has been presented to the Subcommittee on Fiscal Imbalance since it began its work. We were very proud to include him among the distinguished guests of the committee.

Mr. Calvert mentioned the unfair treatment Saskatchewan has suffered with regard to equalization payment clawback rates. The Minister of Finance should show some sensitivity. He also said that his province has suffered as a result of the treatment of the mining sector. Under this miserable equalization formula, which should have been overhauled a decade ago, the mining sector is compared to a national average, which does not take into account specific regional and sectoral differences. This means that the Government of Saskatchewan's mineral resource revenues are unreasonably inflated and so its equalization payments are reduced accordingly.

The panel of experts should have asked to seek a solution to this situation. In passing, the panel members are highly respectable individuals, such as Robert Lacroix, an economist and my university thesis advisor.

• (1120)

Mr. Lacroix is a very competent economist with a great deal of experience. Furthermore, he is a nice person and he was my professor. As a result, I cannot criticize my alma mater, the Université de Montréal, and the economics department, as well as the then department head, who was Robert Lacroix, my professor and thesis advisor. All joking aside, I am extremely pleased that Mr. Lacroix is on this committee along with various other people whom I respect, of course.

However, their mandate is not to review the parameters of equalization or, for example, the treatment afforded mining or property taxes. This is not something Quebec alone is demanding; almost all the other provinces are asking that the parameters of the equalization program relating to revenue sources and fiscal capacity be overhauled.

It is, for example, so easy to introduce provincial property values directly into the formula that some technologists somewhere have found a way to make things so complicated, to develop approximations and to tell us that variables had to be taken into account, ones that were totally wrong. As a result, we end up today with an evaluation of Quebec's property tax capacity for 2002 at \$71,400 per capita. This figure is arrived at using a convoluted process that makes no sense and gives some people with some rather original ways of thinking the latitude to complicate the formulas. In fact, with the latitude to come up with just about anything. This figure of \$71,400 is supposed to be Quebec's per capita property tax capacity.

The real figure for 2002 was in the order of \$30,000. With the formula the government used, it is over twice that. What does this variable end up doing? Inflating Quebec's property tax potential and reducing equalization payments accordingly. Over the years, the government has used a number of similar ruses to avoid having to measure true tax potential and to get away with paying less in

equalization payments than the recipient provinces ought to have been entitled to.

As for the yardstick, fiscal capacity is evaluated and there are already problems with the assessment, as we have seen with property taxes. The average is calculated on the basis of five provinces. Why five, when there are ten provinces and two territories? Because, at some point, the arbitrary decision was made to use five rather than ten because this meant paying less to the recipient provinces. The federal government did calculations using the 10 province standard and found the figure too high, so it lowered the number to 5. Why? Had they used the real average, that is the average of fiscal capacity for all of Canada, including all the provinces and territories, they would have come up with a far better figure. That too needs to be corrected.

Yesterday, I also spoke to Mr. Calvert about the mining industry. Corrections need to be made there as well. This is not the mandate of the committee of experts, but it should be taken care of. I will give an example. There needs to be the intellectual honesty and the political honesty to explain the real reasons and to say that reforming the equalization formula would correct a good number of interprovincial inequities and allow us to achieve the constitutional objective of equalization, which is to provide public services of comparable quality with comparable levels of taxation. If this were done, Saskatchewan would receive \$364 million more a year. This would be the case if the property tax base—the distinction when it comes to the mining industry—were corrected and if we used a 10 province standard rather than a 5 province standard. This should please Mr. Calvert and my colleague from Prince Albert, who, by the way, does more to defend the interests of Saskatchewan than the Minister of Finance does. I commend him on this. Yesterday, at the committee hearings, he correctly indicated he would work to defend the interests of that province.

True corrective measures need to be taken with equalization that take into account interprovincial equity and the true fiscal capacities of the provinces. The government's divide and conquer approach in making side deals with a given province must end, otherwise the other provinces will rise up against it, as we saw with Newfoundland and Labrador and Nova Scotia.

• (1125)

We must reform equalization payments, but we must also settle the fiscal imbalance issue. That is the mandate of our committee and I hope that the Minister of Finance listens to it today. In the end, part of the federal government's expected \$70 billion surplus over the next five years must be redistributed to the provinces through the transfer of tax fields and by changes in the equalization formula to provide equitable benefits to all recipient provinces. In that way, even the provinces which do not receive payments, such as Ontario, could recover some of the room to manoeuvre they once had.

For example, Ontario had a deficit of \$6 billion this year and \$10 billion the year before. The Government of Quebec is also headed towards a deficit this year and next year. It is not reasonable to be accumulating surpluses here and creating problems of this sort for the provinces.

*Supply*

I hope that the Minister of Finance has understood and that the Conservative Party has realized that we cannot support such a motion. On the other hand, we are prepared to work toward more general and more suitable solutions for all provinces.

[*English*]

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I rise on a point of order. I believe there have been consultations among all parties and that you would find unanimous consent for the following motion. I move:

That today's supply day motion standing in the name of the member for Regina—Lumsden—Lake Centre and seconded by the member for Prince Albert be amended to be seconded by the member for Blackstrap.

**The Deputy Speaker:** Does the member have the unanimous consent of the House to present this motion?

**Some hon. members:** Agreed.

**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)

**The Deputy Speaker:** The amendment moved by the member for Prince Albert is in order. Debate is on the amendment.

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, I rise to address a very critical issue in Canada today and a very complex one too. I wish we were not here today debating this particular amendment because I do not find it particularly satisfactory to the dilemma we find ourselves in.

However, it may be the only way in which we can register our concern and opposition with the government, and the way it has botched a critical matter in Canada today.

We are almost at a crisis point in this country in terms of our federal-provincial relations. I have been in political life for close to 20 years. I have never seen such a divisive situation, such a sour situation with many different agendas competing for attention. I have never seen so much backstabbing and so little leadership to bring parties together to build a strong nation.

I have travelled the country with the finance committee on fiscal imbalance. I have had a chance to see just how deep those divisions are and what angst exists in provinces right across this country. I cannot emphasize enough the seriousness of the situation today in terms of our nationhood, in terms of our ability to build a stronger nation, to keep the federation in place, and to address competing interests between the provinces, the territories and the federal government.

I am worried about how this situation will unfold in the next short while. I have not seen any leadership from the government. I have not seen any leadership from the finance minister, the Prime Minister, or any of his colleagues. I feel nothing but gloom and despair as I see events unfold and feel somewhat helpless about this tragic situation. If I, as an elected member of this place, feel helpless, just imagine how Canadians must feel watching the news day in and day out and wondering what this country is coming to.

We are debating today one of the most fundamental concepts for this nation as a whole, for the preservation of national unity, and for describing our unique identity. Yet, we have heard neither a satisfactory answer from the government nor a clear cut proposal from the official opposition.

As I said at the outset, we may support the motion. It may be the only way by which we can register our opposition to the government which continues to act as if it had a majority and continues to ignore the voices of parliamentarians and the wishes of Canadians. It may be our only way to force the government to address some inequities in the system that it has created. I think in particular of the Minister of Finance's own province of Saskatchewan and the way it has been treated over the course of the last several months vis-à-vis the side deals that the government has embarked upon.

Equalization is about who we are as a nation. It is the glue that holds this country together. Equalization is part of the financial foundation of our social programs. It is part of the collective commitment that we all make to solidarity and social cohesion.

• (1130)

It is a program and a concept that is so important to Canada that it is entrenched in the Constitution. It is a program that has a long, proud history and it must be remembered and revisited at this critical moment if we are ever to find our way through these deep divisions and these dark days.

I do not need to remind the House that we have had equalization since 1957 for the provinces and 1958 for the territories and how it has formed an integral part of our national effort to ensure some semblance of equality across our diverse regions, provinces and territories.

Equalization aims at ensuring roughly comparable services with roughly comparable taxation levels through good economic times and bad. It symbolizes, at the macro intergovernmental level, the positive role that government can and must play in redistributing wealth so all may prosper. As I said, it is so fundamental to the fabric of Canada that in 1982 it was entrenched in the Constitution.

If equalization is so fundamental to the country, why are we here today dealing with a motion that essentially is running around trying to pick up the pieces of the equalization process? Why are we dealing with a motion from a political party that has no more interest in pursuing the notion of equalization than it has of pursuing equality for women?

*Supply*

I do not need to remind members how much this concept has been held in disrepute by members of the Conservative Party and before that members of the Reform Party. I do not think we need to go over the whole history, except to remind ourselves that inherent in the position advanced by the Conservatives in the House today is the notion that somehow equalization is bad because it saps energy and vitality and takes away incentive to overcome the odds and prosper without due regard for the structural issues at the heart of any difficulties a province or a region might face, without any understanding of the historical accidents that occur, which is really the placement of oil and gas reserves and other natural resources. It has nothing to do with the strength of a province such as Alberta with its ability to overcome all odds. It has to do with an accident of history where those reserves are placed.

It is like trying to get through to that party the concept of equality of condition for all individuals. The Conservative Party has no understanding of what it means to help put in place those programs and supports that ensure equality of condition. The Conservatives seem to think that all that has to be done is let people loose and they will do it on their own. They will overcome all odds and difficulties and do not need to have a government that worries about a national child care program, a health program, an education support system, a housing program, an environmental protection program, a transportation program or a social assistance program. The Conservatives do not have any understanding of those programs.

Therefore we obviously approach this debate with a great deal of reservation. If and when we support the motion it will be with a great deal of reservation. It will be because we are left with a government that refuses to exercise its leadership and prevent the kind of dismantling of the country that we are seeing all around us.

Why are we trying to pick up the pieces here in this way? We do not have to look very far. We only have to look to the government benches. The Liberal government bears responsibility for this mess in so many ways.

• (1135)

It was the Liberals, under the current Prime Minister at the financial helm, who brought in the vicious cutbacks of the mid-1990s, which sent transfers for health care, post-secondary education and social services into a tailspin, that has spawned an ongoing series of crises over federal-provincial funding arrangements that continue to this day and goes to the heart of my presentation today.

We are not dealing with a situation that has been fixed by the Liberals. We are dealing with some band-aids, a patchwork of systems, a set of boutique programs over here and some pilot projects over there, to try to deal with the kinds of crises the government has created with its single-minded focus on dealing with the deficit back in 1993, as opposed to balancing the need to restore some balance in the fiscal situation of government while not neglecting the human deficit.

Yes, it was the Liberals and their transfer cuts that downloaded more financial responsibility on to the provinces that added to equalization pressures as the only life raft within sight through which to recover provincial stability. It was the Liberals who followed the Conservative dictum of backing out of their government responsi-

bilities to develop an energy strategy for Canada that has led even more directly to today's debate.

Such a strategy is the proper context for today's discussion but, under the Liberals, the strategy does not exist. During their entire regime, fully conscious of the changes that signing free trade agreements has brought to our energy picture, the Liberals have done nothing. Selling off Petro-Canada for them is an energy strategy.

Even worse, for their entire regime they have also been aware of the energy implications of climate change and the need to act on Kyoto. Again, they have done nothing to build an effective energy strategy for the future sustainability of our economy and our planet, or even to work out these vital issues with the provinces and territories.

As my leader, the member for Toronto—Danforth, wrote in a communication with the premier of Newfoundland and Labrador almost a year ago, Canada needs a national energy strategy that not only corrects such fiscal imbalances regarding resource extraction but also best positions our country for a future under the Kyoto protocol and beyond.

The government has been dithering with a capital *D* and that dithering has become the Liberal trademark, the real branding of the government. Wherever else we have seen it over the last few days, weeks and months, whether we are talking about the sponsorship scandal and the Gomery file, the budget and its commitment to deal with social infrastructure and urban needs, or any number of issues before us today, that dithering has extended to the whole equalization process as well.

It was the Liberals in 1982 who brought in a system of basing equalization payments on only five provinces' economic performance, Quebec, Ontario, Manitoba, Saskatchewan and B.C., instead of ten. It has created problems over the years but the Liberals have avoided the type of meaningful negotiations with the provinces that could have reached a more lasting solution.

A make do, buy some time agreement in 1999, was an opportunity to move forward, but no. What did we get? We got more dithering. The fundamental issue was so low on the Liberal priority list that by the time the deadline was approaching in late 2003 so little had been done that the Liberals had to introduce Bill C-54 as an interim measure just to ensure that the whole equalization process did not grind to a halt along with equalization payments.

When that died, to enable the Liberals to create an event out of their leadership change, they had to follow up last February with Bill C-18 to essentially buy another year of time.

### Supply

•(1140)

However, that was not at all necessary. All the provinces, interestingly, at that point in time were in agreement as to the route forward to get equalization back on track with a full 10-province rating system and an all inclusive calculating method. I have the document here and I hope the Minister of Finance refreshes his memory with this important contribution dated September 2003, a paper entitled, "Strengthening the Equalization Program: Perspective of the Finance Ministers of the Provinces and Territories".

Just a couple of years ago the provinces were in agreement on a proposal that would have dealt with some inherent problems in our equalization system. It would have put us on a solid footing for ensuring that the program continued over the next five years on a fair basis and in a reasonable way. The proposal called for a 10-province standard and the inclusion of all revenues, including non-renewable energy resources. It would have worked and it would have had the support of all the provinces. It would have dealt with some inherent inequalities. It also would have, by its existence, prevented the government from making the foolish mistake it did by not pursuing a good plan and then ending up making side deals with Newfoundland and Nova Scotia.

I believe the Liberals apparently were not interested in actually negotiating a solution. Instead, they came back to the provinces in October with a take it or leave it deal, another Liberal trademark by the way, to which the provinces and territories reluctantly agreed despite some obvious flaws. They put a pot of money on the table and told the provinces that it was theirs to basically do with as they wanted. The Liberals then set up another committee to study a longer process and a panel for which there are deep concerns right now about who is on it, what work it will do and when it will report.

Immediately the Liberals became embroiled in side deals. If we fast forward, today we are being asked to formally recognize side deals as the new way of doing equalization. It is obvious that the Liberal deal from last October began to unravel before the ink was even dry on the page. The danger is that the whole valued equalization process may unravel with it as both have and have not provinces have heightened, not lowered, their dissatisfaction levels. The dilemma should be really no surprise to Canadians. Balkanization has become the Liberal password.

We have watched the Liberal government's consistent abdication of the use of national standards or the national programs that have been part of the great tradition that has built Canada. The current Liberal government seems only qualified to dismantle programs and measures such as equalization.

Social cohesion seems to run counter to the Liberal vision and the corporate interests it represents. Equalization is the fault line in the neo-Liberal agenda in Canada where Liberal cuts and downsizing government services meet government's role as the major agent of equality and the redistribution of wealth head on.

Of course Saskatchewan and other provinces want to protect their future economic stability. They recognize the volatility of the commodity market. Unfortunately, the Liberals have not acted. They have stood by as spectators while our economy has shifted once

again back toward a dependence on oil, gas and other commodity exports to the United States.

The Liberal dithering and inaction is stunning to its extent and that is why we end up in this dilemma in the House today debating a motion that is less than satisfactory but one that may be the only way to make the government listen to the provinces, deal with the present concerns and inequalities, as in the case of Saskatchewan, and begin now to put in place a formula that is based on the 10-province standard inclusive of all revenues.

•(1145)

**Hon. Ralph Goodale (Minister of Finance, Lib.):** Mr. Speaker, I was taken by the tone in the hon. member's remarks at the very beginning when she sounded terribly gloomy about the future of Canada. It was a very negative message. I contrast that with the news clippings that I have been reading recently in Saskatchewan.

There is one today from the Canada News Wire that says "RBC forecasts healthy economic growth for Saskatchewan". There is another one from the CanWest News Service that says "Scotiabank bullish on Saskatchewan economy". There is another from the Regina *Leader-Post* that says "Saskatchewan has an effervescent economy". There is another one from *The StarPhoenix* in Saskatoon that says "Saskatoon finances are world class". There is another from *The StarPhoenix* that says "The city and the province benefit from federal largesse". There is another from that same newspaper that says "Saskatchewan stock index shows strong growth".

There is lots of indication that the economy of Saskatchewan has turned an important corner and that there is some cause for optimism. That is not to say we take anything for granted, but surely the good news is news should be acknowledged and celebrated.

I note from the position the hon. member has taken today that she directly contradicts the NDP Premier of Manitoba with respect to this matter. Could we have a specific reply on this? Does the NDP in the House support Premier Calvert in his ambitious plan to develop Saskatchewan's heavy oil resources?

•(1150)

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I bring to the House a sobering message because I am deeply concerned about what I see unfolding around me. I wish the Minister of Finance would take off his rose-coloured glasses and start to see what he and his government have created and the kind of divisions that exist.

We do not need to go very far to know that Nova Scotia and Newfoundland and Labrador has a deal that Saskatchewan wants to replicate. We do not have to go far to see Ontario hammering at the door. We do not have to go very far to know about Prince Edward Island, which is concerned about the consequences for its situation. We see division all around us. We see the very glue that keeps this federation together coming unstuck and causing enormous problems. I would hope that he is as worried as we are about the future of this great country.

The minister can look selectively at certain statistics, but he also has to look at some other reality around us.



*Supply*

First, we have to look at the country as a whole in terms of how it is standing up as a nation, vis-à-vis other industrialized countries. How does the minister explain that we are 19th out of 26 when it comes to child poverty and dealing with difficult economic and social situations facing the future of this land? How does he answer the fact that we are the only industrialized country in the world that does not have a national housing program? It means that the provinces are having to pick up the pieces because the government off-loaded its responsibilities.

I could go on in terms of statistics, but I also want to quote from studies that talk about difficulties facing Saskatchewan, since the minister raised that situation. I think he has even quoted from some of these studies. I quote from a document entitled "Equalization: Financing Canadians' Commitment to Sharing and Social Solidarity":

—for Saskatchewan, which for reasons which appear to be irrational, is not gaining protection for 30 percent of its energy revenues, but rather is facing the perverse outcome of having more than 100 percent of its energy revenues 'taxed back'.

That is from Courchesne in 2004 and it is the problem that the minister has said he is trying to deal with in terms of these one-off payments, which is hardly dealing with the overall situation, nor giving the response that he and his government gave to Nova Scotia and Newfoundland and Labrador.

The Premiers of Manitoba and Saskatchewan want what we in the House. We want the government to finally give some leadership around a new course for equalization and to promote and accept the notion that it advanced so many years ago for a 10-province standard that includes all revenue, including non-renewable resources.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I suppose it is not often that I tend to agree with the member opposite on things, but I do on one thing. I found the tone of the hon. member's presentation to be very negative and critical.

During her presentation it appeared to me she was stating that the NDP may not take a position in support of the motion. I would remind the hon. member that the NDP Premier of Saskatchewan is certainly supportive of this motion. In fact, I have met with the NDP Premier of Saskatchewan and his finance minister and we are all supportive of the removal of non-renewable natural resources from the equalization formula. I got the sense from the member's comments that the NDP, federally, may not be supportive of this motion. I find that confusing. I recall only a few short weeks ago the leader of the NDP stood in the House critical of the government on this very issue and showed his support for the removal of non-renewable natural resources.

What is the NDP's position?

• (1155)

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, perhaps the member did not hear me when I quite clearly said that in all likelihood the members of the New Democratic Party would hold their noses and support this motion. We will hold our noses because it is an unsatisfactory way to deal with the problem, but we feel it is the only way to get a message through to this government. We will likely support the motion.

However, we have clear concerns about the intent of the motion, given the history of the Conservative Party, and the Reform Party before it, on the matters of equalization. I want to refer the member to previous comments made by an institute that has served as resources to the Conservative Party, that being the Fraser Institute. It has opposed the redistributive character of equalization. It has called it an elaborate system of bribes, a great pork barrel.

I remind the member that others in his party have over the years expressed great reservations about an equalization program that ensures that everyone in our country, regardless of their province and region, can access relatively similar public services and that their governments are able to provide those services with a relatively similar tax system.

I think my position is clear. We understand the reasons for the motion. We will support it, but it is not drafted in a way that is conducive to a long term strategy.

I wish the Conservatives had mentioned the fact that there are consequences for this kind of proposal and I wish they had mentioned the fact that all provinces want to see immediate action on a 10-province standard that includes all revenue.

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, I would like to congratulate my colleague on her very eloquent speech. It is important that the terms of reference she deals with is the fact that this will affect all the country. I would like her to emphasize again and expand upon the government's handling of this situation and how it also relates to health care and other issues. More important, how this relates to the structures and pillars we have built as a Canadian society which give us our national identity. The issue of health care is an example. The different standards across the country are eroding our national vision and identity. Could she expand upon that?

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, the member makes a very important point, which is the underlying scenario that has led to the difficult position we are in today. We have had a decade of off-loading and deregulation by the federal government. In 1995 alone, \$6 billion in cuts were made to the health, education and social infrastructure.

See what that has done? We have a government that takes its cash, cuts it back, off-loads the responsibility onto the provinces without commensurate ability to do it. At the same time, it guts the employment insurance program and moves people off EI onto social assistance, which is interestingly enough covered by and is under the responsibility of provincial governments.

We have this incredible dilemma being created by a federal government that has no commitment to its responsibilities at a national level. It has failed Canadians with respect to the Canada health and social transfer. It has failed Canadians with respect to education. It failed Canadians with respect to the Canada assistance plan by disbanding a program that at least provided for national standards to ensure that people did not fall below a certain level of economic security.

• (1200)

**Mr. Garry Breitkreuz (Yorkton—Melville, CPC):** Mr. Speaker, I will be splitting my time with the member for Saskatoon—Rosetown—Biggar.

### *Supply*

I will begin my speech by letting people know watching via television exactly what the agreement is that we are talking about today. This is a federal program. It is in our charter. I cannot understand why the federal government would not treat all provinces equally when this is part of the agreement into which all provinces have entered. The government is cherry-picking in deciding this province gets this and that province gets that.

I will state what the agreement is. Under part III "Equalization and Regional Disparities Commitment to promote equal opportunities", section 36(1) states:

Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

- (a) promoting equal opportunities for the well-being of Canadians;
- (b) furthering economic development to reduce disparity in opportunities; and
- (c) providing essential public services of reasonable quality to all Canadians.

It goes on to say:

Commitment respecting public services...

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

This is what we are talking about and this is what I will make my remarks on today.

As we read this, equality for all Canadians is the very purpose in the federal government's equalization program. This is provinces rich in resource revenue helping out those struggling to provide their residents with the services to which every Canadian has the right. In theory, the rationale for equalization makes perfect sense. In reality, however, some provinces are being stripped of their resource revenues and, in turn, their ability to provide their population with those adequate services like timely waiting times for surgery and MRIs.

A national program has to be applied equally to all provinces. That is the essence of what I have to say today.

Special deals made by the Prime Minister have left provinces, like Saskatchewan, on the outside looking in and wondering when they too will be treated equally. Saskatchewan has been cheated by the Liberal government when it comes to fairness. This have province, which has seen its agriculture industry devastated by weather and trade issues, does have a bright spot: its natural resources. However, instead of allowing the province of Saskatchewan to support its people using revenues from oil and gas, the federal government instead uses it to provide residents in other neighbouring provinces, like Manitoba, British Columbia, Quebec, with a better quality of life. Saskatchewan is certainly not being treated equally through equalization.

Until very recently, Saskatchewan was not alone in the fight to keep resource revenues. It took a lot of effort by Newfoundland and Labrador, Premier Danny Williams, but our Prime Minister obviously saw a problem with the equalization formula when it came to provinces like Nova Scotia and Newfoundland and Labrador, and from that we saw the signing of the Atlantic accord. Both Atlantic provinces can now keep their offshore revenues and

provide so much more for their residents. Why not a similar agreement for Saskatchewan?

The Liberal MP from the province knows first-hand the struggle for daily survival in Saskatchewan, at least he should. Yet all he can offer as support for his constituents and the residents of the province are a few empty words about what the Government of Canada wants. Oddly enough, what the Government of Canada wants is exactly what Saskatchewan wants, and that is fairness. If we all agree on that, why is the province of Saskatchewan being forced to beg the Liberal government for an agreement like the one just signed by Newfoundland and Labrador and Nova Scotia?

The words of the Prime Minister at the Saskatoon airport recently have the people of Saskatchewan outraged. Not only was Saskatchewan not allowed on board in January when the last agreement on equalization was signed with Newfoundland and Labrador and Nova Scotia, but the big deal made six months ago that Saskatchewan reaped so greatly from was actually, if we look at it, money owed to the province.

• (1205)

Saskatchewan has been ripped off by the federal government when it comes to equalization. Just six months ago the federal Liberal government corrected past inequities and the money Saskatchewan was supposed to be rewarded with six months ago was the province's money all along.

The Liberal government and the Prime Minister have said time and again that they all want to alleviate western alienation. Penning a deal with two eastern provinces while denying a western province the right to its resources and a light deal is hardly a step forward.

What it all comes down to is the definition and difference between a have and have not province as outlined within the equalization program. Because Saskatchewan is rich in oil and gas, 2 of the 33 base components used in calculating equalization determine that Saskatchewan is a have province. This dubious honour has been bestowed despite the hardships facing the agricultural industry in Saskatchewan and the out-migration of people. Because of equalization, revenues from the very resources that are keeping the province afloat are being handed to the federal government which in turn distributes the money among the have not provinces.

We are seeing Saskatchewan, which is in absolute distress, supporting its neighbours. By all real indicators, Saskatchewan is far from a have province. It is not a knock to the people of Saskatchewan but to high ranking political officials like our finance minister who knows firsthand the financial struggle of the province's key industry, that being agriculture. At least he should.

*Supply*

Our beef, sheep and other producers have been ravaged by the BSE crisis and grain farmers have had to endure year after year of weather related crop failures, the most recent being the untimely frost last August. Countless farm families have to sell off their machinery, animals, land and homes because their input costs far outweigh their income. Yet, we are regarded as a have province.

I want to go through some statistics. First, the Fraser Institute indicates just how serious the problem is in Saskatchewan. We have the longest waiting times for surgery in the nation at 24.5 weeks. By comparison, Manitoba has the shortest wait time at 7.8 weeks, yet Saskatchewan has to transfer money to Manitoba.

Saskatchewan has the longest wait times for MRIs at 25 weeks. Manitoba's MRI wait is 11 weeks. But this year Saskatchewan will receive only \$71 million in equalization transfer payments while Manitoba will receive 20 times as much at \$1.433 billion. Over the past 10 years Manitoba has received approximately \$800 million more per annum than Saskatchewan in equalization payments.

There is even more evidence of the problems with equalization. Canada's average per capita income for 2003 was \$29,341. In Saskatchewan the per capita income was almost \$5,000 below the national average. Saskatchewan pays the high cost of educating its kids who then move to other provinces. Saskatchewan possesses the second highest level of net citizen migration. At the height of the Great Depression, Saskatchewan had a population of 930,000 people. Today its population is barely more than that at 995,000, a 14% increase over 70 years. Saskatchewan's population has declined by 24,000 from 1996 to 2004.

Saskatchewan's net debt is nearly \$1 billion or almost \$10,000 of debt for every man, woman and child living in the province. Saskatchewan has the fourth highest net debt of the 10 provinces yet the province's oil and gas revenues are going to provinces with much less net debt. As an aside, we need to have those resource revenues available so we can pay off this debt.

Saskatchewan is the only province in Canada to not fully fund its share of farm safety net programs. The province's premier claims he cannot afford it, but does no one see the obvious contradiction? On one hand, the government is telling the people in Saskatchewan that everything is great, it is a have province, and on the other hand, the federal Liberals sit by while the province admits it cannot fund certain programs in the agriculture sector.

• (1210)

We want fairness for the province. I will conclude by saying that by removing non-renewable resources from the equalization formula, provinces like ours would possess an incentive to expand their economies around their natural resource base and become a true have province like its neighbours.

The current equalization formula is grossly unfair. I know it, the Premiers of Nova Scotia and Newfoundland-Labrador know it, the Prime Minister knows it, and every resident in Saskatchewan knows it.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I would like to ask my colleague to expand a little on what he was saying toward the end of his presentation regarding the

inability of the provincial government in Saskatchewan to fully fund certain agriculture support programs like CAIS.

By my understanding, if Saskatchewan were allowed to keep 100% of its non-renewable natural resources, it would mean an estimated \$800 million yearly and perhaps even higher than that. That is an enormous amount of money that could be put to the agricultural sector in our province. That is being absolutely ignored by the federal Liberal government.

I would like our member from Yorkton to expand upon that and let me know what an extra \$800 million to \$1 billion a year could mean if it was dedicated toward our agricultural sector.

**Mr. Garry Breitkreuz:** Mr. Speaker, the member's question clearly indicates one of the serious problems within the province. We have an agriculture industry that has been absolutely devastated. We have the federal government that puts in place a CAIS program which does nothing to address the serious problems within the province.

The CAIS program is a bureaucratic nightmare. The farmers and agricultural producers who are trying to struggle to get enough money to put in another crop or to get over the border closure and the crisis in the beef industry that the BSE issue has triggered are looking for assistance. Yet, that assistance could be right within the province if the equalization formula was fixed. It should be absolutely obvious that we get the resource revenues that our province deserves.

The agriculture industry cannot survive if we do not get programs that work for agriculture and proper funding for those programs. Within the province the agriculture programs are not being properly funded. The CAIS program that has been put in place by the federal government does not do what it is supposed to do. Not a day goes by when I do not receive many phone calls from frustrated farmers who do not understand why the finance minister and the federal government are trying to kill the agriculture industry in the province.

Many people do not see the connect between fixing the equalization formula and the help that we need for our basic agricultural producers in the province. That is one of the key points I was trying to make in my speech. We want fairness for the province. We want something that is going to work. People at home are sitting in agonizing pain as we speak here. They wonder what is going on in Ottawa, what is going on in Parliament, and why the government cannot see the obvious that Saskatchewan should be treated with fairness.

When we look out at the acres of land and all the potential in that province, there is no reason we should be moving from a have to a have not province, back and forth. We have the ability in the province and the federal government has removed the incentive for us to develop.

*Supply*

I appreciate the opportunity to speak up on behalf of my constituents today. Discrepancies within this equalization program are so obvious. The Prime Minister has not allowed the province to reap its benefits. It is a travesty. I appreciate the opportunity that the Conservative Party today has given me to raise these issues.

**Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC):** Mr. Speaker, I am very proud to rise with my colleagues from the Conservative Party and especially the members of Parliament from Saskatchewan. I want to congratulate my colleague from Prince Albert who has worked tirelessly on this whole issue since the year 2000 when we were elected.

As Canadians know, the concept of equalization is that the provinces that are better off help those that are less fortunate. What Canadians do not know is that the formula used to calculate this is complex. It varies by province and is in need of updating. The nation's economy has progressed, while these equalization formulas have not.

As a result some provinces are more equal than others. It has become a recipe for regional division and tension. Saskatchewan is simply not getting its fair share out of equalization. This situation is made worse by the fact that the province is sandwiched between the oil rich province of Alberta and the generously helped province of Manitoba. It only serves to highlight our problems.

We only want our fair share in order to ensure that our future is as bright and secure as those of our neighbours. I am confident that person to person every Canadian wants equality.

Just last week the Prime Minister visited Saskatoon, but refused to substantially negotiate or discuss the equalization matter with our premier. The premier, the Saskatchewan opposition leader and their parties, along with my Conservative colleagues from Saskatchewan have demanded that the Prime Minister deal with the matter. Our pleas fall on deaf ears.

The one opponent is Saskatchewan's lone Liberal MP, the finance minister. With the skill and knowledge of an ostrich, he has declared Saskatchewan a have province. The finance minister and the Prime Minister ignore the facts. More disturbing, they ignore their constitutional obligations to ensure that all provinces have the fiscal ability to provide equivalent public services.

Currently, Alberta and Ontario are considered have provinces because they are above the established benchmark. Their wealth is redistributed to the other eight provinces in an effort to reduce provincial discrepancies. Saskatchewan is far below the benchmark. Canada's average per capita income for 2003 was just above \$29,000. In Saskatchewan it was almost \$5,000 below that, over 15% less.

Saskatchewan faces challenges. Its population has increased 14% since the Great Depression, while other provincial populations have flourished. With major industries in crisis, a static population and mounting fiscal pressures, we cannot afford to wait forever for this federal government to attend to this problem. Saskatchewan already has the longest medical waiting times, while next door in Manitoba it has the shortest, one-quarter the length.

Does Saskatchewan receive more than Manitoba to fix the situation? Absolutely not. Saskatchewan receives \$72 per person

while Manitoba receives \$1,600 per person. That amounts to almost \$800 million per year for the last 10 years. This is hardly fair.

Now for the details and the reason why. Of the 33 tax bases used to calculate equalization, 13 target Saskatchewan's non-renewable resources such as oil, gas, potash and uranium. We all know about the recent federal provincial wars in Atlantic Canada over this very issue. With months of arm-twisting and public squabbling, the Prime Minister, with the assistance of our finance minister, finally lived up to his campaign pledge. Natural resources were removed from the equalization calculators, but the same does not go for Saskatchewan. Please remember that these federal Liberals have not yet delivered to the Atlantic provinces.

● (1215)

I must admit I was a little more than surprised when NDP Premier Lorne Calvert offered only timid support for the new Atlantic deal. Nonetheless I am pleased he and his party have agreed to work with Saskatchewan Party MLAs and Saskatchewan MPs to get a new deal for our province.

Saskatchewan should receive similar rates to Manitoba. If it did, there would be about \$800 million more per year. Just imagine what \$800 million would do to help hospitals, schools, roads, public transport, community services and even our tax rates. Not only do we receive less, but we have to pay more to compensate. This is just a plan for digging a hole, not filling one.

Changing the equalization formula could have many positive effects besides the quick infusion of additional cash. By delisting non-renewable resources from equalization calculations we could provide incentive to our business community to expand our economy around natural resources and become a true have province.

We need our NDP government in Saskatchewan to be supportive of our efforts to get a better deal for Saskatchewan. We need a provincial government that wants our province to prosper on the backs of its own industries. At the very least we need a provincial government that will hold the federal government to its constitutional obligations.

We need a finance minister who takes both his province and his portfolio seriously. From across the House, he has said that he does. He is failing on both accounts. I would not be surprised if his constituents sent him that message in the next election.

Bad work has bad results. Once again I stress that Saskatchewan does not want a free ride. We want a fair ride, Mr. Minister. We do not want a special deal. We want a fair deal, Mr. Minister. We do not want extra money. We just want our money, Mr. Minister. We want our fair share.

We do not want special constitutional treatment. We just want the Constitution as currently written to be upheld by the federal government. Quite simply, we not only want a new fair deal, we need one.

Our province cannot continue to dig a hole as those around us get to pile sand. It is only a matter of time before everything caves in.

I plead with the government and the minister across the way to negotiate a fair deal with the province of Saskatchewan and to do it without delay.

•(1220)

[*Translation*]

**Hon. Claude Drouin (Parliamentary Secretary to the Prime Minister (Rural Communities), Lib.):** Mr. Speaker, I will be sharing my allotted time with the hon. member for Scarborough—Guildwood.

I appreciate this opportunity to speak today in response to a motion of the hon. member for Regina—Lumsden—Lake Centre to the effect that the benefits of the accord on non-renewable resources signed by Nova Scotia and Newfoundland and Labrador should be extended to all the provinces.

This motion raises a question often debated in this House, namely the so-called fiscal imbalance. It is appropriate that I now address it in the context of this specific motion. With all due respect to those who believe that such an imbalance exists in Canada, I say they are wrong, and there are several reasons for that.

First, I think that all our critics have to recognize that there is one fundamental difference between Canada and most federations: the Government of Canada and the provinces have access to the same major sources of revenue to finance their operations. The provinces also have exclusive access to several sources of revenue in their jurisdictions, such as natural resource royalties and gaming revenues.

Second, under the Constitution, the provinces have full jurisdiction over the tax bases under their control. They also have a free hand to develop their own tax policies, set personal and corporate tax rates and decide how to use their tax revenues.

Third, despite the significant progress made in recent years by this government in reducing the debt, the federal debt remains twice as high as that of the provinces. As the father of four and grandfather of five, that is not the legacy I want to leave to my family and to Canadian families. It is important that we reduce this debt.

Finally, we have to take into account that the Government of Canada and the provinces are partners in many areas, including several over which the provinces have full jurisdiction. Take health, post-secondary education, social services, infrastructure and housing for example. The federal government has been contributing more and more in these areas over the past several years. Its contributions are currently at an all time high. That is right, an all time high, and they will continue to grow.

### *Supply*

When we factor in the federal transfers, we can see that the provincial and territorial revenues clearly exceed federal revenues. This has been true for more than 20 years, and is not likely to change in the foreseeable future.

Let us look at the benefits derived from this cooperative form of governance. The 10 year plan to strengthen health care is one of the best examples of cooperation involving the various levels of government. In fact, the Prime Minister of Canada and his provincial and territorial counterparts have all signed it. The Government of Canada has promised to spend more than \$41 billion over ten years to support the plan, thus acting on all the financial recommendations of the Royal Commission on the Future of Health Care in Canada, the Romanow commission.

An additional sum of \$700 million over five years has also been announced for aboriginal health care programs, along with \$150 million for health care services in the North.

The Senate is currently studying Bill C-39, which implements the 10 year plan to consolidate health care. Once this bill has been adopted, the provinces and territories will be able to respond to the concerns of Canadians in such important areas as wait times reduction in order to ensure that Canadians have access to essential health care in a timely manner, and they will be able to fund the purchase of essential diagnostic and medical equipment.

Then there is the new framework for the equalization formula and the territorial funding formula or TFF. In October, the Government of Canada established a new framework for equalization and the territorial funding formula, which provides for the transfer of \$33 billion in additional funding over the next 10 years.

This additional funding for the provinces and territories will mean that all Canadians will have access to reasonably comparable public services at reasonably comparable rates of taxation, no matter where they live.

This framework includes the five following elements: first, a minimum funding floor of \$10 billion for equalization and of \$1.9 billion for TFF for 2004-05; and complete protection for provinces and territories against declines in payments in 2004-05 below the amounts estimated in the 2004 budget.

•(1225)

There is also a guaranteed increase in funding for 2005-06, to \$10.9 billion for equalization and \$2 billion for TFF, and a guaranteed growth rate of 3.5% per year compared to this level over the next 10 years.

### *Supply*

Finally, for the first time the government is creating an independent panel to advise on how legislated equalization and TFF levels should be allocated among the provinces and territories. The provinces will be represented on this panel. The legislation establishing the new equalization and TFF framework recently received royal assent, and the provinces have started to receive the amounts allocated. One of the things the provinces and territories had demanded was stable and predictable funding. This is exactly what the Government of Canada has provided.

However, the government did not stop there. I want to mention a few of the positive initiatives in the 2005 budget for Canadians or the communities in which they live.

These funds will be allocated to health care professionals and resources for healthy living, the prevention of chronic disease, flu epidemic preparedness, drug safety and environmental health. These funds reinforce the \$805 million the Government of Canada is investing directly in its responsibilities.

The Government of Canada is committed to enhancing its assistance to regional and sectoral development. This year's budget gives priority to strengthening support for innovation and local capacities to meet the challenge of adaptation, investment in northern initiatives, and targeted investments to increase the contribution of certain key sectors of the economy to Canadians' standard of living.

More specifically, the 2005 budget helps to strengthen the economies in the regions through the following initiatives: \$800 million more in funding to regional development agencies in Atlantic Canada, western Canada, Quebec and northern Ontario. Having been the minister responsible for this portfolio in Quebec, I can state that this funding will be extremely useful for the economic development of all of Quebec's regions. In addition, \$120 million will be allocated to an overall northern development strategy, and there will be additional investments in certain key areas of the Canadian economy, such as agriculture and the space industry.

Hon. members will recall the new deal for the communities which was inaugurated as part of the 2004 budget. With it, the Government of Canada implemented the preliminary measures of the new deal with the reimbursement in full of the goods and services tax, the GST, as well as the federal portion of the harmonized sales tax, the HST, to the municipalities. This initial step will make it possible to provide the municipalities with more than \$7 million over 10 years to help them finance their fundamental infrastructure priorities, particularly roads, public transport and water purification.

The 2005 budget takes this still further by respecting the Government of Canada's commitment to share part of the revenue from the federal gas tax in order to support a sustainable and environmentally friendly infrastructure. This commitment will take the form of a new contribution of \$5 billion to cities and communities for infrastructure over the next five years.

The new deal goes further than the commitment on gasoline taxes. It is designed to establish new, lasting intergovernmental partnerships and to find new ways of doing things. The governments have worked together to ensure that our health care system has a future, and we have worked together on equalization and the territorial

funding formula to establish a detailed plan enabling the provinces and territories to prepare for the future. There is no doubt that all administrations must continue to work closely together in order to achieve real, lasting change.

In short, it is incorrect to say that the government has and jealously guards an unfair financial advantage. In fact, all administrations have the same duty of providing services of the highest quality to all citizens, no matter where they live.

That is exactly what Nova Scotia and Newfoundland and Labrador are seeking to do. The agreement on offshore resources recognizes the special circumstances these provinces are facing. The Government of Canada has seen a need and has intervened to help standardize the rules of the game with respect to other provinces.

• (1230)

After all, Canadians help each other out, right?

Canadians have made it clear that they all want to see their elected representatives cooperating to achieve this goal. Let us set aside these petty quarrels about fiscal imbalance and move on to more positive and more productive debates on practical ways to meet our obligations and on what we can do in the future.

That is how it works where I come from, in the Beauce. When someone has a problem, no one looks for a guilty party; we search for a solution, and that works well. Thank you for your attention.

[*English*]

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I listened quite carefully to the hon. member's comments and, unfortunately, I did not hear too much on the motion. He spoke a good deal to other government programs but he did not really speak to the motion, which in effect asks the government to remove non-renewable natural resources from the equalization formula.

The government has already done this with Newfoundland and Labrador and Nova Scotia and, by doing so, it has set the national standard.

The equalization program is a national program that must be applied equally to all provinces. Hence, by consequence, it should suggest that if Nova Scotia and Newfoundland and Labrador have non-renewable natural resources removed from the equalization formula for their provinces, it should be equal and the same for other provinces across Canada. However I hear that member and other members across the floor stating, no, that special circumstances require special deals. This is not what should be happening with a nationally administered program.

I would like the member opposite to explain how he can justify stating that there can be one special deal for a certain region of Canada but not the same deal for other regions of Canada.

*Supply*

[*Translation*]

**Hon. Claude Drouin:** Mr. Speaker, if the hon. member is criticizing me for not speaking about the motion, I could criticize him for having misunderstood my speech because I did indeed refer to the motion. Furthermore, I said that agreements on health and equalization are measures aimed at helping all the provinces.

Can we agree that Saskatchewan does not have the same concerns as Newfoundland and Nova Scotia? Considering that the unemployment rate is almost 20%—which is not the case in Saskatchewan—do these provinces not deserve special attention? I hope the hon. member agrees and that he will be able to tell Labrador and Nova Scotia that he is in favour of the agreement. If we want to have a balanced budget, we have to work together to find solutions. That is what we are doing on this side of the House.

• (1235)

[*English*]

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Speaker, I take great offence to what the member just said. He needs to understand that Saskatchewan needs this agreement. It needs to be treated equally with the other provinces. We do not need to hear any list of excuses as we heard from the finance minister earlier. He said that we do not have 20% unemployment. I guess that is true but the main reason is that our government, for the most part NDP socialist governments over the last decades, has driven our young people out of our province, to the point where we can hardly maintain our population at this point.

It is imperative that the federal government begins to treat provinces fairly by setting up a deal that can easily apply to Saskatchewan, if the government would be willing to do that. The finance minister, who is from Saskatchewan, should be willing to treat his own province equally with others but he does not seem to be willing to do that.

What is it that is so difficult for this government to understand that it will not treat provinces fairly on this deal?

[*Translation*]

**Hon. Claude Drouin:** Mr. Speaker, on the contrary, we treat the provinces fairly and the hon. member must acknowledge it. I mentioned that in my speech.

Think about the GST rebate or the infrastructure program set up with the gas tax. The purpose of these measures is to keep people in Saskatchewan. That is what we want to see happen. We will continue to work with Saskatchewan and all the provinces and territories in order to help them keep their populations, grow and have a good quality of life. That is the commitment of the Government of Canada.

[*English*]

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, the essence of the motion is that non-renewable resource revenues be removed from the calculations for equalization. I was wondering, as I was thinking about this debate, what Premier McGuinty might say about this particular motion before the House today.

Premier McGuinty has been arguing for the last month or six weeks that Ontario does not get its fair share out of equalization. The

number that he has been throwing around lately has been \$23 billion. He takes his charts from the national accounts, et cetera. It is a pretty substantial sum of money. While I have some serious difficulties with the premier's analysis given that Ontario is the linchpin of Confederation and it is the expectation that Ontario will, in many instances, support Confederation, I do have some difficulty arguing vigorously with the premier of Ontario when the premier of Saskatchewan says "Me too. Look at us, how badly we are treated".

For instance, the premier of Saskatchewan presently enjoys a debt to GDP ratio of something in the order of 25% on the way down to about 21%, which is a pretty good number. The Government of Canada is somewhere around 38% or 39% debt to GDP ratio. The Government of Ontario is around 28%, some three points higher than Saskatchewan. The Government of Newfoundland, from my recollection of the numbers, is something in the order of 62% debt to GDP ratio.

I wonder what Premier McGuinty would say about the Saskatchewan premier's claim to a fair share when the debt to GDP of Saskatchewan is actually lower than the province of Ontario and is actually lower than the Government of Canada. I wonder what he might say about that.

I wonder what he might say about Saskatchewan's unemployment rate, which at this point is around about 5% from what I understand the numbers to be.

**Mr. Vic Toews:** They have all left for Alberta.

**Hon. John McKay:** My hon. colleague says that they have all left for Alberta.

**Mr. Vic Toews:** It is because they are socialists in Saskatchewan.

**Hon. John McKay:** The people of Saskatchewan have the opportunity to replace the government. If they no longer wish to have an NDP government, I suppose they could elect an alternative government. We naturally would suggest a Liberal government.

The unemployment number is around 5% and the quite amusing argument is that all the people have left the province. Nevertheless, it is 5%. Ontario's unemployment rate is around 7% and in Newfoundland it is around 14%. I wonder what the premier of Ontario would say to the premier of Saskatchewan who currently enjoys an unemployment rate that is less than the province of Ontario.

The premier of Ontario is currently facing a budget and he is at this point not facing a balanced budget. Last year he ran a deficit of about \$5 billion. We on this side of the House have some sympathy for the premier because he inherited a mess from the previous Tory government. We understand inheriting messes from previous Tory governments. It took us some considerable period of time to dig out from underneath a \$42 billion deficit. It took us at least three, probably four, budget cycles before we were able to balance the budget, and we paid an electoral cost in the election of 1997 for balancing that budget.

*Supply*

•(1240)

The premier of Ontario has similar difficulty and it will take him time to dig out from his deficit. Currently, I think his projections are that his deficit will run something in the order of \$6 billion this year.

As I understand it, the Government of Saskatchewan has a balanced budget. I wonder what the premier of Ontario, who is looking at a deficit, would say to the premier of Saskatchewan, who is looking at a balanced if not a modest surplus and who is putting forward, through his representatives here in the House, a resolution saying that they are not getting their fair share. I dare say that Premier McGuinty might not be as sympathetic as one might otherwise expect.

I note that in September and October, when the Prime Minister and the premiers negotiated the equalization deal, some \$33 billion over 10 years, moneys that the premier of Saskatchewan could not have otherwise anticipated other than through the direct intervention of the Prime Minister, the premier of Saskatchewan pronounced himself to be quite satisfied. He did not raise objections with respect to renewable or non-renewable resources at that time and in fact seemed to be quite satisfied with the undertaking on the part of the Minister of Finance to put forward a panel to analyze equalization. The Minister of Finance has fulfilled that undertaking and has agreed to set up the panel which was announced this week.

We appreciate that this is a complex formula. It is spread over 10 provincial jurisdictions and over three territories. It has 33 constituent elements, all of which are going up and down at any given time. It would, in some respects, cross the eyes of a rabbi just to try to follow the entire thing.

The finance minister said that Canada was not a cookie cutter approach to equalization or fairness among provinces. I hope that in my previous comments I was able to illustrate that this is an extraordinarily complex federation where moneys are being transferred back and forth based on renewable resources, non-renewable resources and other measurements of fiscal capacity.

I would suggest to my hon. colleagues opposite, who are supporting the motion, that at least six of the premiers, if not more, would have serious objections to this motion being passed. I can see how the opportunity to delete non-renewable resources from the equalization formula would be very attractive to members from Saskatchewan but it certainly would not be very attractive to other premiers in other jurisdictions.

The premier of Ontario, as I said, is facing some fiscal difficulties and he has inherited some of those difficulties. He has also created some difficulties for himself in that he, in the previous election, undertook to the people of Ontario not to raise taxes. He has been very constrained in his ability to raise revenues. He has sort of an unhappy choice of breaking his promise and raising revenues through taxation or he can raise debt, which I guess will be an inevitable result. He can no longer blame the previous administration for the financial difficulties. He has had an unanticipated windfall from the Government of Canada because he could not have anticipated that the \$41 billion in additional health care over the next 10 years, of which Ontario will receive \$16 billion, would be available to him when he was running for election in May of last

year. Now he is in a situation where the revenues are not what he anticipated them to be and he is looking to the Government of Canada, as is the premier of Saskatchewan.

•(1245)

We have a very complex system, and I would respectfully suggest to members opposite that while it is not a perfect system, it attempts to redress unique situations in the federation from time to time where there are extraordinary circumstances. I would respectfully suggest that in the case of Newfoundland and Labrador and Nova Scotia those were extraordinary circumstances and that in the case of Saskatchewan members have not made the argument that there are in fact extraordinary circumstances.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):**

Mr. Speaker, I want to take the hon. member opposite to task on a few of the things he said because his facts were not quite accurate.

First, the debt to GDP ratio in Saskatchewan is not at 25% as the member and the Minister of Finance suggest. It is at 34% and that is a significant difference.

Second, the member opposite speaks in almost glowing terms about the wonderful economic situation that Saskatchewan finds itself in with low unemployment and being a have province. I point out to the member opposite that our net per capita fiscal capacity is the third worst in Canada. Newfoundland's is lower, but Nova Scotia's is higher.

Also, with respect to unemployment rates, Saskatchewan has the highest percentage of poor aboriginals in Canada and of course they are not included in unemployment figures.

Also, we have a massive rural infrastructure to maintain, which the minister does not seem to appreciate.

Again, though, the bottom line, which the member opposite does not seem to get, is that with respect to national programs there has to be equality of those programs, in both the formula and the design behind those programs, for all provinces.

I can stand here and make a more cogent argument as to why Saskatchewan is closer to Newfoundland and Labrador in terms of economic capacity, fiscal capacity and net worth than the minister can in standing here and making an argument that Saskatchewan is a have province, yet the member opposite and the Minister of Finance and in fact all members opposite continue to say that it is fair to cut a deal with Newfoundland and Labrador and Nova Scotia, but the rest of the provinces be damned. That is just not fair. We are talking about an issue and the essence of fairness here.

Given the circumstances I have just outlined, which show the true economic and fiscal capacity of Saskatchewan, I would like the member opposite to please explain, if he can, why he does not agree that Saskatchewan deserves the same deal as that afforded Newfoundland and Labrador and Nova Scotia, which, I may say, was an extremely fair deal.

•(1250)

**Hon. John McKay:** Mr. Speaker, the member misstates it. This is not an equality system. This is a system of equalization.



If we wanted an equality system, then we would simply eliminate all provincial jurisdictions and there would be only one jurisdiction in Canada, the national government. Money would then be distributed on a per capita basis. It would be pretty simple that way.

As long as there are provincial jurisdictions, there will be differences in fiscal capacity. That is true in Saskatchewan, in Ontario and in Newfoundland.

The hon. member said that he could make a cogent argument. I have been listening to him and I have not heard it. All I know is that Saskatoon, for instance, has a triple A credit rating with respect to its situation. Regina has a very good credit rating as well. Recently Saskatoon was the beneficiary of the synchrotron, probably one of the largest science projects going on in this country now.

I know that the government of Saskatchewan is running at a balance. I do not know where the member gets his 34% versus 25%. My 25% came from the national accounts.

On all of the numbers, I would respectfully suggest that he has not made his cogent argument. In fact, he fails to make a cogent argument that somehow or another Saskatchewan should be treated somewhat differently from all the rest of the provinces.

**Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC):** Mr. Speaker, I am a little concerned about the member opposite making the Ontario comparison. It is almost like this is a ploy to divide and conquer.

What is wrong with having equality in our Confederation? All provinces should be treated equally. I cannot believe that the member is suggesting that the premier of Ontario should take exception to the premier of Saskatchewan. Are not all premiers supposed to be equal and are not all premiers supposed to look after their own provinces and do what is best for their provinces?

My riding is in the province of Ontario. We in Ontario want equality as well. The member said that the premier of Ontario cannot break his promise about raising taxes. I do not think the member is on very safe ground there, because the premier of Ontario has broken a few promises since the last election.

Is the member representing the Government of Canada when he says that he is trying to divide, that he should be comparing provinces? I have a hard time understanding that concept in Confederation.

**Hon. John McKay:** Mr. Speaker, I can understand how the hon. member has trouble understanding and comparing fiscal jurisdictions. That is what the equalization formula does. It takes 33 measurements of fiscal capacity and compares one to another to another and measures the fiscal capacity of each provincial jurisdiction.

Once that is done, a five province average is established and moneys flow according to those who are below and those who are above. That is the way Confederation is. I do not see why that is a terribly difficult concept for the member opposite.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Speaker, I want to follow up on a couple of comments made by the member who spoke previously. Like my colleague from Stormont—Dundas—South Glengarry, I too have a great problem with the fact

### *Supply*

that the member seems to be driving wedges between our provinces. He wants to compare provinces and how they have done and compare the numbers.

It was interesting to hear him say that equalization is not really about equality. It seems to me that it is. It is about treating people fairly and treating them equitably. Obviously if the idea is that non-renewable resources can be removed from some provinces' formulations in this whole system, it seems to me to say that they can be taken out of everyone else's to make it fair as well.

I want to talk a little about how we came to be here today. I do not really think that we should be here. If the government had been treating people fairly and equitably and dealing fairly with provinces, we would not be in the situation we find ourselves in today.

Basically what this comes out of, unfortunately, is having a political leader, now the Prime Minister, who had no backbone. In the election we saw him travelling around the country into regions that were demanding different things. He got into an area where he felt that he needed to make a huge commitment to try to gain some seats. He made the commitment that he would take the renewable resources out of the funding formula for equalization for eastern Canada, for Newfoundland and Labrador and for Nova Scotia. He made that commitment during the election, with no intention at all, let me add, of keeping it, not that we could tell.

Unfortunately for him and fortunately for Newfoundland and Labrador and Nova Scotia, a number of people from the Conservative Party in this House and the premiers of Newfoundland and Labrador and Nova Scotia insisted that he be held accountable for the promises he made.

So he was. It was a big struggle for everyone to overcome the objections of the Prime Minister and the finance minister to this plan. They finally went ahead with it and granted Newfoundland and Labrador and Nova Scotia what I would see as an exemption, basically; they are taking non-renewable resources out of the formula and have a good deal and a fair deal from that.

It is only reasonable that other provinces affected by that situation would ask for some of the same treatment. That is what we are doing here today.

I particularly want to acknowledge the member for Prince Albert in our caucus, who has been working on this issue for a long time. He was on it before it was popular and before many of the rest of us even realized it was a big issue. He has studied it and understands it well. I also want to thank the member for Regina—Lumsden—Lake Centre who moved the motion today to bring this forward in the House.

Equalization, as hon. members and others know, has a long history in this country. It was included in one of the sections of our Constitution when it was repatriated. The Constitution states that we have a commitment to equal opportunities in this country and that parliamentarians, the Government of Canada and the provincial governments are committed to "promoting equal opportunities" for Canadians, "furthering economic development to reduce disparity in opportunities", and "providing essential public services of reasonable quality to all Canadians".

### *Supply*

It seems to me that today's request for all provinces to be treated fairly fits in with this.

In the Constitution, a second subsection also talks about how Parliament and the Government of Canada "are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation".

That is what we are asking for today: that our provinces be allowed to provide those services at reasonably similar levels of taxation and that in doing so they get the same advantages from agreements that are made by the federal government.

Obviously equalization is the federal government's largest program for trying to reduce the fiscal disparities between provinces. Over the years its success has been questioned. Even the Prime Minister felt that there were problems with it as he agreed to change it. I hope to talk about that later.

Equalization payments are paid to less prosperous provincial governments to provide the residents public services comparable to those in other provinces. Equalization payments are unconditional; I do not know if most people know that. The receiving provinces are free to spend the funds on public services according to their own priorities.

In 2004-05 equalization will ensure that all provinces have access to revenues of at least \$6,126 per resident to fund those services. I found this interesting. That is a significant amount of money and it is important that the provinces spend it wisely.

The program was renewed in 1999 for five years and has transferred an average of almost \$10 billion a year to the provinces over the last several years.

• (1255)

The equalization payments this year are going to be in that range, about \$9.7 billion. Saskatchewan actually has been a receiving province of equalization. It is only because of the skyrocketing oil prices over the last year or so that we have moved out of that situation.

Equalization is calculated using a formula that takes into account a number of different things measuring a province's fiscal capacity. There are 30 sources of revenue figured into that. It includes such things as personal income tax, corporate tax, sales tax, property tax and other such sources. The focus of today's discussion is on one issue, which is the role of non-renewable resources in that formula.

There has been a call for years to change that formula. There has been an unwillingness by the government to admit that the formula is actually flawed, but I would suggest the Prime Minister admitted that it was flawed when he agreed to change the formula for two provinces. He changed it not because of a belief that he had to make a change, but because he was put in a situation politically where he had no choice and his feet were held to the fire by Premier Williams, Premier Hamm and the Conservative caucus in this House, which finally forced the deal. I would like to come back to that deal later if I have the time.

I want to talk specifically about Saskatchewan. Because it is a province that is in the same situation as Newfoundland and Labrador and Nova Scotia, it is important that the finance minister and the Prime Minister realize they need to give the same deal to Saskatchewan as well.

We need to understand that no legislation would be changed. This agreement was made without legislation being changed. Therefore, agreements can be made with the other provinces, including Saskatchewan, without a major change in legislation.

I am disappointed particularly in the finance minister. We have seen before in Saskatchewan that whenever he gets into a tight spot he seems to think if he appoints a committee that somehow it will protect him and keep him out of trouble. It has on occasion, but this time I think everyone is seeing through that.

We recognize that he has appointed a committee. As we look through the structure of that committee, we notice that there are a couple of well connected Liberals there. One in particular has been appointed to other posts by the government. Some Liberal donors are also on the committee. It is interesting how the committee members are selected. Once again, there is really no surprise.

Mr. Speaker, I am splitting my time with the member for Battlefords—Lloydminster.

Saskatchewan has always been a have not province. Over the years oil prices have changed that. We have suffered from decades of poor management from socialist governments that have almost destroyed our economy. We sit beside Alberta. At one time we had the same population as Alberta. Both provinces had the opportunity to move ahead. We have chosen one direction and it has chosen another.

As we see the markets work in Alberta, it has been able to develop and prosper. In Saskatchewan we have suffered in many ways because of the socialist government philosophy which has kept people back. What is most disappointing to me is that we see in so much of socialism, including across the way, that the real intent of it is to keep people back. It is not to bring everyone ahead at the same pace but to keep those back who would be successful. That has made us rely on equalization payments for a long time.

We know that the current equalization formula is flawed. We agree that Newfoundland and Labrador and Nova Scotia deserve to keep their offshore gas and oil revenues. However, we think that what is fair for those provinces is also fair for Saskatchewan.

It is estimated that had Saskatchewan received this deal a decade ago, it would have meant up to an additional \$8 billion in the province from non-renewable natural resource revenue. It is interesting because our debt is in the range of \$12 billion to \$13 billion. We would have been in a very good situation had this deal been made quite a while ago. For much of the past decade, instead of the people in Saskatchewan getting that revenue, the Liberal government has actually clawed back our oil and gas revenues at a rate exceeding 100%. This change should be a slam dunk.

*Supply*

Unfortunately, I am coming to the end of my time and I would like to speak to this issue for quite a while longer. One of our biggest problems has been the finance minister in our province. He has not been a friend for Saskatchewan over the years. He failed on the Crow rate payments. He failed on a number of Canadian Wheat Board issues, which culminated in farmers being locked up in jail because of his action.

Now we are dealing with an equalization situation where he absolutely refuses to do the right thing for his own province. As I mentioned, rather than do the right thing, he has appointed another committee which will not report until the end of the year and then we will discuss it for another year or two. In the meantime, the Saskatchewan economy is not what it should be.

• (1300)

We call on the finance minister to step forward, do the right thing for his province and give Saskatchewan the same deal that he has given to Newfoundland and Labrador and Nova Scotia. In the interest of fairness, we hope that he will do that.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I would like the hon. member to expand a little on some of his comments. Toward the conclusion of his presentation he said that had Saskatchewan received the same equalization deal for the last decade as now afforded to Newfoundland and Labrador and Nova Scotia, it could have meant up to \$8 billion in additional revenue to the province.

In Saskatchewan there is a serious problem in the agricultural sector. The agricultural sector quite frankly has been failed by the Liberal government. The provincial NDP government has also failed farmers. I am wondering if the member could expand on what an additional \$8 billion could have meant to the agricultural sector in safety net programs and direct aid to farmers who have been devastated over the last number of years by drought and frost.

• (1305)

**Mr. David Anderson:** Mr. Speaker, we are very familiar with the situation, but the Liberal government does not seem to be quite as familiar with it.

The situation on the prairies is desperate for many people who are involved in agriculture. The results of last fall's frozen crop will begin to affect the grain farmers and the people who grow specialty crops. Many of them do not even have the seed money this spring to get their crops into the ground.

The beef industry has been in trouble for the last year and a half. The government has failed in many different areas. Some of us said earlier that we need to put money immediately into processing plants to get them up and running to take care of some of the excess beef. The government has failed in that area. The government has failed in its programs. The CAIS program, as we are all aware, is seen as a universal failure by farmers.

It has been very frustrating. We could have had tremendous fiscal capacity in our province to build processing plants, to move agriculture forward and to provide programs. The crop insurance program is basically broke. The province does not have the money to make it viable. It is frustrating because we see our money going

other places. It disappears into a black hole in Ottawa and the people of Saskatchewan are sick and tired of it.

One rancher from my riding actually wrote to me in the last couple of days. Ranchers are not only angry at the federal government but they are angry at the government across the border as well. They are getting desperate. One of the interesting things they are calling for is to put a tax on our energy to try to recover some money for the producers in Saskatchewan. That is an interesting tie that has not been made before. Farmers are desperate. They are getting angry. They want someone to do something that will save them and help them to continue to live the lives they are proud to live.

It is frustrating because the finance minister could very easily make this deal for Saskatchewan, but once again he has failed the people of Saskatchewan. He will not step forward and show the leadership that is needed from him. I really think it is time to make a change in that riding and to elect a Conservative member there so that we do get the representation here.

**Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC):** Mr. Speaker, in his comments my hon. colleague mentioned that the finance minister has the ability to make the same deal with Saskatchewan as he has made with Newfoundland and Labrador and Nova Scotia, but he has appointed a committee to study this process. I am wondering if the member could shed any light on why we need a committee now when the finance minister was able to do business with two provinces without a committee.

I would also be interested in knowing what the makeup of that committee is. He mentioned some people who were rather close to the finance minister. I would like some comments on that, please.

**Mr. David Anderson:** Mr. Speaker, unfortunately I do not have the list of the committee members with me. It is in my office and I would be glad to supply it to my colleague and anyone else who is interested in it.

In order to make the Newfoundland and Labrador and Nova Scotia agreement, no legislative changes were required. It did not have to be made to the Atlantic accord or to the equalization program. These payments are being made under the offshore revenue agreement and separate from the other accord. There is nothing stopping the finance minister from doing this with other provinces.

I want to point out that when the minister said that he has provided an extra \$710 million in equalization for Saskatchewan, that number is misleading. Of that \$710 million, the government is going to claw back \$233 million in equalization payments. It gives with one hand and takes back with another and spends the money. Of that, \$120 million was actually owed to us. That is money the Liberal government was supposed to have paid to us and did not. It gives us basically, according to his figures, \$350 million when it could have been \$8 billion over the last 10 years and it would be \$4 billion over the next several years.

The finance minister needs to be held accountable for the fact that he is not representing fairly the people of this country and the people of Saskatchewan.

*Supply*

•(1310)

**Mr. Gerry Ritz (Battlefords—Lloydminster, CPC):** Mr. Speaker, it is a pleasure to stand today and represent my province as a whole, as well as the constituents of Battlefords—Lloydminster, heavily benefiting by the oil and gas sector that needs a kick-start as it were. We are sitting on the border with Alberta poised to rush into Saskatchewan to take advantage of the huge reserves there, but to this point in time it has been a negative connotation to do that with the clawback situation that we are facing under this flawed equalization formula.

In this our centennial year, ours and Alberta's, if we look back 100 years to when we both came into this great Confederation, we ask what has changed? What made Alberta surge ahead as it has and Saskatchewan be held back? A lot of it is provincial governments of the day. All the way through Alberta has been more entrepreneurial, more progressive, we may say. Saskatchewan has been held back by some socialist thinking. A lot of it in the last 50 years since the inception in 1957 of this equalization formula has been the basis of the undoing of Saskatchewan.

Alberta got its real kick-start in the 1940s around the time of the second world war when that first oil well came in. Alberta really got a toehold and started to build and blossom from that time forward. Saskatchewan missed that opportunity. Since 1957 with this equalization formula it has almost been regressive to see it move ahead. In this centennial year we would certainly like to see that changed around.

It has been said here before and it bears repeating that under the Liberal government over the last 10 years if the formula had operated as it should have, Saskatchewan would have benefited to the tune of \$8 billion. Half of that would have come from oil and gas revenues. There is no way to really sit back and quantify what that number would be today. That \$4 billion catalyst over the last 10 years would have returned us 10 times that amount in oil and gas revenues and economic spin-offs in the province of Saskatchewan.

The province has been stagnant. It was said earlier today but it bears repeating that in the 1930s the population was around 930,000 to 940,000. Today Saskatchewan's population is still less than a million. The province has gone up 5% and that is all. It is stagnant.

The finance minister commented in his speech that he had a vision for Saskatchewan which saw the province really going ahead in value added, and as the minister responsible for the Canadian Wheat Board he was one of the guys who shut that down. He certainly made the government a catalyst and it just has not happened.

The one comment I really took exception to was that the government is really pushing immigration for Saskatchewan. That is all well and good, but the problem we have in Saskatchewan is the out-migration of our own kids. We educate them to be the best and the brightest, and out they go. They start running companies that are global in structure. A tremendous number of our graduates and our kids are working in Alberta in that oil patch that Alberta started before this equalization formula became a hindrance. I take exception to that.

The minister also mentioned that Saskatchewan with its huge future potential has the fiscal capacity to tax and all this type of

thing, that it could step up and take over where the federal government has come up short. I am paraphrasing, but that is basically the message he was giving.

The problem with that is that the higher the taxation rate, the more regressive it is to any business moving in. We have seen that with our socialist-minded governments that are on side with this initiative at this point. However, they are certainly willing to let someone else do the heavy lifting, as we saw when Danny Williams from Newfoundland and Labrador stood tall, came forward and basically traded blow for blow with the Prime Minister. Danny Williams said that this is what was said, this is what was promised, promise made, promise broken, fix it. The Prime Minister did. Begrudgingly the Prime Minister has signed on to a deal.

No one has seen any cash yet. I know Premier Hamm of Nova Scotia who was also a beneficiary of that deal has been in touch with our caucus to ask, "Can you guys kick-start this somehow and get that cheque flowing?" It is coming to Nova Scotia's fiscal year end and the province would like a little bit of that cash flow up front as well. It is just not happening.

The finance minister has some idea that one year in Saskatchewan of this so-called have status has fixed everything. That is like going to the dentist and having one good check-up. We know there will still be problems later on.

In this our centennial year the time has come to get this fixed. It is somewhat suspect in that the Liberals knew this motion was coming, but the day before we had this supply day motion on fixing equalization, the minister finally tabled his expert panel and gave the panel its terms of reference. One would have to be a Philadelphia lawyer to figure out those terms of reference when looking at them. I am sure those folks are up to the job being the good Liberals that they are. I am sure they will be able to wade through it and come back with something that the finance minister can live with.

•(1315)

I know Saskatchewan took exception to one of the names that was put forward. Now we have a panel of five, instead of a panel of six. We will see how that works out. The panel has a full year to get back to the finance minister with any changes. We could very well have an election before then and we will fix this thing. We will not need a panel of experts to tell us what is wrong because the provinces and the people out there in tax land have already done that.

The whole equalization process, and the fundamental word in there is equal, has become a political process, not a practical process. We see reviews every five years, but what the government does is make the situation more complex. The parliamentary secretary alluded to that. He said, "It is not a perfect system, but it is complex".

*Supply*

Thirty sources make up the basic formula. We have tinkered with it, we have played with it, but we have never done a fundamental overhaul to get it in today's terms. If we have potential in Saskatchewan, it is ours to get out there and work with, but we do not need the federal government clawing back 110% of that potential. It is regressive and there is no reason for it.

One of the huge hits we see, especially in Saskatchewan, is in the rural areas of the province. Compounded with a provincial government that has no political gain to be made in the rural areas, plus a federal government that has basically taken slap after slap at rural Canada, we see that sliding backwards. There is very poor political attendance in those areas by both the provincial and federal governments because there is no political gain.

We have to turn that around. The potential is there. The potential is not in downtown Saskatoon or Regina. The chambers of commerce may argue that, but those two communities live at the whim of the agricultural sector and of course the oil and gas sector, the cash flow commodities. They make take exception to that, but if they stop and look back, this year's Christmas rush in the malls in Saskatoon and Regina was nowhere what it should have been. The rural economy is hurting. Those people come in and spend their dollars, and it is just not happening at this point.

People are getting angry. The provincial government is crying poor when it comes to ponying up its share of the CAIS, its 40%. One can argue that formula is as flawed as the equalization one and I would agree. It needs to be changed, as well.

The provincial government is withholding the cash flow to my farmers and other farmers of Saskatchewan. Look at the changes the provincial government has made to production insurance, the old crop insurance program. Premiums have gone up as much as 50% in some instances and the coverage has gone down a minimum of 10%. They are getting caught on both ends. That speaks to the very viability of my farmers. We see the hook that is being made by the bureaucrats in both the provincial and federal governments called best farming practices. If they do not have production insurance, it affects their CAIS payout. If they do not have the cash to put on deposit in CAIS, they cannot collect the same amount of money in production insurance because of this best farming practices.

I have a lot of folks who will go through the motions this year, put the seed in the ground which they already have, but no fertilizer and chemicals. Under their historical average, they will get nailed with not following through on best farming practices and that will hit them again.

We have to start to look at some way to get some cash flowing out there. This is probably the quickest way it can be done.

The finance minister will hide behind the fact because he does not want to tamper with it. It is the same excuse the Prime Minister uses on fixing the Senate. He does not want to do it ad hoc. It basically comes down to he does not want to do it at all. The finance minister is falling into that same trap. He does not want to change anything so he hides behind the fact that he needs seven provinces and he has to have this or that. However, they can make sidebar deals with anybody they want for political gain. That speaks to the fact that it has become a political process and no longer a practical progress.

As we go through this, we look at hit after hit that has been placed on the provinces. Then the government is supposed to revive them with the equalization formula, the \$25 billion that the finance minister of the day, now Prime Minister, ripped out of the health and social transfer to the provinces. Then he started to pump them back up again with a bit of increase in equalization.

The Liberals have never met a tax under any name they do not like. Tax the heck out of something and when it can no longer bear that burden, prop it up whatever way they can until it starts to crawl again and then hit it again with some more taxes. It is just a merry-go-round. The power is the money and the money is the power. Those guys are great at forming government but they fall short on governing.

When we go through the whole equalization system, look at the complexity of it, look at changes that need to be made, every political party in the province of Saskatchewan, bar none, other than the finance minister, the key Liberal minister, is in favour of changing this flawed system.

I know Harry Van Mulligen, the finance minister of Saskatchewan, was here. His quote when he came before the Senate was, "The current program does not improve stability in provincial finances as it is advertised to do, and it is not responsive to changing provincial fiscal circumstances". I guess that sums it all up. The program that is supposed to help has become a tremendous hindrance.

• (1320)

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I would like to ask my colleague a question. We have heard many members opposite say today that we cannot have a cookie cutter approach to equalization. I disagree with them profoundly on this. I believe that when we have a national program, the formula has to apply equally to all provinces.

I would like my hon. colleague to speak on that. If we need to have equal representation in the formula for provinces in the equalization program, what about the issue of fairness? Should we receive the same deal in essence that we see as being afforded to Premiers Hamm and Williams?

**Mr. Gerry Ritz:** Mr. Speaker, my colleague, the member for Regina—Lumsden—Lake Centre has been instrumental in getting this motion before the House today.

He is absolutely right. The whole initiative back in 1957 was to create fairness, to level the Confederation playing field. It started out with all the best intentions. Now we have politicized it, turned the bureaucracies loose on it, both at the provincial and federal levels, and we have had huge infighting. Government after government has been afraid to tinker with it. It has become like the tax code. It is so complex that where do we begin and once we begin where do we stop?

*Supply*

We are seeing the same noises coming out of Ontario. It is saying that it is missing out on certain aspects of it. I think that is what is stopping the finance minister and his Liberal minions more than anything. Once we start that slide into change, where are we able to build the dam and say that this is enough and we will not go any further”?

Whether Ontario's arguments are valid or not, it has a right to bring them forward. The Premier of Saskatchewan, the Premier of Alberta, the Premier of Nova Scotia and the Premier of Newfoundland and Labrador are all there for the best interests of their people. The federal government, in taking on all the tax measures it has done over the last number of years, now controls the cashflow and the power. It is time for it to start to rework the whole Confederation, and maybe not just the equalization formula. It time it get in there and talk about strengthening the fabric of the country at all levels.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** The member argues, Mr. Speaker, that the Conservatives would fix the equalization program and that we do not need the expert panel.

I would like to ask the member a simple question. How would the member propose to fix it? Would he follow his leader's idea that non-renewable resources be removed from the formula? If so, how will he respond to the five out of eight provinces that would be affected negatively by that idea?

**Mr. Gerry Ritz:** Mr. Speaker, that is more than a simple question. There is a lot of complexity in this situation. As I said, it is where do we start.

I guess the first start is to start. We should not hide behind another year long study of something when the provinces have already told the government what they need and what they want. It is a matter of getting on with that performance.

The member opposite should realize that the one person whom Saskatchewan objected to was taken away all together and no one replaced that person. Therefore, the expert panel is a little circumspect.

However, taking out the non-renewable resources is a great first start. If there are provinces that slide a little, then that is what the equalization formula is supposed to address.

When we start to see a province like Saskatchewan become a have province and build on that, not for one year as the finance minister is crowing about but year after year, we will start to see finances coming from that province, and we are more than happy to prop up someone else.

However, when we see the system now where Saskatchewan receives less than \$100 million, our next door neighbour Manitoba receives almost \$1.5 billion and we are propping it up with our oil and gas, we say it is not working and it is inequitable. We have to start making those changes.

**Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC):** Mr. Speaker, because of the Liberal government's carving out of \$25 billion from health care, as the member so eloquently stated, it devastated our infrastructure in Ontario. Would the member comment on what it has done to the province of Saskatchewan?

● (1325)

**Mr. Gerry Ritz:** Mr. Speaker, it was said earlier by my colleague from Yorkton—Melville that the waiting times we face in Saskatchewan are double and triple that of what we see in the rest of Canada.

The problem goes back to the federal government originally being a fifty-fifty partner in health care. That number went as low as 14¢ on the dollar in some provinces. We have now ramped it back up, with all these side deals that the Prime Minister made to buy votes in the last couple of elections and with his scary health care philosophy, to 25¢ on the dollar. It is still half of what it should have been that many years ago.

When we look at the cataclysmic effect that has had in health care, that is what has led to the lineups. We have lost all of our doctors and our small town health care systems because the federal government did not put in its fair share, and it continues to not do that.

[*Translation*]

**Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ):** Mr. Speaker, unfortunately, we will not be able to support this motion of our Conservative friends for certain reasons that I would like to explain today.

As has been said in this House several times, equalization is a pretty complex matter. People often joke that only a few Canadians and Quebecers actually understand the system. In fact, though, the system is relatively simple, so simple actually that the goal of equalization was even enshrined in the Constitution. The goal of equalization was to ensure that public services could be provided of basically comparable quality and at basically comparable tax levels.

Nonetheless, it could not be as simple as that. Equalization has existed since 1957, but it has been modified several times both in order to reflect new realities, which is entirely to be expected, and occasionally for reasons that were more political than economic in nature. The result, especially over the last ten years, has been an equalization system that has ceased to play its role as the great equalizer. Instead, in several regards, the system has aggravated the disparities between the various provinces and Quebec.

We will not be able to support this motion for several reasons. It does not go far enough. What is needed for equalization is really in-depth reform. Nowadays, unfortunately, the equalization system no longer meets its original goal for various reasons, including the application of what is called the five province standard. This standard, according to which an average is calculated on the basis of only five provinces, results in an artificially low average. Some provinces are excluded from the calculation. Consequently, certain provinces that might have been entitled to equalization find themselves excluded.

As far as the government is concerned, it is a less expensive program. The government can therefore boast at the same time about having enormous surpluses while failing to meet the needs of the public.

The equalization system calculations also do not take all the revenues of the provinces into account. Certain revenues that should be considered in the calculation of equalization are excluded in sometimes arbitrary ways.

In addition, the equalization amounts are highly unpredictable. Even the October 2004 agreement fails to totally correct this situation because it is spread over several years, which is pretty sarcastic in my view.

Once again, the government is not getting at the root of the problem. It tries to find temporary solutions just in order to buy time, have it both ways, instead of getting at the heart of the problem and finding effective solutions.

In the current situation, faced with this very imperfect system, the government had no other choice than to negotiate special agreements with various provinces. As I said earlier, these special agreements have existed since the beginning of the equalization program. However, the recent agreements with Newfoundland and Labrador and with Nova Scotia have crystallized in a way the iniquities in the equalization system and highlighted virtually everything that does not work in the calculation of equalization.

It is important to say that we are not unhappy but actually very happy for the people of Newfoundland and Labrador and of Nova Scotia. Thanks to these special agreements, they will be able to improve their economy, enhance their prosperity, and develop their various industries more effectively while avoiding the fiscal clawback that can result from economic growth based on non-renewable natural resources.

At the same time, we should not forget that these agreements will provide the province of Newfoundland and Labrador with \$2.6 billion and the province of Nova Scotia with about \$1.1 billion by 2012. The result is an enormous increase in their tax revenue potential, which is not included in the equalization calculation.

• (1330)

This accord makes us happy for the residents of the provinces concerned, but it highlights what is wrong with the equalization system and skews data completely.

The Conservative motion seeks to extend this model to all the provinces and Quebec. I think this would spell the end of equalization. It would completely alter the nature of this system, which, while imperfect, is not beyond reform, at least that is our position.

Also, the second part of the Conservative motion does not go far enough in proposing only transitional measures.

Moreover, this motion penalizes in a roundabout way those provinces which have made a different choice, choosing to develop clean and renewable energy sources—I can think of hydro power in Quebec for instance—instead of basing their economic development on non-renewable and much more polluting energy sources.

The Conservative motion addresses a very real problem. Equalization is showing signs of age and is no longer achieving its mission. Instead of providing an efficient solution to these issues, the motion will increase the iniquities in the system.

That is why I encourage our Conservative friends to continue their consideration of the matter, up to a point, because the transitional measures put forward in the motion are clearly inefficient. The exemption of non-renewable resource revenues from equalization

### *Supply*

clawback should be extended only in combination with a comprehensive reform to restore fiscal balance to the provinces which have opted for alternatives to non-renewable resource development or those with not as great a potential as others in this area.

Let us not forget that this reform of equalization is part of a larger picture, which is the whole issue of fiscal imbalance. The motion completely overlooks the major impact of such things as federal transfers, the formulas for the calculation of land wealth or potential tax revenues from mining.

In recent months, the fiscal imbalance subcommittee has had the opportunity to visit a number of provinces and provincial capital cities. What was striking in the presentations by the various stakeholders was the realization that equalization is no longer the great equalizer. More amazingly, while there are real problems in every one of the provinces we have visited so far—Nova Scotia, Ontario, Saskatchewan—the problems vary from one province to the next.

Naturally, at first sight, it may seem like a good idea to say that, since each province is experiencing different problems, special agreements must be negotiated. However, I repeat that these special agreements are destroying the equalization program. This is quite unfortunate. Equalization enables each province to provide comparable services, services to which all Canadians and Quebeckers are entitled.

There is a history to this and, once again, we see that the different actions taken by this government have served to further destabilize the equalization program. For example, at the conference last October, the provinces were forced to accept an agreement on equalization. I come back to this once again: the special agreements with Newfoundland and Labrador and Nova Scotia have further destabilized the equalization program.

• (1335)

Ultimately, the Conservatives' motion is proposing an end to equalization. If the agreement on non-renewable natural resources were extended to all the provinces and there were to be no in-depth reform, we would say, "Forget equalization and okay to the special agreements for all parties". The Conservatives believe—as is their right—that this is the solution. We do not agree, obviously.

We believe that the Conservatives are making a mistake because equalization is supposed to ensure equity; it is supposed to ensure that the provinces provide comparable services. As a result, someone living in Quebec, Ontario, Saskatchewan or any other province or territory is guaranteed access to similar services in health and education, regardless of the revenue sources of Quebec, the province or the territory.

One of the effects of equalization is that, all too often, when there is development, there is a clawback.

### Supply

We were in Regina yesterday, and the Premier of Saskatchewan and the leader of the opposition gave an extraordinary presentation, which exposed clearly the problem with equalization: when a number of economic developments take place, the rate of tax clawback compared to equalization could on occasion be in excess of 100%.

To simplify the figures somewhat, let us take the following example. If, after some economic development, the province earns an additional \$1 million in revenue, it could lose \$1.1 million or \$1.2 million in equalization payments, in other words, more than the revenue generated by the development.

Understandably, in some cases this is not an incentive to economic development. On the other hand, the Premier of Saskatchewan explained very clearly to us that the government had never avoided moving on an economic development because of the clawback implications, and we must congratulate them on that.

So, under this equalization system, which has not worked all that well for some years, and even less well since last October's agreement and the specific agreements with Newfoundland and Labrador and with Nova Scotia, is again being threatened by the Conservative motion. This motion will inevitably increase the iniquities and create new ones as well. It will further complicate a program that needs instead to be simplified. This motion does not address the real problems of equalization, which require a thorough reform.

That thorough reform might address data better reflecting reality and giving an average of the tax potential of the various provinces and of Quebec. For example—and it seems to me that our Liberal friends ought to be able to understand this—when the average has been calculated based on five provinces only, it is not really a Canadian average, but rather an average of five provinces. If the standard were to be changed to ten provinces, the average would then reflect the economic reality and the reality of the tax potential of all of Canada.

To calculate equalization, we would need a better way to calculate property tax capacity. Here again, creative calculations are used to determine property tax capacity. In the calculation of equalization, all provincial revenues should be included. There might have been a time when it was necessary to exclude certain non-renewable resource revenues, but, in my opinion, that time is past. To determine actual capacity, all provincial revenues should be included. In a word, there are a number of solutions available.

• (1340)

With an ounce of goodwill, the government could implement these solutions without challenging the work of the expert panel on equalization established on March 21. This panel will focus mainly on the allocation of equalization payments, not on the functioning of equalization per se; not on the calculation method, but rather on how the amounts will be allocated.

As I said earlier, the equalization issue is part of a broader picture: the fiscal imbalance. Unfortunately, the government does not recognize this reality, and I must say that, as time goes by, I am increasingly getting the feeling that the government is alone in this position.

In Quebec for instance, we have 200 elected members: 125 members of the National Assembly and 75 federal MPs. Out of these 75, only 21 Liberal MPs fail to recognize the fiscal imbalance. During our tour, we heard presentations in Halifax. Many provinces recognize the fiscal imbalance as a problem. In Toronto, the Ontario premier recognizes the fiscal imbalance. I was in Regina, and the Premier of Saskatchewan recognized the fiscal imbalance. I do hope that this government will eventually realize how isolated it has become in its stubborn refusal to recognize these facts.

Changes to equalization are needed to try to resolve part of the fiscal imbalance. What does this mean? For now, it means improvements to equalization. Transfer payments for health and education need to be increased considerably. These are issues that are very important to our constituents.

In addition to addressing equalization and transfer payments, the government must transfer tax fields. One solution, for example, could be to transfer the GST tax field, or some of the personal income tax, or tax points for Quebec, while eliminating some other transfers. The government could consider these solutions, but it refuses to do so.

We currently have a minority government in Parliament. This allows us to help the government in its work. Naturally, I am referring to the Speech from the Throne. Although the resolution on the fiscal pressures—what some call the fiscal imbalance—is very weak, it is a step in the right direction. The creation of the Subcommittee on Fiscal Imbalance of the Standing Committee on Finance is an extraordinary step in seeking solutions to this problem. I am really looking forward to June 2, when the Subcommittee on Fiscal Imbalance tables its report.

In conclusion, the Conservative motion we are considering today will in no way resolve the equalization problem. In fact, it might make matters worse and increase the inequities. Rather than focus on special agreements and transitional measures, we should conduct a thorough reform of the equalization system, which would allow us to determine the real situation for all the provinces and to have a functional equalization system that meets the transfer needs of the provinces and Quebec.

• (1345)

[English]

**Mr. Monte Solberg (Medicine Hat, CPC):** Mr. Speaker, it is my pleasure to rise to address this issue and thank my friend from the Bloc for his comments. Obviously, the Conservative Party also shares his concerns about the fiscal imbalance. We were quite pleased to participate in the hearings on fiscal imbalance and hope that the government will come to understand that this is not some myth. This really is a truly serious problem.

However, I want to get to the guts of the motion and get some feedback from the member regarding the issue of non-renewable natural resources, and whether or not they should actually be included in the equalization formula.



I want to make the case again for why they should not be included. I trust my friend understands that if non-renewable natural resources are included in the equalization formula, it means that we have a situation where for every dollar that is produced in revenue from these non-renewable resources basically the same amount of money is clawed back through equalization. This means that these resources should be used to help a province get permanently on its feet, build infrastructure, and build capacity for the future. When the day comes when those resources will be gone, all that money will be lost.

Can my friend understand why that is important to provinces who have lots of those types of resources, but maybe not a lot of renewable resources? If he can understand that, why can he not come to support what we are proposing today?

[*Translation*]

**Mr. Guy Côté:** Mr. Speaker, I would like to thank my colleague for this excellent question, which raises some very important points.

Actually, one cannot help agreeing on the face of it with the member's statement that the resources are non-renewable and, once developed, will have disappeared forever. However, we must never forget that these resources are not developed in a vacuum; the wealth that their development generates for the various provinces is re-invested in infrastructure and services for people and will make it possible to reduce taxes.

Non-renewable resources are not in fact developed in an economic void where money is collected but not re-invested elsewhere. Thus the development of non-renewable natural resources brings wealth to the various provinces.

I feel that it is on this basis that we should calculate the entire potential in order to ascertain all the revenues. That is the first thing.

Second, when one thinks of Alberta and of the Hibernia project, for example, all Canadians contributed to the exploratory phase and to the development of the resources in various ways. As a Quebecker, some of my taxes went to developing these natural resources. Now I am told that, on the one hand, I helped to finance the development of non-renewable natural resources, but on the other, I cannot enjoy any of the benefits of that development.

Although the member may seem to be right, when we examine his suggestion a little more closely, we realize that it is very unfair. This is why I ask my Conservative friends once again to give this some more thought.

[*English*]

**Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC):** Mr. Speaker, I am a bit surprised that the Bloc is not supporting the motion because it is a province that is always looking for special treatment. So, it is difficult to understand why it will not support a province looking for fair treatment in order to benefit from its own resources. If that is the case, if the member does not support or does not think a province should benefit from its own non-renewable resources, then surely he would not support a province benefiting from another province's resources.

### *Supply*

In light of that, I wonder if he would commit to talk to his premier and ask him if he would sit with the Premier of Newfoundland-Labrador and renegotiate the Upper Churchill contract.

• (1350)

[*Translation*]

**Mr. Guy Côté:** Mr. Speaker, once again, a large part of the problem with the Conservative motion is that it examines only one aspect, namely the revenues from the development of non-renewable natural resources. It looks only at the revenue side. We must not forget, though, that all Canadians and Quebeckers contributed through their taxes to the development and the expenditures incurred to produce these revenues. This is why I find it unfortunate that the motion looks at only one aspect of the issue.

For example, Newfoundland and Labrador gets revenues from the development of its resources, and that is entirely as it should be. However, since we all contributed to the outlay, it seems to me that it would be fair if we could all participate in the benefits, even if only indirectly. We are speaking here of indirectly, we are speaking of equalization. We are not asking for a percentage of the revenues and profits from the development of coastal oil. We are just asking for this to be taken into account when it comes to equalization. It is as simple as that.

[*English*]

**Mrs. Lynne Yelich (Blackstrap, CPC):** Mr. Speaker, I will be sharing my time with the member for Fundy Royal.

Recently the Minister of Finance said he was not surprised to hear Saskatchewan politicians united in their demand that the province's non-renewable resource revenues be excluded from the equalization formula as has been granted other provinces. The Minister of Finance, a Saskatchewan native himself, said that this was an easy thing to do. I respectfully disagree.

Getting Saskatchewan's Conservative members of Parliament, the NDP premier of the province, along with the leaders of the provincial Liberal and Saskatchewan parties united in a common cause considering their significant ideological differences is anything but an easy thing to do. Even a brief examination of the facts would reveal that this is the right thing to do.

Representatives of the people of Saskatchewan are obliged to speak out against an equalization system that penalizes our province with an over-emphasis on non-renewable resources and a complete failure to accurately measure fiscal capacity. The detrimental effects of the present equalization formula should not be under-estimated. It has and continues to have a real effect on the prosperity of the residents of Saskatchewan, robbing them of economic benefits resulting from energy revenues.

Noted Queen's University economist, Thomas J. Courchene, has stated that Canada's equalization program represents a wholesale assault on the fiscal incentive and competitive environment of Saskatchewan's energy sector. It has obvious and dramatic spillovers to the province's entire budgetary environment.

*S. O. 31*

From 1998-99 to 2000-01, energy revenues in Saskatchewan increased \$668.3 million, yet simultaneously, the equalization offsets over the same period increased by \$835.3 million. In effect, the province saw its energy revenues clawed back at a rate of 125%.

While the federal government has attempted to ameliorate the situation with back payments, it cannot turn back the clock and recover the lost economic opportunities because of this flawed equalization formula. Courchene declared that this clawback was a key factor leading to the province's relative decline in terms of the ranking of provincial disposable incomes.

Unfortunately, finding statistics to illustrate the financial difficulties facing Saskatchewan residents is an easy thing to do. We just have to look at statistics indicating private sector job growth in the province. It was a mere .3% in 2004. Its share of total employment in Saskatchewan is at its lowest level in more than a decade. We just have to look at the fact that between 2001-04, capital investment in Saskatchewan was the worst among all provinces with an average annual growth rate of 1.8% compared with the national average of 5.6%. Other figures have shown that Saskatchewan's families have saved nothing in the last four years, instead, going progressively deeper into debt.

Saskatchewan farmers consistently reap the worst net farm income in this country. Agriculture Canada reports that the net realized farm income in 2005 for Saskatchewan farmers will be a negative \$486 million, significantly lower than the negative \$166 million for 2004. All this while national farm income numbers are improving.

These numbers have real implications for people in my province. Good, hardworking people whose aspirations of building and sustaining a business in Saskatchewan are being impeded by a gloomy economic reality that is suffocating economic development and opportunity in the province.

This is especially true in the agriculture sector. Terry Hildebrandt, with the Agricultural Producers Association of Saskatchewan, recently spoke of good, stable farm operations throwing up an auction sale and getting out while they can while others not as fortunate, who have farmed 35 or 40 years, are re-mortgaging the farm to pay their input costs back.

●(1355)

For that reason, we should not be surprised that according to a recent survey conducted for the provincial government one out of every four young people in Saskatchewan is seriously considering moving to another province. One of the most frequent reasons given is to find better economic opportunities.

Those statistics and figures paint a stark picture of a province wrestling with widespread and troubling financial difficulties. However, under the present equalization formula, which over-emphasizes non-renewable resources and fails to accurately measure fiscal capacity, Saskatchewan is classified as a have province, thus ensuring most of the province's non-renewable resource revenue will be clawed back.

We should consider that for a moment. What incentives are there to promote economic development and opportunities in the non-renewable resources sector when a provincial government knows that for every dollar it raises it effectively makes itself and its

residents worse off financially? Answering that question is an easy thing to do. There are no incentives. There is a fundamental flaw in the formula.

The concept of equalization is to assist have not provinces. However, under this formula, we could conceivably cement the economic stagnation of some provinces, such as my own, for decades to come. The treatment of Saskatchewan's non-renewable resources under the equalization formula is, to quote Courchene, "not only inequitable, it is fiscally and economically immiserating". We cannot allow this situation to persist.

For that reason, I call on the government to extend the same provisions it has guaranteed other provinces in what has been dubbed the Atlantic accord and exclude the non-renewable resources of Saskatchewan and all other provinces from the equalization formula.

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## STATEMENTS BY MEMBERS

[English]

### SKIING

**Mr. Anthony Rota (Nipissing—Timiskaming, Lib.):** Mr. Speaker, I rise today to pay tribute to North Bay native, Steve Omischl, who just last week captured the gold medal for the world freestyle ski championship in Ruka, Finland.

Steve performed two jumps in the event, including a quad-twisting triple somersault, which Steve claimed was the best he had ever done. This marks Canada's first men's aerials gold since 1997 and the sixth since the inaugural worlds in 1986.

Omischl's win comes as no great surprise. The 26 year old has been a dominant force on the world cup circuit for the last several seasons. He won the overall title in 2004 and finished second this year. With this victory, Steve Omischl is now considered the man to beat leading up to next year's winter Olympics in Turin, Italy.

On behalf of the people of Nipissing—Timiskaming and all hon. members, I would like to congratulate Steve Omischl on a job well done. His community and, indeed, his entire country are proud of him. He should keep reaching for the stars.

\* \* \*

●(1400)

### FRASER RIVER FISHERY

**Mr. John Cummins (Delta—Richmond East, CPC):** Mr. Speaker, today the Standing Committee on Fisheries and Oceans tabled its report on the 2004 Fraser River sockeye disaster.

The committee rejected the minister's contention that high water temperatures alone in the Fraser River accounted for the missing fish. The committee suggested that illegal fishing, mismanagement of the aboriginal fisheries and a lack of commitment to enforcement were the key causes of the disaster.

In a separate supplementary report, I recommended a plan that would prevent a repeat of the 2004 disaster by first, prohibiting the use of destructive set nets in the Fraser Canyon; second, by ending the illegal sale of food, social and ceremonial fish; and third, by creating a new fisheries enforcement branch free of political interference, an enforcement branch with a police agency designation and more than double the current number of fisheries officers on the lower Fraser.

The Department of Fisheries failed miserably to protect Fraser sockeye in 2004. These recommendations will protect the Fraser fishery from another disaster.

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#### SUPPLY MANAGEMENT

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, 2005 marks the 40th anniversary of supply management in the chicken broiler, turkey and dairy industries.

Despite the fact that supply managed sectors provide inexpensive yet premium quality food, there are those out there who still do not get it.

Recently, when ordering pizza, one of my constituents was confronted with a sign indicating that the pizza would now cost more because dairy farmers were charging more for milk. Notwithstanding that I have never seen a sign saying that pizza prices have increased because of the cost of hydro, fuel, labour or rent, the information is erroneous.

Canadians must understand that domestic dairy goods are as inexpensive as possible. In fact, if one were to pay \$14.24 for a medium pizza in a restaurant, the farmer's share would be only 61¢. Furthermore, if one were to directly compare U.S. dairy prices with ours, one would find that prices here on average are 20% less expensive than similar items in the United States.

Supply management has been a huge success and I congratulate the Government of Canada for officially recognizing this fact.

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[Translation]

#### GÉRALD GUY CAZA

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, on March 20, nearly 1,000 organizations in more than 100 countries celebrated the international day of La Francophonie.

One of them, the Mouvement estrien pour le français, awarded its top prize to someone from the Eastern Townships who has demonstrated his commitment to the French fact. The recipient was Gérald Guy Caza, a man who has shared his wealth of knowledge with his community and who has been outstanding in his desire to make French an essential element of today's society.

The founder of Bibreries GGC, he also established les Éditions GGC and les Productions GGC. These operations focus on the distribution of French-language educational games and books and encourage the creativity of Quebec and Eastern Townships authors, supporting them by publishing and distributing their works.

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The Bloc Québécois congratulates Gérald Guy Caza and encourages him to continue his work on behalf of Quebec society with gusto.

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[English]

#### FLYERS

**Mr. Mark Holland (Ajax—Pickering, Lib.):** Mr. Speaker, I rise today on a matter of great concern to me and, I would say, to all members of the House.

Flyers have been mailed out across Canada to a variety of different members' ridings stating that members are against families or are trying to destroy marriage. Even though I think that position is intolerant, I do respect the opinion. However, what I do not respect is tens of thousands of dollars being spent anonymously with absolutely no way to contact this organization.

My office has been contacted by hundreds of residents who are extremely upset. Maybe this is acceptable to the opposition but I would like to know who is behind it. We do not know who is behind it. Is there foreign money? Is there a political party behind it? These are the questions we have to ask.

To have anonymous money being spent in this way from a post office in a 7-Eleven in Toronto is absolutely unacceptable. Canadians deserve—

**The Speaker:** The hon. member for Stormont—Dundas—South Glengarry.

\* \* \*

#### FRANCIS BAZINET

**Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC):** Mr. Speaker, I am thrilled to pay tribute to the late Francis Bazinet who recently bequeathed \$915,000 to the Winchester Memorial Hospital which is located in my riding of Stormont—Dundas—South Glengarry.

Mr. Bazinet's overwhelming generosity enabled the hospital's "Renewing the Vision" campaign to reach its goal of raising \$15 million to fund improvements to the hospital, including a new emergency ward, a new ambulatory care department, expanded and improved day surgery and operating rooms, new recovery rooms and improved reception areas.

I also want to congratulate "Renewing the Vision" campaign co-chairs, Bill Smirle and Mike McInnis, the foundation chair, Terry MacLellan, and all the organizers of this most successful fundraising campaign.

Finally, I want to thank from the bottom of my heart all 6,069 donors whose incredible generosity has made it possible for the patients of Stormont—Dundas—South Glengarry to continue to receive top quality health care service.

*S. O. 31*

•(1405)

### HOLOCAUST

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, this year marks the 60th anniversary of the liberation of the Nazi concentration camps of World War II.

On January 27, 1945, Soviet troops were the first of the allies to liberate the death camps known as Auschwitz-Birkenau.

The Holocaust was a tragedy for the Jewish people that resulted in the suffering and death of at least 6 million Jews. Other innocent victims included the Roma people, Slavs, Soviet prisoners of war, the handicapped, Jehovah's Witnesses and homosexuals.

Sadly, since the Holocaust the world has failed to prevent genocide in Cambodia, Rwanda and the former Yugoslavia.

It is my sincere hope that such events will never be allowed to happen again and that Canada will take its place in the international community to halt or prevent genocide in the future.

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[*Translation*]

### WORLD WATER DAY

**Mr. Christian Simard (Beauport—Limoilou, BQ):** Mr. Speaker, today we are marking World Water Day. This year's celebration is also the beginning of the international decade of action proclaimed by the United Nations as the Water for Life Decade.

Many organizations in Quebec, among them Développement et paix and the Eau-Secours coalition, are working to protect this resource so often misused.

In Quebec, the St. Lawrence River is a source of life. It provides our drinking water, transportation and inspiration. With nearly 6,000 animal and plant species living in its waters or on its shores, the St. Lawrence's wealth, its biodiversity, must be fiercely protected.

The Bloc Québécois calls upon the federal government to use the Water for Life Decade to incorporate the concept of sustainable development into its decisions. Maintaining the St. Lawrence's rate of flow, preserving lac Saint-Pierre, and monitoring climate change are only a few examples of the many challenges awaiting us.

We must be ready to face the challenges, because the people of Quebec are demanding a healthier, cleaner St. Lawrence—and rightfully so.

\* \* \*

[*English*]

### RACIAL DISCRIMINATION

**Ms. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, yesterday was the International Day for the Elimination of Racial Discrimination and yet in Canada we continue to be confronted by a rising tide of anti-Semitism.

Last Tuesday the League for Human Rights released its annual audit of anti-Semitic incidents in Canada. The data is disturbing, confirming a longstanding trend of escalation.

There was a 46.7% rise in the number of anti-Semitic incidents to 857 last year. The League states that only 10% of all cases are reported, turning this alarming figure into a potentially frightening 8,570.

In my home city of Winnipeg, the number of anti-Semitic events tripled to 54 incidents. Vandalism cases increased sevenfold and five instances involved synagogues.

It is important for the general Canadian society to stand alongside their Jewish-Canadian neighbours in a united front against bigotry. We cannot turn a blind eye to this blight.

\* \* \*

### CHINA

**Mr. Stockwell Day (Okanagan—Coquihalla, CPC):** Mr. Speaker, China has one of the world's most voracious economies and one of the largest armies. China has a nuclear program and a formidable missile program. As a matter of fact, 700 of those missiles are aligned threateningly along the Straits of Taiwan right now.

China has just finished a \$100 billion oil and gas deal with Iran. China also has a deplorable human rights record, is actively engaged culturally against the people of Tibet and has close links with the deplorable dictatorship in North Korea.

How does Canada reward this behaviour from China? We give them millions of taxpayer dollars in the form of aid.

It is time to send a message. If Canada is serious about aid being based on good governance, if Canada is serious about China's threat to Taiwan with the anti-succession law, then it is time to cancel these millions of taxpayer dollars that we are sending to China in the form of aid and send the message that we expect good governance and respect for human rights.

\* \* \*

•(1410)

### VANCOUVER

**Hon. Hedy Fry (Vancouver Centre, Lib.):** Mr. Speaker, I rise today to celebrate the first day of spring, albeit that March 21 was yesterday. In recognition of this end to the winter blues, the Vancouver AM Tourism Association has sent to each member of this esteemed House the gift of a golden daffodil and with it comes an open invitation to visit our fair city.

And fair it is. With 15° temperatures, spring indeed has sprung. The daffodils flutter and toss their golden heads in profusion. The cherry trees riotously litter the green grass with their pink and white blossoms. The birds they sing. The bees they hum. The sidewalk tables are filled with latté drinkers by day and chilled Chardonnay imbibers by night.

When T.S. Eliot wrote that April is the cruelest month, he certainly could not have been thinking about Vancouver. I ask my hon. colleagues to accept the golden ray of sunshine that we in Vancouver have so fondly offered, remembering that spring is the season when our fantasies turn to thoughts of love. Colleagues—

**The Speaker:** The hon. member for Winnipeg North.

### HUMAN RESOURCES

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, few human feelings are as compelling as the need to respond with support and care when those we love are in their final days.

Recognizing this universal urge for compassion, Parliament set up a leave provision in the EI program to help Canadians and their loved ones through this difficult period.

It is helping some loved ones, but EI compassionate leave is failing many others. Why? Quite simply because this government chose the narrowest definition possible of family.

This has left those like Neil Cohen in Winnipeg unable to access leave to care for his terminally ill brother. Sisters, brothers and grandparents do not qualify as family for this government. Neil is taking the government to court so others will not have to endure his family's pain. He should not have to do that.

There is a huge surplus in the program due to the fact that so few can use it because the Liberals' idea of family is so narrow and so out of touch with reality. We urge the government to put compassion back into compassionate leave.

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### AGRICULTURE

**Mrs. Lynne Yelich (Blackstrap, CPC):** Mr. Speaker, we cannot make bread without grain and we cannot have grain without farmers.

My constituent Miles Moore recently hauled 1,100 bushels of number two hard spring wheat to a grain elevator. The grain was shipped out of the province and used to make approximately 66,000 loaves of bread which netted \$100,000. Mr. Moore got \$3,000 for his part.

We will not have farmers like Mr. Moore anymore. Agriculture Canada statistics show a mind-boggling negative \$486 million net realized income for Saskatchewan farmers in 2005.

The government's agriculture programs are complicated and ineffective. They have led Mr. Moore and others to ask, "Would any one citizen in Canada deny a Canadian farmer 10% of the retail value of the food that farmer's crop produced?"

This government's agriculture policies need to better respond to the dire straits of our farmers in Canada.

\* \* \*

[Translation]

### GENIE AWARDS

**Mr. Maka Kotto (Saint-Lambert, BQ):** Mr. Speaker, Quebec has its own unique culture that sets it apart from the rest of North America. Quebec has its own unique creative genius.

Millions of television viewers were given an insight into this uniqueness yesterday during the 25th Genie Awards ceremony. The Genies are awarded to deserving artists and craftspeople in the Canadian film industry.

Many of the talented individuals who today embody Quebec's spirit and uniqueness were among the award recipients last night.

*S. O. 31*

I and my Bloc Québécois colleagues extend our heartiest congratulations and strongly encourage them to persevere in their difference and uniqueness.

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[English]

### NATIONAL DRUG STRATEGY

**Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC):** Mr. Speaker, crystal meth is sweeping across the country as the cheap narcotic of choice for Canada's youth. It is devastating communities and taking lives. This drug is unforgiving.

Conservative MPs have been calling on this government to take specific and concrete action to fight back against crystal meth.

Despite the mounting evidence of a drug epidemic and despite urging from the provinces and community groups, the federal government admits it has no strategic plan to combat crystal meth.

On March 8 in my riding, 24 year old service station attendant Grant DePatie was run over, dragged underneath a car for seven kilometres and killed while trying to stop a gas theft. It is reported that the 16 year old driver of the stolen vehicle was under the influence of crystal meth at the time of the crime.

Clearly this is a national problem that requires a national response. How many more lives have to be lost before the government will finally stop dithering and start taking action to fight crystal meth?

\* \* \*

● (1415)

### RACIAL DISCRIMINATION

**Mrs. Susan Kadis (Thornhill, Lib.):** Mr. Speaker, last week I had the pleasure of hosting a round table in my riding of Thornhill which was attended by the hon. Minister of State for Multiculturalism.

The event was a great opportunity for communities across Thornhill to come together and share their experiences in promoting cross-cultural understanding. It was extremely insightful and the minister welcomed the ideas that were put forward.

Yesterday marked the annual International Day for the Elimination of Racial Discrimination. In Ottawa this included the announcement of Canada's groundbreaking plan, "A Canada for All: Canada's Action Plan against Racism". The action plan will reinforce the government's ongoing commitment to eliminate racism.

### Oral Questions

The objectives of the plan are to strengthen social cohesion, further Canada's human rights framework and demonstrate federal leadership in the fight against racism and hate motivated crime. Canada must continue to promote such anti-racism initiatives, which empower our society to mobilize across our country and rise up and take a stand against racism.

Liberal government promised an open border on March 7. It did not happen.

On another matter, we have seen this government's weak proposal to the Americans on the softwood lumber dispute. It is a virtual capitulation despite the fact that Canada has won virtually every round. The United States is continuing to collect over \$3 billion in duties and threatens to disburse it under the illegal Byrd amendment.

## ORAL QUESTION PERIOD

[English]

### CANADA-U.S. RELATIONS

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, President Bush has summoned the Prime Minister for a meeting on trade and security matters. We know that this anti-American Liberal government has been moving in the opposite direction to Washington on a range of defence, military and security matters, but the Americans have said that trade and security are linked.

How exactly does the Prime Minister intend to move forward our bilateral trade interests with the United States?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, the use of the word summons may well reflect the way in which the Leader of the Opposition views our relationship with the United States. It is certainly not the way the Liberal government views that relationship.

What is going to happen is that three sovereign governments that form part of the North American community are going to meet in order to make sure, whether it be security or trade, that in fact the quality of life, the standard of living and the security of their citizens are first and foremost among our considerations.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, the word summons does describe the Liberal government in my mind and I think the Liberal government will be receiving many more summons in the near future.

The Prime Minister is so important to the president that the president has given him a total of 20 minutes to discuss Canada's trade concerns. As the Prime Minister knows, one example obviously is that the border has been closed to Canadian cattle for two years. At present that closure is now indefinite. How will the Prime Minister use his 20 minutes to secure a fixed date for opening the border for Canadian cattle?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, I am not quite sure where the Leader of the Opposition got the schedule upon which President Bush and President Fox and I will be meeting, but the fact is that there is an enormous amount of opportunity to discuss a wide range of areas and we intend to do so.

The hon. member knows that in fact the border would have been opened if it had not been for the decision of an individual judge in the State of Montana. He also knows that the administration has supported the Canadian position wholeheartedly. That demonstrates the nature of our relations and how important it is that we continue to work together.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, we all know and Canadian producers all know that the

Will the Prime Minister tell the president that he will stand fast on the illegality of the Byrd amendment and insist that Canadian softwood producers get their money back?

• (1420)

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, it is indeed worrisome when the leader of Her Majesty's opposition has so little understanding of the nature of the trading difficulties and the trading relationship between our two countries. He ought to know that on the one hand there has certainly been no capitulation. The fact is that Canada has won consistently before every panel that has to decide.

What he also ought to understand is that it is not the Canadian government that is going to be able to overturn the decision of an individual judge in Montana. We are two different countries, but what we have done is work very closely with the administration, which is supporting the Canadian position.

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### SPONSORSHIP PROGRAM

**Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC):** Mr. Speaker, day by day the Gomery inquiry reveals a crooked trail of money from the sponsorship program to ad firms to the Liberal Party. Last week a Liberal organizer close to the Prime Minister confessed that he helped funnel thousands from Groupaction to the Liberal Party.

In 2002, Jean Chrétien admitted that a few million "might have been stolen", yet this government will not admit what is happening. Why are Canadians being treated like sheep to be fleeced for the convenience of the Liberal Party?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the Liberal Party has been clear—

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

**The Speaker:** I am sure the minister appreciates the accolades but we have to be able to hear his answer. The Minister of Public Works has the floor.

**Hon. Scott Brison:** Mr. Speaker, I can understand why the opposition feels sheepish about the hon. member's questions today, but the fact is that the Liberal Party has been absolutely clear on this, that any funds that were inappropriately received will be returned to Canadian taxpayers. But the Liberal Party cannot keep that promise until we have all the facts and until Justice Gomery has completed his work.

It is a promise made and it will be a promise kept. I guarantee it.

*Oral Questions*

**Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC):** Nonsense, Mr. Speaker. These shameless Liberals even used the Business Development Bank in what a close Chrétien aide admitted was a money laundering operation.

Liberal ministers talk openly of possible tainted money, dirty money and ill-gotten gains. One top Liberal organizer alone gained \$5 million from the sponsorship program. With all the evidence of cronyism and corruption, why would Canadians not believe the whole sponsorship program was mainly a scheme designed to filter tax money into Liberal Party coffers?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again the Liberal Party has been absolutely clear that any funds that were inappropriately received will be returned to Canadian taxpayers once Justice Gomery has completed his report.

What is really shameless, and it is reported today in the *Edmonton Journal*, is that the member for Calgary—Nose Hill was not so blunt outside of the Commons following question period. She declined under persistent questioning from journalists to repeat the allegations outside of the cloak of immunity provided by the Commons. That is directly from the *Edmonton Journal* today.

The hon. member should read the *Edmonton Journal*. She should be ashamed that she used her parliamentary privilege and said things in the House, made allegations she will not make—

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

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, with regard to the Liberal Party's dirty money, even the Minister of Transport's latest defence no longer holds. When Jean Lafleur got his first contracts in 1996, Alfonso Gagliano's office and Quebec Liberal Party organizer Benoît Corbeil immediately invited him to "help with the funding", which he did and forced his employees to do, so there is clearly a causal link.

Given the evidence, what are the Prime Minister and the government waiting for before demanding that the Liberal Party pay back this dirty money?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, the government has been extremely clear since the start. If some money came from inappropriate sources or if some tainted money was received, it will be repaid.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, this Prime Minister has just asked companies to repay \$40 million for work that was never done. What else does he need, when we know that these same companies gave money to the Liberal Party? He has to act like a prime minister not a leader of the Liberal Party.

It has been established that donations to Lafleur Communications, cheques to Liberal organizers and payments against Jacques Corriveau's debt came from the public purse.

Given this, I am asking him again—and this is extremely clear—how can he, today, not demand that the Liberal Party pay back this dirty money?

• (1425)

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, civil suits have already been filed to recover these funds, but we are still awaiting the decision of the courts and the report by Justice Gomery. So, it is reasonable to expect that the Liberal Party will take action, but only once we have all the facts.

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, this is a minority government, and a general election could be called at any time.

Will the government admit that it must take immediate action to recover sponsorship funds from the Liberal Party? Otherwise there might be a fourth election campaign during which the Liberal Party would campaign on dirty money, after 1997, 2000, 2004 and perhaps 2005.

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the party has been clear.

[*English*]

If there were funds received inappropriately, those funds will be returned to the Canadian taxpayers. That is a promise made that will be a promise kept. However, we need to have all the facts to behave appropriately and we need to have all the facts to act. That is why we are waiting for Justice Gomery to complete his work.

[*Translation*]

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, on March 3, 2004, the Minister of Transport stated, just before the last election campaign, and I quote, "We have no intention of campaigning with tainted money".

Will the government admit that if it does not immediately seek to recover the sponsorship funds paid to the Liberal Party, the latter will run a fourth election campaign with dirty money? This is totally unacceptable.

[*English*]

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, again, yes, the transport minister has been clear, yes, the Prime Minister has been clear and the party has been clear that if there were funds that were inappropriately received, those funds will be returned to the Canadian taxpayers. However, the party cannot act in that regard until we have all the facts. That is why it is so important that we have those facts and we wait for Justice Gomery to submit his report.

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#### MEETING OF NORTH AMERICAN LEADERS

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, my question is for the Prime Minister.

In the last election the Liberals did not tell Canadians they would be seeking more integration with the United States. That was kept from them. Now what we see is the economic agenda of the Liberal Party beginning to emerge, its fortress George Bush bolstered by cheap Mexican labour and lots and lots of Canadian oil turned on and off whenever George Bush wants to turn on or off the tap.

*Oral Questions*

Can the Prime Minister tell us why he will be pursuing an agenda of deeper integration with the U.S. sacrificing Canadian sovereignty? Why is he pursuing this hidden agenda without telling Canadians about it?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, I am not quite sure what *Alice in Wonderland* book the leader of the NDP has been reading, but I will tell members what we will be pursuing. We will be pursuing an agenda that would provide greater security for Canadians and for Americans and indeed for Mexicans. We will be proceeding on an agenda for greater economic prosperity for our three countries. We will be proceeding on an agenda for greater quality of life, for better environmental control.

If the leader of the NDP finds that security, prosperity and a higher quality of life is an agenda that he cannot accept, we have known that for a long time.

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, I can tell the Prime Minister what we have been reading. We have been reading headlines about Canadian jobs leaving this country and going to other countries with the full support of the government. That is no big surprise. When the Prime Minister owned CSL he was shipping Canadian jobs abroad when ships could have been built here in Canada.

I come right back to the question, why is the Prime Minister pursuing the Wal-Mart plan: ship any job anywhere to the lowest economic denominator and tear up any environmental standard?

Why are these items going to be discussed with the President of the United States and the President of Mexico?

• (1430)

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, if we take a look at the record that Canada has had, we are the only G-7 country that is currently in a surplus. We have had an incredible increase in the standard of living of Canadians.

The hon. member talks about jobs. The fact is that we have had some of the highest job creation Canada has ever had in any decade, and certainly greater than most other G-7 countries, all as a result of the policies of this government.

What I would suggest the hon. member ought to do is to stop reading just the headlines and he might start reading the articles.

\* \* \*

[Translation]

**SPONSORSHIP PROGRAM**

**Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC):** Mr. Speaker, the Gomery commission has revealed that the real purpose of the sponsorship program was to line the pockets of the Liberal Party and its friends with our tax money.

If the testimony at the Gomery commission is enough to proceed against the advertising agencies, why then is the Liberal government not also proceeding against the Liberal Party in order to get our money back?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, there is no need to proceed against the Liberal Party, because it has clearly indicated that it would

voluntarily return the funds if it is found that they were inappropriately managed.

[English]

The fact is that we have commenced action against 19 individuals and firms for \$41 million. That action has been commenced, but there is no verdict, nor is there a report from Judge Gomery. Until we have the report from Judge Gomery, we will not have the evidence to move forward to pursue any other action. The Liberal Party has been clear that any funds will be returned to the Canadian public.

**Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC):** Mr. Speaker, here is what the transport minister said: "If somebody had to pay a certain amount to the Liberal Party to get contracts, I think that money should be reimbursed".

Lafleur Communications and PR firms Splash and Commando have admitted to making contributions to the Liberal Party to get contracts. Guilt has been admitted. Cash changed hands. Why will the Liberal Party not give back this dirty money and apologize to taxpayers?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again the Liberal Party has been absolutely clear that any funds which were received in a way that would be inappropriate will be returned to the Canadian taxpayer. We have been absolutely clear as a government that we are going to get to the bottom of this issue and that is exactly what we are doing.

The Prime Minister, by establishing Justice Gomery to do his work, by pursuing the action we have to recover funds, by ensuring that we take this issue seriously, we are demonstrating respect for the Canadian taxpayer. We are walking the walk over here. They are merely talking the talk.

[Translation]

**Mr. Rahim Jaffer (Edmonton—Strathcona, CPC):** Mr. Speaker, acting as a front man to redirect campaign contributions is illegal. It is called collusion. When the money goes from Groupaction to Splash to Commando to the Liberal Party, through Brault, Desjeans and Thiboutot on the way, is that clear enough for the Minister of Transport?

Will the government finally apply the remedy it used for the ad agencies, and take legal action against the Liberal Party?

[English]

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, once again the hon. member is referring to specific testimony. This is curious behaviour because the fact is that on a daily basis we see contradictory testimony. Even his own leader is saying that some of the testimony before Justice Gomery has been false and that some of the witnesses are lying to Justice Gomery. If his leader believes that witnesses are lying to Justice Gomery, why is he in his line of questioning using individual sporadic testimony instead of waiting for Justice Gomery to do his report?

**Mr. Rahim Jaffer (Edmonton—Strathcona, CPC):** Mr. Speaker, let us see if the minister can handle the facts.



*Oral Questions*

The ad scam money trail leads directly to the Liberal Party of Canada. Gosselin gave \$15,000, strong armed by Liberal bullies and donated to the Liberals. Groupaction gave \$2,000 to the member for Bourassa, \$50,000 to five Liberal organizers and \$20,000 directly to the Liberals. With Lafleur Communications, over \$50,000 was laundered through employees and a secret bank account to the Liberals.

If the minister is so gung-ho about suing these firms, why is he not just as anxious to sue the Liberal Party of Canada?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, there is no need to sue the party because the party has voluntarily committed to return any funds gained inappropriately to the Canadian taxpayer—

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

• (1435)

**The Speaker:** Order. The Minister of Public Works and Government Services has the floor. The hon. member for Edmonton—Strathcona must be having real trouble hearing the answer because I am. We will want to hear the Minister of Public Works and Government Services now without the usual interruptions.

**Hon. Scott Brison:** Mr. Speaker, once again the Liberal Party has voluntarily committed to return any funds gained inappropriately to the Canadian taxpayer once we have all the facts. The fact is we will have a greater clarity on this issue once we have Justice Gomery's report.

Yes, we have pursued legal action to retrieve funds as that is the right thing to do for the Canadian taxpayer, but we do not have a verdict.

\* \* \*

[Translation]

**TEXTILE INDUSTRY**

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, the Canadian textile industry is in peril and factories are disappearing one by one, victims of the federal government's inaction in the face of globalization of trade.

The Canadian Textile Institute has asked the Prime Minister to intervene when he meets with Presidents Bush and Fox, in order to re-establish the market access obtained when the NAFTA was signed.

Does the Prime Minister intend to discuss the textile issue with President Bush this week, in order to restore access to the American market to the level it was at when NAFTA was established?

**Hon. Jim Peterson (Minister of International Trade, Lib.):** Mr. Speaker, it is quite obvious that, within the NAFTA framework, the textile and garment industries have already been discussed. This month a working group presented a report containing six suggestions. Because of the problems in this industry, the government has spent nearly \$600 million helping this sector become more competitive.

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, what we want is for the Prime

Minister to speak to Mr. Bush on this issue to help the textile industry.

**An hon. member:** Tomorrow.

**Mr. Paul Crête:** It has to happen tomorrow.

The Americans have established a program under which garments manufactured abroad with American material can enter duty free.

Does the Canadian government also intend to set up such a program in order to support our textile industry, which is crying out for it?

**Hon. Jim Peterson (Minister of International Trade, Lib.):** Mr. Speaker, as I just said, the NAFTA working group has begun to look at these issues. We are examining the report.

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**GOVERNMENT CONTRACTS**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, Bombardier is questioning the approach taken by DND and Public Works, with their last minute changes to the requirements set out in the call for tenders for the contract to train Canadian Forces pilots.

Because of this rather questionable move, Bombardier faces losing a contract it has held for 12 years. Could the government explain what motivated this eleventh hour change, unbeknownst to Bombardier, to the requirements set out in the call for tenders?

**Hon. Bill Graham (Minister of National Defence, Lib.):** Mr. Speaker, it would not be appropriate for me to comment today on a contract that has not yet been awarded and about which an announcement will be made in the future.

However, I can assure the hon. member and the House as a whole that, in this matter as in all contract awards by our department and the government, the process has been just, fair and open.

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, the government having claimed, through its spokespersons, that the contract award process is a fair, transparent and open one, the minister should therefore be able to comment.

How can such a claim be made when, according to a vice-president of Bombardier, these changes to the call for tenders were made without Bombardier being notified, at the last minute and in favour of a competitor, namely Allied Wings?

**Hon. Bill Graham (Minister of National Defence, Lib.):** At any rate, Mr. Speaker, as I said, an announcement will be made in the future about who received this contract. But in the meantime, I can assure the House that, for this contract as for all our contracts, the overall process has been fair, open, just and totally proper.

*Oral Questions*

[English]

**SPONSORSHIP PROGRAM**

**Ms. Helena Guergis (Simcoe—Grey, CPC):** Mr. Speaker, last week one of the Prime Minister's chief organizers admitted to funnelling money from sponsorship through Groupaction to the member for Bourassa. Elections Canada has said that this was illegal but cannot prosecute because the offence is more than 18 months old.

Taxpayers' money was given illegally to the Liberal Party. Will the Liberal Party do the right thing and return the dirty money?

● (1440)

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the party has been absolutely clear. If any funds were received inappropriately, those funds would be returned to Canadian taxpayers.

I would counsel the hon. member, and all members of the House, to wait until we have the report from Justice Gomery. The fact is that we will benefit as Canadians from the work that Justice Gomery is doing only if we have the patience to wait for that report and to act on his recommendations.

**Ms. Helena Guergis (Simcoe—Grey, CPC):** Mr. Speaker, Lapierre said they would not wait for Gomery. Canadians do not have to wait for an inquiry to know that they want their money back. They should not have to wait for a lawsuit. They want their money back. The Liberals know they want it back. Return the money now.

**The Speaker:** The hon. member for Simcoe—Grey used a name of someone who may be a member of the House. If she did, I know that she would not want to make that mistake again. She must refer to persons who are members of the House by their title and not the other.

The hon. member for Nepean—Carleton.

[Translation]

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Mr. Speaker, since he became the Prime Minister, the leader of the Liberal Party has consistently denied having known anything about the sponsorship racket. But his friend and long-time organizer was caught red-handed. It is now well known that Jacques Roy illegally received thousands of dollars for his work during election campaigns.

Will the Prime Minister order that legal action be taken against the Liberal Party just as it has been against all the other cheats?

[English]

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, as I answered the identical question a few minutes ago, there is no need to pursue legal proceedings against the Liberal Party because the Liberal Party has volunteered that any funds received inappropriately will be returned to the Canadian taxpayer.

Beyond that, I would like to bring the hon. member's attention to the *National Post* of a few weeks ago that said after the Prime Minister's testimony: "The Prime Minister's relationship to the sponsorship program appears tangential at best. Canadians, except for perhaps the Leader of the Opposition, will probably believe that

the Prime Minister was not intimately involved in the planning and execution of the sponsorship program".

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Mr. Speaker, even the transport minister said that those dollars should be paid back to taxpayers before the sponsorship commission is finished its study. Why is it that the government is now contradicting the original position of the transport minister?

Finally, the Prime Minister says he knew nothing, but now two of his senior Quebec organizers are directly implicated. His patriotism is now in question. He has to decide whether it will be Canadian taxpayers or the Liberal war chest. Why will he not pay Canadian taxpayers back and pay them back now?

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, raising the volume does not make the argument any more reasonable. The fact is the hon. member can huff and puff, yell and scream, but his basic premise is false.

The fact is that the party has been clear and the government has been clear. We are taking action. We are getting to the bottom of this and we are defending the interests of the Canadian taxpayer because that is the right thing to do.

When we go after the funds from some of these individuals, what happens? That party attacks the government for going after the funds. We are going after those funds. We are defending the taxpayer. We are standing up for justice and those members are attacking us.

So let us be clear. We are walking the walk, they are talking the talk.

\* \* \*

**NATURAL RESOURCES**

**Ms. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, my question is for the Minister of Foreign Affairs.

The Boundary Waters Treaty is one of the oldest and most valuable Canada-U.S. agreements. In less than three months, in direct contravention of the treaty's principles, a newly constructed outlet from Devils Lake, North Dakota, will begin sending foreign biota and poor water quality northward. This poses unknown and potentially catastrophic risks to Manitoba waters.

What is the government doing to protect the treaty and to stop this outlet from becoming operational at least until its—

● (1445)

**The Speaker:** The hon. Minister of Foreign Affairs.

**Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.):** Mr. Speaker, the government is very concerned about this unilateral action by North Dakota. That is why in April of last year we formerly approached the United States to make the outlet the subject of a joint reference to the International Joint Commission.

Tomorrow, the Prime Minister and I intend to raise the issue with President Bush and Secretary Rice. We will remind them that it is in the interest of the United States just as much as it is in Canada's interest to take a responsible attitude to protect our precious transboundary water resource projects, such as the Devils Lake outlet. They must be fully assessed before they are implemented.

**AIR-INDIA**

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, the former senior minister from British Columbia has publicly stated that slamming the door on a public inquiry to find out what happened in the Air-India bombing would be a betrayal of the Liberal Party's commitments to Canadians.

The current Minister of Health has publicly stated that CSIS treated the Air-India crisis in a casual manner because it involved people from the South Asian community. Former MP and Solicitor General critic, John Nunziata, has said that there was a massive cover-up. All Liberals.

What is the government afraid of? A public inquiry is needed. Will the Prime Minister commit today to a public inquiry if there is no appeal?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, far from there being a cover-up in this tragic incident, there has been a considerable number of reviews and hearings including the longest criminal trial in the history of this country.

I have offered, along with key government officials, to meet with family members and representatives. I would like to sit down with them, identify the questions that they think are still unanswered, and then determine whether at this point, 20 years later after this tragedy, we can find useful answers to those questions for the families.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** That is another weak answer, Mr. Speaker, and another betrayal of the victims' families.

It is unbelievable that the government would show no respect to the 329 families and refuse to ensure that this never happens again. We know what the families are calling for. They have been calling for a public inquiry for 20 years. As a spokesperson for the families said, "The dead deserve more". These families deserve more.

Will the Prime Minister apologize to the 329 families of victims of the Air-India disaster for the cavalier comments of the Deputy Prime Minister? Will he commit to a public inquiry today?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, I find it very interesting that it is this government, and indeed myself in my capacity as minister of public safety and the first public official who has offered to sit down with these family members and talk to them about what happened 20 years ago and, in fact, what has changed.

Indeed, this was a horrible tragedy. The very least we can do is sit down with the families and work together to determine what lessons can be learned.

\* \* \*

**THE ENVIRONMENT**

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Speaker, the federal budget set aside \$1 billion in a fund to reduce CO<sub>2</sub> emissions in Canada or to buy hot air credits from other countries.

*Oral Questions*

Last week the environment minister said Canada needs to build power plants in China to meet Canada's obligations. Every dollar Canada spends to build plants in China is a dollar not spent in Canada to reduce emissions. China has no Kyoto commitments.

Why is the minister proposing to buy hot air in China instead of investing in Canadian technology?

**Hon. Stéphane Dion (Minister of the Environment, Lib.):** Mr. Speaker, the improved climate change plan that will be released pretty soon will increase tremendously the capacity of Canadian technology to succeed here in Canada and everywhere in the world. It will be a way to improve our capacity and show Canadian knowledge about environmental technologies. It will be very good for the economy.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Speaker, the minister is putting the cart before the horse here. China is building power plants as fast as it can and already has plans to build 562 new coal fired plants. It is not accountable to us. It is ludicrous to buy these hot air credits. We should not be rewarding China's poor environmental record.

Why is the government prepared to spend billions in China, instead of investing in Canadian technology which will help the world?

• (1450)

**Hon. Stéphane Dion (Minister of the Environment, Lib.):** Mr. Speaker, we will invest in technology in Canada.

My colleague said that China will use dirty coal. The best technology to have clean coal in China appears to come from Calgary. In using our investment to improve our technology in Canada and using our investment to help our industry to export abroad, we will help the planet. We will help the environment. We will help the economy.

\* \* \*

**BORDER SECURITY**

**Mr. Brian Pallister (Portage—Lisgar, CPC):** Mr. Speaker, thousands of vehicles cross into Canada illegally each year without stopping at customs. Unfortunately, this government refuses to acknowledge this as a concern to our national security.

In fact, the minister told a House committee recently that only a few drivers blow through the border in a given year. Yet, her own agency has testified that there are thousands going through without any consequences.

My question is for the minister. Why has this government failed to do what is right for the protection of Canadians and their border, and made security a priority?

*Oral Questions*

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, security, whether at the border or elsewhere, is a priority for this government, which is why we spent over \$9 billion in total since the tragic events of September 11. The hon. member may not know that some 71 million people cross our border every year. In fact, there are those who would choose to break the law and cross the border illegally.

Let me assure this House that every one of those brought to the attention of the CBSA is pursued and they are dealt with appropriately under the law. Let me also say that in this budget, due to the far-sightedness of my colleague, the Minister of Finance—

**The Speaker:** The hon. member for Portage—Lisgar.

**Mr. Brian Pallister (Portage—Lisgar, CPC):** Mr. Speaker, our border cannot be secured by patrols that are armed only with calculators.

The fact is that an armed border patrol is estimated to cost about \$15 million. Perhaps the government could find that money in the \$1 billion failed gun registry that protects no one in this country. This government chooses to protect the security of the Canadian border by having our personnel act as tax collectors rather than as law enforcement agents.

When will the government commit to properly training and equipping the Canadian Border Services Agency?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, CBSA agents are peace officers under the law, as the hon. member is probably aware. They are trained and they are properly equipped.

Let me remind the hon. member that in this most recent budget we have received some \$433 million additional dollars to ensure that the CBSA is able to carry out its job at its border to protect Canadians. In addition, I remind the hon. member of the some \$135 million received by the RCMP to create integrated border enforcement teams which work with the CBSA and other law enforcement agencies to protect Canadians.

\* \* \*

[Translation]

**ROYAL CANADIAN MOUNTED POLICE**

**Mr. Richard Marceau (Charlesbourg—Haute-Saint-Charles, BQ):** Mr. Speaker, representatives of the customs officers and members of the Quebec mounted police association appeared this morning before the Standing Committee on Justice, Human Rights, Public Safety and Civil Protection, where they told us that the Prime Minister was unable to give President Bush a guarantee that border security was properly in place.

How then, Mr. Speaker, can the Minister of Public Safety and Civil Protection continue to support the RCMP's decision to close nine regional detachments in Quebec?

[English]

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, as I have said on a number of occasions in the House, the

redeployment of RCMP officers in the province of Quebec is to increase operational efficiency.

On the more general question around security at our borders, we work with the United States of America to ensure that we are able to identify high risk goods and high risk individuals so we can facilitate trade and keep the peoples not only of Canada but of the United States as safe and secure as possible.

[Translation]

**Mr. Richard Marceau (Charlesbourg—Haute-Saint-Charles, BQ):** Mr. Speaker, how can the minister continue to say that it is not her role to review administrative decisions by the RCMP, as she did in the letter this morning, when section 5 of the RCMP Act states in black and white that all decisions by the Commissioner are under the direction of the Minister, that is, her direction?

• (1455)

[English]

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, absolutely not. The RCMP Act is absolutely plain that the administration of the force rests with the commissioner of the force. As I have said before, I do not involve myself in operational matters, but I will say one more time for the individual involved, the hon. member, that the redeployment of officers, the same number of officers in the province in Quebec, are being redeployed so they are more effective as a modern 21st century police force.

\* \* \*

**AIR-INDIA**

**Mr. Deepak Obhrai (Calgary East, CPC):** Mr. Speaker, what an oddity. The Liberals were the ones calling for an inquiry into the Air-India disaster when they were in the opposition. It was none other than the former Liberal leader, John Turner, who called for a royal commission into this tragedy. Now the Deputy Prime Minister's stalling tactics are another example of what Liberals are becoming famous for: promises made, promises broken.

Three hundred and thirty-one lives have been lost. For their sake and memory, an inquiry is a must. Will the government call an inquiry if an appeal is not lodged?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, the member has an unfortunate tendency to take this horrible tragedy, which we all acknowledge, and turn it into a partisan debate. I simply will say this to the hon. member. He brought up the leader of the official opposition, John Turner. I wonder why the Progressive Conservative Party at the time did not call an inquiry.

**Mr. Deepak Obhrai (Calgary East, CPC):** Mr. Speaker, there was a police investigation.

The current Liberal health minister, Liberal Indo-Canadian MPs, former senior Liberal ministers Herb Dhaliwal, Brian Tobin, Sergio Marchi and Herb Gray have all called for an inquiry. Why is the Deputy Prime Minister not getting the message? Is there a hidden agenda here?

If an inquiry is not held, the victims' families and Canadians in general will point their fingers at the government and say that it has something to hide. What does it have to hide?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, again, most of us would appreciate the fact that there is nothing hidden after the longest criminal trial in the history of the country.

Let me reiterate again that I have offered to meet with the families. I have offered senior government officials and relevant agencies, CSIS and the RCMP. We have offered to sit down and identify remaining questions that have not been answered. At that point I am more than willing to think about what process is possible to answer any remaining unanswered questions.

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#### PHARMACEUTICAL INDUSTRY

**Mr. Wajid Khan (Mississauga—Streetsville, Lib.):** Mr. Speaker, this year Canadians have seen dramatic examples of how difficult it can be for consumers to access information for the safety of pharmaceuticals. Could the Minister of Health tell us what work he is doing to help ensure Canadians have access to both safe drugs and safety information about drugs on the market?

**Hon. Ujjal Dosanjh (Minister of Health, Lib.):** Mr. Speaker, I have called for the clinical trials to be more transparent and open so all Canadians know the good, the bad and the ugly of clinical trials. I have also written to the Standing Committee on Health to look at potential options for improving the drug safety and transparency in the drug approval process.

I also said in February that I had asked the department to look at a variety of options for improving the drug transparency, approval process and the post-market surveillance. We are going to be producing a discussion paper on mandatory adverse reaction reporting. We are going to change the culture of drug approval in the country.

\* \* \*

#### TRANSPORT

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC):** Mr. Speaker, the Digby wharf scandal in Nova Scotia has started to compete with ad scam scandal for waste and accountability. The MacDonnell Group holds the record for consulting fees by charging 4,068 hours to the project. There was no accountability and nothing to show for the money. That is more hours than were charged by either the Lafleur group or the Gosselin group in the sponsorship scandal.

What will the minister do to try to find out where the \$3 million went and what will he do to get the wharf back to the people of Digby?

• (1500)

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, the member has to know that this question is before the courts so we cannot answer it. However, I feel a lot of sympathy for the people of Digby who are stuck with that group.

#### Oral Questions

#### FISHERIES

**Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC):** Mr. Speaker, officials from the Department of Fisheries and Oceans recently confirmed what we have been saying for years. Foreign fishing companies continue to break fishing regulations in the NAFO regulated zone. Skippers and crews are even rewarded for breaking the law by using illegal gear and catching species under moratoria.

Canada pays half the cost of operating NAFO and yet the government sits by and says absolutely nothing while abuses go on and on. He who pays the piper should call the tune.

When will the minister put his mouth where his money is?

**Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, my hon. colleague ought to know that the Prime Minister of the government and I take this issue very seriously. We have fought hard on the issue of overfishing. In fact, our strategy is seeing results.

Both the Prime Minister and myself have raised it at the UN. Last year we had more than 240 inspections, an increase of some 50% over the previous year. We saw a drop of about 32% in the number of infractions last year. We are seeing results from our strategies.

It is a shame the member was muzzled and did not rise to vote in the House for the budget that contained money to fight overfishing.

\* \* \*

[Translation]

#### SHIPPING

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, when its vessel *Ferbec* was sold, Canada Steamship Lines suspected it was headed for scrap, and Montreal port authorities have confirmed this. Yet, notwithstanding its Basel Convention responsibilities, Transport Canada carried out a pre- and post-sale inspection and issued the authorizations regardless, knowing it was going to be scrapped.

How, given these revelations, can the Minister of Transport claim that all requirements and all international standards were met before *Ferbec* left Canada?

**Hon. Jean Lapierre (Minister of Transport, Lib.):** Mr. Speaker, not only did I make that statement, but I make it again now: that ship met all international criteria. Transport Canada inspectors carried out the inspection. They required certain changes to be made. Those changes were made, and everything was done according to international regulations, despite what the hon. member is trying to say in an attempt to cast doubt on the system.

Transport Canada did its job. The ship left in compliance with international regulations. Let him stop putting doubt into people's minds and trying to make dangerous links.

*Speaker's Ruling***THE ENVIRONMENT**

**Ms. Françoise Boivin (Gatineau, Lib.):** Mr. Speaker, now for something a little more refreshing on this World Water Day.

Will the Minister of the Environment remind this House what the government intends to do to better protect the quality of our water, the most precious of our resources, especially after the recent budget, the greenest since Confederation?

**Hon. Stéphane Dion (Minister of the Environment, Lib.):** Mr. Speaker, it is true that Canada has one-fifth of the world's water, but we have only 7% of the world's renewable fresh water. Therefore, we have to be very prudent with this resource. That is why we have earmarked \$40 million for the Great Lakes action plan and \$85 million for invasive alien species.

The Conservative Party may be guilty of ambiguity on this, but the Government of Canada is determined to always defend our ban on freshwater removal.

\* \* \*

[English]

**PRIVILEGE**

## NATIONAL DEFENCE—SPEAKER'S RULING

**The Speaker:** I am now prepared to rule on the question of privilege raised on March 8, 2005, by the hon. opposition House leader concerning the alleged failure of the Prime Minister to allow Parliament to debate the decision of the government regarding ballistic missile defence.

I would like to thank the hon. opposition House leader for raising this matter, as well as the hon. Leader of the Government in the House and the hon. members for Calgary—Nose Hill and Sackville—Eastern Shore for their contributions.

In his submission, the hon. opposition House leader argued that the Prime Minister was in contempt of the House for failing to keep his promise to consult Parliament and to hold a vote before the government made its decision not to participate in the United States ballistic missile defence plan.

He argued that when the House adopted the amended Address in Reply to the Speech from the Throne on October 8, 2004, it had agreed to debate the participation of Canada in missile defence and that the House had been given no opportunity to consider the matter before the government announced that Canada would not participate. He quoted paragraph 5 of the Address in Reply to the Speech from the Throne which states:

With respect to an agreement on ballistic missile defence, the assurance that Parliament will have an opportunity to consider all public information pertaining to the agreement and to vote prior to a government decision.

The hon. opposition House leader likened the throne speech to a promissory note to Parliament. He maintained that the address in reply contained a promise to debate ballistic missile defence prior to a government decision being made and that the government had reneged on this promise.

In presenting his argument, the hon. member cited a Speaker's ruling from November 21, 2001 concerning the failure of the government to comply with a statutory requirement to table certain

information in the House. In that case, the Speaker stated that, had there been a legislative deadline for tabling the required information, the Speaker would not have hesitated to have found the matter a prima facie breach of privilege.

The hon. opposition House leader argued that in the current situation, the adoption of the amended address in reply contained a conditional deadline that was tied to a decision of the government. The government ignored this time commitment and made its decision without providing Parliament with information pertaining to the proposed missile defence agreement as required in the amendment to the address in reply.

● (1505)

[Translation]

In his intervention, the hon. leader of the government in the House indicated that, in the view of the government, a debate on participation in ballistic missile defence was contingent on reaching an agreement with the United States. As the hon. minister stated:

Since there was no agreement, there was in fact nothing to debate and therefore nothing to vote on.

[English]

I have examined the November 21, 2001 ruling referred to by the hon. opposition House leader. In that decision, the Speaker stated at page 7381 of *Hansard*, that given the lack of a specified deadline in the statute for the tabling of the regulations concerned, Parliament had provided the minister with some latitude in fulfilling the tabling requirement. As the opposition House leader pointed out, the Speaker would not have hesitated to find a prima facie question of privilege had a deadline existed. However, in the absence of such a deadline, the Speaker felt it would not be appropriate for the Speaker to impose a deadline to table the information and so substitute his judgment for the decision of Parliament.

In the current case, the dispute centres on conflicting readings of the text of the amendment to the Address in Reply to the Speech from the Throne, so let us begin by a careful review of that text.

I draw to hon. members' attention the wording of the lead in to the text of the amendment proposed by the official opposition and eventually incorporated into the address. It reads as follows:

That Your Excellency's advisors consider the advisability of the following:

A five paragraph text is then inserted into the address, the fifth paragraph being what concerns us today. Taken together, the full text reads thus:

That Your Excellency's advisors consider the advisability of the following: ...

5. with respect to an agreement on ballistic missile defence, the assurance that Parliament will have an opportunity to consider all public information pertaining to the agreement and to vote prior to a government decision;

I remind the House that the Speaker is being asked to pronounce on a case that is virtually unprecedented in our practice, or in any other Canadian or Commonwealth practice for that matter, namely, a case where an amendment to the Address in Reply to the Speech from the Throne has been adopted. Since the actions of the government further to the adoption of the address are under dispute, the meaning of the amendment is of primary importance so that we are left to fall back on an exegesis of that text.

I see three features in the text that must be noted. First, the text asks only that Her Excellency's advisors, that is the government, consider various courses of action; second, the text refers to "an agreement on ballistic missile defence" and seeks "the assurance that Parliament will have an opportunity to consider all public information pertaining to the agreement"; and three, the text requests that Parliament be given an opportunity "to vote prior to a government decision".

[*Translation*]

Let us consider these points seriatim.

[*English*]

On the first point, the language is not prescriptive. Indeed, were the motion worded so as to enjoin Her Excellency, it would likely not be ruled in order since it would infringe on the prerogatives of the Crown.

On the second point, as the hon. government House leader points out, there is no agreement on ballistic missile defence so the action requested in the event of an agreement becomes moot.

The third point is an inherent contradiction. The text asks for "a vote prior to a government decision", presumably a decision for or a decision against, when the rest of the text refers to a case predicated on an agreement, an agreement extant, presumably, only in the case of a decision for.

I trust that the House will see the impossible task before a Speaker rash enough to accept to judge compliance in this case. I am sure, as the hon. member can see, even this brief analysis of the address in reply raises many more questions than it answers. I believe that these are not questions that the Speaker is bound to answer.

The House saw fit to adopt the amended address in reply to the Speech from the Throne in the language I have read out. It is not for your Speaker to impose his interpretation of the address in reply on the House. It appears to me that what we have here is a dispute as to interpretation and, consequently, a matter of debate. Therefore, I cannot find that there is a prima facie case of contempt.

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## GOVERNMENT ORDERS

• (1510)

[*English*]

### SUPPLY

#### OPPOSITION MOTION—EQUALIZATION

The House resumed consideration of the motion and of the amendment.

**Mrs. Lynne Yelich (Blackstrap, CPC):** Mr. Speaker, this situation cannot persist. I call on the government to extend the same provisions it has guaranteed to Nova Scotia and Newfoundland, in what has been dubbed the Atlantic accord, and to exclude non-renewable resource revenues in Saskatchewan and other provinces from the equalization formula. Only by ensuring such

### Supply

an equitable approach among the jurisdictions can the true spirit and practice of equalization be realized.

The current configuration of the equalization formula is highly complex and involves many interrelated factors. It is the result of many decisions, spanning many years and many governments. None of these decisions were deliberately undertaken to specifically cause or contribute to Saskatchewan's economic difficulties. Nevertheless, it has and will continue unless action to remedy the situation is taken.

While altering the equalization formula to exclude non-renewable resources by itself will not change the economic reality in Saskatchewan, it is an essential first step for revitalizing the province's economic health and it is the right thing to do.

In closing, I note that the Prime Minister, upon signing the Atlantic accord, said that the agreement presented an extraordinary opportunity for the signatories to seize their potential and build for themselves and for their children a more prosperous future. However the federal government is seemingly unwilling to make similar accommodations for other provinces. Apparently, helping provinces like Saskatchewan build a prosperous future is not an easy thing for the government to do.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I have a comment and then a question for the member.

A week ago Friday, I had the opportunity to sit with the finance subcommittee dealing with fiscal imbalance. A couple of the witnesses who were there raised some issues that I think would make all of us pause and consider some of the consequences in a more general sense.

One of the witnesses, Professor Bird, talked about Confederation and about the underlying foundations that allow us to continue to be a united nation and continue to provide the same security of services all across Canada notwithstanding the economic disadvantages that exist in provinces from time to time. He concluded that the very foundation of Confederation was in jeopardy if each of the provinces continued to piggyback on another province. He said that it was almost like the me too argument.

It made me wonder where this should stop. Should we be treating all of the provinces the same or should we be treating all of the provinces equitably? The argument has been well made in this place that equity between the provinces is more important than equality simply because certain needs in one region are not of interest to or a need in another region.

If an amendment were made to take into account the specific issues related to Saskatchewan that would basically mirror the Atlantic accord, does the member think that would be more reason for some other province to take this new step into consideration and then to make its case as to why it should also get a bigger piece of a pie that has not grown?

• (1515)

**Mrs. Lynne Yelich:** Mr. Speaker, that is actually quite simple to answer, and the answer is yes. A committee to examine the equalization formula will be struck and that will be where we can put all our issues out on the table.

### *Supply*

The question is about treating all of the provinces equally. We would like all the provinces to be independent, to use their resources and to get out of the mindset of being a have not province. We have resources that are being taxed unfairly. All we want is to be treated fairly like all of the other provinces.

I do not see a problem if one province wants more than the other. Once the committee is struck, hopefully we will all be treated equally. One of the people who will be reviewing the equalization formula is the same person who brought this to our attention. He has some solutions and those solutions are to put all of the provinces on fair ground.

I do not think there is any question that all provinces should be treated equally. Yes, a wedge is being driven between each province because of some of the issues that are coming forward with the equalization formula, but I think that once we study it, it will be very fair and we will all be happy, which is what we are hoping to attain.

**Mr. Rob Moore (Fundy Royal, CPC):** Mr. Speaker, it is a privilege to speak to the motion before us today.

I want to provide a bit of perspective not from Saskatchewan, but from Atlantic Canada as I represent a riding in New Brunswick. It is interesting how this discussion developed.

The Conservative Party has been consistently proposing that provinces need more access to their non-renewable resources. We have to remember that there is a finite opportunity to exploit these resources. These resource revenues can best be utilized at a level closer to the Canadian people.

In the last election we saw nothing short of a deathbed conversion. At the very last minute going into an election when seats were up for grabs, the current Prime Minister was in a rather desperate situation. There was a last minute promise to give access to the revenues from non-renewable resources to Newfoundland and Labrador as well as Nova Scotia.

Those provinces were rightly pleased because under the current situation, it is hard to believe but of every dollar of revenue that was earned on offshore and non-renewable resources, approximately 70¢ was clawed back. That is a major disincentive to invest in offshore resources. It is a major disincentive to provide the infrastructure required to advance operations that could bring a province's economy up. It could provide employment.

I have talked to many of my colleagues and friends from school, people with whom I graduated. Some of them have moved to other parts of Canada. Some of them have moved to the United States. Some of them have moved overseas. Overwhelmingly they would have liked to have stayed in Atlantic Canada but they were unable to find gainful employment in their field.

We know there is a need. We also know there is a problem. The problem is that these provinces are not being given the opportunity to reach their full potential. That is exactly what the old formula did. By clawing back resource revenue, we were denying those provinces the opportunity to move forward. Our leader and our party recognized that. The Prime Minister was loath to ever contemplate something like that. That is why on the eve of the election in a knee-jerk reaction he made a desperate promise, but he made a promise nonetheless.

We found that the devil is in the details. The Prime Minister wanted to put caps and conditions and clauses in place that would have basically undermined the promise he had made to Atlantic Canada. It was through the hard work of the provincial leadership and the population of those provinces, as well as the hard work of members in the opposition and the Leader of the Opposition that a deal was realized. Thanks should also go to our party's Atlantic caucus as well as our national caucus. It was only through the efforts of all these individuals that a deal was realized. We saw a deal more in keeping with what we felt the Prime Minister's promise would have accorded.

We now see across the country provinces that are in a similar situation. I would like to turn to the situation in Saskatchewan. I want to commend the member for Regina—Lumsden—Lake Centre for his hard work in bringing this issue forward. I also want to commend the entire Saskatchewan caucus.

● (1520)

We recognize the situation in Saskatchewan where more than 100% of its royalties are being clawed back. This creates a situation where Saskatchewan cannot move ahead. It creates an inequitable situation.

What we are seeking are opportunities for provinces to put in place programs that best reflect the wishes of the individuals who live in those provinces. For example, the agreement that was reached with Newfoundland and Labrador amounts to \$2.6 billion. That is a significant number. In Nova Scotia it amounts to \$1.1 billion.

The attitude that was taken in the past by the Liberal government was senseless and selfish. It is a big brother knows best type of attitude which says that the federal government is going to take all the revenue it can and then decide exactly how it is disbursed. The Liberals would do that instead of leaving that crucial non-renewable resource revenue in place within the province so the revenue could go toward programs within the province that would allow for economic development, sustainability, employment, and young people to stay in their home province.

It reminds us of the situation in Alberta. Alberta discovered its oil and gas in the 1940s and 1950s. It is hard for us to believe in the current context, but at the time Alberta was a have not province. From 1957 to 1965 it received transfers from the equalization program. Alberta was allowed to keep 100% of its oil royalties with no federal clawback some time after that. This has allowed Alberta to kick-start its own economy to become a have province and to become one of the economic powerhouses of North America.

The problem goes to the very way that different sides would choose to govern this country. Liberals being Liberals, they feel it always has to be the federal government that ultimately controls the purse strings. If they cannot be the ones to collect the money, then they cannot take the credit for distributing it back to the people who should rightfully have it.



We saw that in the dealings with the Atlantic provinces. There was absolute reluctance to ever enter into a deal and then once a promise was made, every effort was expended to undermine and limit that promise, to cap it, to put clauses in it to claw back. It was only through the hard work of opposition members and those provinces that we saw this realized.

Whether we live in Newfoundland and Labrador, Nova Scotia, Alberta, New Brunswick as I do, Saskatchewan, or anywhere else, we all have the right to a better future. The future is not for members of one party or another to decide. Provinces must have more control over their own resources and destinies so that Canadians within those provinces can realize their full potential.

In my home province of New Brunswick this has been raised as an issue. We have mining and other non-renewable resources. New Brunswickers are just like the people in Saskatchewan and Canadians across the country. They are hard working. Their number one goal is to support their families and their province. It only makes sense that revenues generated in a province from these non-renewable resources should stay within that province to support the local economy.

The debate we are having today is an important one. It is important for the future of Atlantic Canada. It is important for Saskatchewan and the whole country. It is in everyone's best interest that those closest to the need are able to best utilize these non-renewable resources.

I once again congratulate my colleagues on bringing this issue forward. I ask that the Prime Minister and the finance minister consider doing what is equitable and right and allow the have not provinces that have access to non-renewable resources to use them. Allow the provinces to use them to better their economies. Allow the provinces to use them to create opportunity.

•(1525)

We have to get away from this mindset that Ottawa knows best and that everything must be centralized. We have to allow the local regions in the individual provinces to have better control over their own destinies. That is why I am in full support of this motion.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I would like to go back to something my colleague said a few moments ago. He said that Alberta was considered to be a have not province in the late 1950s and early 1960s, but with its ability to keep 100% of its oil and gas revenues, it finally turned it around to now be the wealthiest province in Confederation.

I would like my hon. colleague to tell me what this might mean to the province of New Brunswick, his home province, if this motion came to pass.

**Mr. Rob Moore:** Mr. Speaker, this could have a positive impact for many provinces, including New Brunswick. At the moment it would not have the same impact as in Nova Scotia or Newfoundland and Labrador or potentially even in Saskatchewan.

In New Brunswick there is mining, gases and other non-renewable resources. In the case of non-renewable resources sometimes it is unpredictable. We do not know the totality of what is available. We know there is a resource. We also know that in most instances if a

### *Supply*

province uses that resource, mines that produce, or it uses that oil, the revenues will be clawed back. It is a major disincentive.

In my own riding there are opportunities to use non-renewable resources for the benefit of the province and the people of New Brunswick. If going into it we know there will be a clawback, there will be what I feel is a disincentive to invest, a disincentive to put people in New Brunswick to work, it will be a major impediment to the development of the economy in New Brunswick. This would apply to Saskatchewan and other provinces as well.

•(1530)

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, I appreciate the opportunity to speak to the hon. member's motion that the agreement reached in the Atlantic accord should be extended to all provinces.

I am pleased that the hon. member for Regina—Lumsden—Lake Centre has raised this issue today, because I believe that Canadians, when presented with the facts, will understand why such an agreement involving offshore oil revenues was reached with the provinces of Newfoundland and Labrador and Nova Scotia, and that upon closer scrutiny we will realize that this motion represents at its core an attempt to divide regions against each other, not to bring us together.

I come from Nova Scotia, one of the provinces which, along with Newfoundland and Labrador, was a recipient of an agreement with the national government that resulted in Nova Scotia receiving 100% of revenues from the offshore with no clawback that would affect equalization. This agreement recognized the tremendous challenges Nova Scotia faces with respect to its provincial debt and the province's ability to deliver services.

I would like to speak about my home province of Nova Scotia and its crushing financial burden, which our Prime Minister recognized and went about improving.

Why is Nova Scotia confronted with such a high debt? It is a critical question. It goes back a few decades. From 1970 to 1978, the Liberal government of Nova Scotia under Premier Gerald Regan, finance minister Peter Nicholson and ministers like Scott MacNutt balanced the provincial budget every year for eight consecutive years. In 1979 the people of Nova Scotia elected a Conservative government, and from 1979 until 1993, some 14 years in a row, we had unbalanced budgets. We had deficits. Some have said that this Conservative government was the most irresponsible government in Canadian history. It would be hard to disagree.

Every year during that period the government would underestimate the deficit. If members think that underestimating a federal surplus is a problem, they should try to deal with underestimating a deficit year after year and compounding it and adding it to the crushing debt load of Nova Scotia. Nova Scotians were left reeling under that burden.

In 1993 the Liberals returned to government in Nova Scotia and, after some tough decisions and sacrifices by Nova Scotians, the books were once again balanced within a few years.

### *Supply*

The offshore deal signed recently by the Prime Minister was based on fairness for a region that has for far too long been absent from achieving its full economic potential. Now, as a result of the work done by Government of Canada and the province of Nova Scotia, Nova Scotia is able to pay down its debt, a wise decision by Premier Hamm, freeing up some \$50 million to invest in social programs and other necessary services.

Who made this deal happen? It was the Prime Minister and this government. It happened because in Nova Scotia there was an atmosphere of respect, where the goal was to help people, not to score political points, which is clearly the objective of the motion we are debating today. This motion is not about seeking the best for the people of Canada. I believe it represents division and disharmony.

It is the economic and fiscal challenges that are unique to these two provinces that led to this agreement. A look at the numbers tells us this. Newfoundland has the highest net debt of all provinces. As a percentage of GDP it almost 63% compared to the provincial average of about 25%. Nova Scotia is the second highest at 43%. In the case of Newfoundland and Labrador, it has a declining population, which means there are fewer people to help pay off its debt.

Clearly something had to be done to help these two provinces. After all, that is what is being part of the Canadian federation is about. We delivered on our commitment. The agreement reached in January with the federal government will allow Nova Scotia and Newfoundland and Labrador to use the revenue from their offshore resources to help dig themselves out of their economic hole and will put them on a more equal footing with the other provinces, something that is in the interests of all provinces and indeed all Canadians. As a Nova Scotian, I am proud of that deal.

The agreement will also provide the provinces with substantial upfront payments of over \$2 billion for Newfoundland and Labrador and some \$830 million for the people of Nova Scotia, giving them immediate flexibility to address their economic and fiscal challenges.

That is not to say that other provinces will be left out in the cold. It is quite the opposite. Let us not forget that this government has significantly increased the federal transfers to the provinces and territories. For example, the 10 year plan to strengthen health care is pretty significant.

● (1535)

First, the deal that was signed by the Prime Minister and the premiers will provide over \$41 billion in new health care funding. This plan goes beyond simple monetary commitments. It sets out clear objectives to achieve real results, results with patients in every territory and province. It also illustrates what we are capable of achieving when the provincial and federal governments work together in common purpose.

The commitment to meaningful reduction in wait times for health services came about because all participants agreed that this is the key to transforming the health care system. The plan reflects this shared vision by holding all governments to account by establishing a requirement for evidence based benchmarks, comparable indicators, clear targets and transparent reporting to the public on access to health care.

It also means that the needs of patients will drive change. The plan will accelerate reform and ensure better access to key tests and treatments. It will increase the number of doctors, nurses and other health professionals. It will be helped by quicker assessment and integration of those who have received their training abroad. As well, it will improve access to home and community care services and to safe and affordable drugs.

On the fiscal side, this plan commits to a 10 year track of substantial, predictable and increasing long term funding, more than closing what has been called the Romanow gap, attaching a 6% escalator to the Canada health transfer, and providing funding for wait times reduction so that Canadians can see tangible progress in key areas such as cancer and heart treatment, diagnostic imaging, joint replacement and sight restoration.

The plan also addresses the unique challenges facing the delivery of health care services in Canada's north, including the costs of medical transportation, and encourages the innovative delivery of health care.

These initiatives illustrate that this government is committed to ensuring the viability of our health care system throughout Canada. In fact, we have gone beyond the \$41 billion commitment. In budget 2005 we provide an additional \$805 million in direct health investments to support action in the important issues of health human resources, wait times and performance reporting.

In concert with the 10 year plan to strengthen health care are the changes to the framework for equalization and territorial financing formula. These changes will increase the support provided to provinces and territories by over \$30 billion over 10 years. The increased funding will assist Canada's less prosperous provinces and the three territories in meeting their commitments under the 10 year plan to strengthen health care as well as their other priorities.

This new framework reflects the most significant improvement in the history of these programs. By providing predictability, stability and increased funding, the framework will play an essential role in ensuring that all Canadians, no matter where they live, will have access to comparable public services. It will also provide considerable financial stability to provinces and territories in setting their own budget priorities.

One of the key tenets is the establishment of an independent panel to advise on the allocation of the legislated growing amounts among provinces and territories. This panel will be chaired by Mr. Al O'Brien and will include Fred Gorbet, Robert Lacroix, Elizabeth Parr-Johnston and Mike Percy, all of whom have extensive experience and distinguished careers in academia and public service.

Among other things, the panel will report on the new allocation formula to govern equalization for 2006-07 and beyond, including the treatment of various provincial and local revenue sources such as property taxes and other revenue streams.

I would like to assure the hon. member that one of the areas the panel will also be examining is the treatment of natural resources in the context of equalization and the territorial financing formula.

The panel will have time to do its job. It will draw upon experts across the country and it will consult provincial and territorial governments and Canadians from all regions. I look forward to seeing the results.

We all have our roles to play in this place. I did not come here to be a partisan person, though. That is not my style here, nor is it at home. I did not seek office in order to huddle in corners devising ways to embarrass people and ways that will divide Canadians. In my view, this will be the only result of this motion, for its intent does not seek the best in who we are as a country or as Canadians. This motion does not seek to strengthen the federation. It seeks to weaken our unity.

The fulfillment of the Atlantic accord is something I am proud of as both a Nova Scotian and a Canadian.

• (1540)

[*Translation*]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, it is a great pleasure for me to speak to the Conservative Party's opposition motion, which reads as follows:

That the House call upon the government to immediately extend the expanded benefits of the recent Atlantic Accord to all of the provinces since the existing equalization claw-back on non-renewable resource revenues severely curtails the future prosperity of Canada by punishing the regions where the economy is built on a non-renewable resource base.

My colleague from Dartmouth, who just spoke, was praising the fine work done by the Liberals in Canada, especially here in Parliament. I think that he has forgotten to watch television, CPAC, and the whole sponsorship program scandal. That is the fine work that the Liberals have done, and I think that it leaves a bitter taste in the mouths of Canadians. We should remember that now.

However, when we look at the Atlantic Accord with Newfoundland and Labrador and Nova Scotia, it is as if we agreed with that. Am I forced to agree with him when we know that there are some regions that have suffered?

When Newfoundland joined Canada in 1949, people from there said that Canada joined Newfoundland. Newfoundland joined Canada with all its resources from fishing and the sea, for example, but what we see today is that many people have been forced to leave Newfoundland and Labrador and live elsewhere in the country. They can be found all over, in my province of New Brunswick, in Nova Scotia, in Ontario, in Manitoba, in Saskatchewan, in Alberta and even in the Northwest Territories. Many of these people had to leave the province to go and work in the mines of the Far North, in the Northwest Territories.

Nowadays these provinces have suffered a loss of their resources and now, a loss of jobs. Take an example, my region of Acadie—Bathurst, where we have non-renewable resources. Another example

### *Supply*

is regions where there are mines and the resources are not renewable. The Brunswick mine is going to close in 2009 and more than 1,000 people will lose their jobs.

I can confirm that these provinces are affected by transfer payments and equalization. The Liberal government cannot claim it did a good job when it knows that it is swimming in surpluses. For example, the Liberals can say, "We balanced the budget; there is a zero deficit". However, there will be a \$12 billion surplus and a budget that will only be implemented later. When we take a closer look, we see the Liberal budget provides funding for 2009, 2010 and 2012. There will be surpluses between now and then. Who will get this money? The Liberals' friends, the big banks will. The bankers will go to bed happy but, in the meantime, people will suffer. The deficit in the Liberal government is a human deficit. The people are the ones suffering.

In 1994, there were cuts to health care and we are still paying the price. There are people sleeping in hospital corridors and some of them are even dying there.

How can the member for Dartmouth boast that the Liberal Party is one of the great parties that did such a good job of managing this country, when the Liberal government is the one destroying our hospitals. That is the situation. The member said earlier that it takes money to attract doctors to the regions, but the Liberals are the ones who created this problem in 1994, under the finance minister, who is now Prime Minister. The people in the regions are suffering.

Our students finish university with \$40,000 in debts. The Liberal and Conservative governments created this problem. They drove our students into debt. Today, the students are suffering. Young women and men come to our offices and they ask us to take away their student debt because they can no longer make the payments.

Today, this motion may give some hope to these provinces, provinces with natural resources who could lose them. Mines are another example of non-renewable resources.

• (1545)

It is the same thing with oil in Saskatchewan. When their oil wells are finished, that is it. It is not a renewable resource. What would they get in its place?

Today we have a federal government with a surplus. It is all very well to boast of having a surplus, having a zero deficit, having balanced the budget, but when that has been accomplished on the backs of the people, as it has by the Liberal government, it is disgraceful.

Can the Liberals boast about having a \$46 billion surplus in the EI fund? They have balanced their budget and achieved their zero deficit thanks to employment insurance, on the backs of workers who have lost their jobs. These people have spent their last cent, have lost their jobs and have nothing left for their future.

### *Supply*

That is what the Liberals have done. That is why some provinces are now saying that they want what the government has done for Newfoundland and Labrador, and for Nova Scotia. They want to be able to benefit from the federal government's surplus.

Things have reached the stage where regional municipalities can no longer afford the infrastructures that they need. The federal government has a huge surplus.

I will give one example. Reference has been made to the one-third, one-third, one-third agreements. In the Bathurst region, for instance, it will take \$10 million to install water and sewer lines in two streets. The federal government will put in \$2 million, the provincial another \$2 million, and the municipality \$6 million. The municipalities have been the ones hardest hit by the cuts.

This is why it would be worthwhile to be able to take advantage of equalization. Where there are non-renewable industries, there should be a possibility of accessing the surplus or giving it to the provinces so that they may meet their needs.

There are no young people left in our regions. They have all left forever. They go away to university, here in Ottawa, or in Montreal or somewhere else, and they never come back home because there are no jobs, just as there are none in Gaspé. That is what is happening.

It is shameful to see a government say that it has managed its finances well, when it has done so on the backs of the people. I know that people would not like it, but all that we could do is to tell people in the big urban centres, where the unemployment rate is maybe 4.5%, to come to our region where the rate is 20.5%. That is the reality.

In the Gaspé, the unemployment rate is 20%. Even in big cities like Toronto, you can see lots of people now who did not used to be there. The government should not be proud of that. You did not use to see people lying on pieces of cardboard in front of Toronto's city hall. You do now. It is terrible to see people sleeping in the street.

This is terrible to see and the government is going to boast that it has done a good job of running our country. When you used to go to Montreal, there was not someone every ten feet asking for money because he or she was poor. This is what they have created, poverty. It is certainly nothing to be proud of.

There could be a trade-off for natural resources. I am sure that the money will help Newfoundland and Labrador. It will also help Nova Scotia. At the same time, it is needed in New Brunswick, in the potash mines for example, in Sussex.

If these mines close, what will be left for the Sussex region? What will there be in Bathurst too when Noranda closes its doors in 2009? What kind of money will the province have to make investments and build infrastructure to create jobs so that people can stay in their own region, and be proud to do so. It is not easy when families break up and are forced to leave. It is not because they want to leave; they have to.

We are going to support this motion. However, there is one thing that we want, and that is for the federal government to sit down with the provinces. This is 2005 and things have changed. This is no longer 1957. Things have changed.

We must recognize the problems of the different regions and be able to find solutions, or identify the problems of the different provinces and be able to help them. The answer is not to take a piecemeal approach, as is currently being done, or to sit down with the provinces individually. It must be possible to sit down with all the provinces and find a solution to this problem.

● (1550)

For now, the NDP will support this motion. However, more needs to be done. Although the motion sends a message to the federal government, more needs to be done to resolve this problem, because it is a very real one. We cannot just change, turn around and blame the government. There are problems that come with this. Problems related to health exist in all the provinces. Just look at the hospital closures. At home in Caraquet the hospital closure has divided the entire Acadian Peninsula region. It has reached the point where some people are no longer talking to each other.

That is what the government has accomplished with its budget cuts. People are no longer talking to each other in the regions. There cannot be any economic development without communication. This is what the government has achieved with its budget cuts and yet it brags about its surpluses. It should spend the extra money on helping people. The money should be invested in social programs. That would help Canadians and seniors.

A woman phoned me today. This story may strike you as odd, but it has to do with a 65-year-old woman. I find it shameful that a woman that age called me today to say that she is unable to pay for the ball bearings for the wheels of her wheelchair and therefore she can no longer use her chair. This woman, who is short of money, cannot even get the help she needs for this. This woman is unable to walk and she is confined to a wheelchair that does not even work. It has come to this.

Today, the Liberals have nothing to brag about. They should be ashamed to speak in the House of Commons and brag that they have done something good for Canada, especially when we look at the sponsorship scandal. That is where the money has gone and Canadians are paying for it.

**Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.):** Mr. Speaker, I listened enthusiastically to my dear colleague from New Brunswick. He has talked about the financial and fiscal situation in our country. I would like to ask him one question on this subject.

I heard members of his party mention certain things repeatedly. If the government had not solved the country's fiscal problem when it did, how does he think it would have been possible to invest in Canadians' high priority issues, for example, \$41 billion in health, \$33 billion in equalization, \$5 billion in cities and communities, \$5 billion in early childhood? It seems to me that the priorities of Canadians are the important things. The fact that we solved the country's fiscal problems enables us to invest in these priorities now.

Moreover, I often hear members from his party talking about the issue of the national debt, saying that we should continue to invest in social programs. That is true, but we also need a balanced approach, and we think that is important. If we do not pay down the national debt when the time is ripe, when the economy is strong, when should we do so?

• (1555)

**Mr. Yvon Godin:** Mr. Speaker, I would like to thank my hon. friend for that question.

We are not saying that the debt should not be paid down. What we are saying is that it should not be done on the backs of the poor, as the Liberals have done when they took \$46 billion from the employment insurance fund to pay down the debt, giving the money to the big banks. That is what the Liberal Party has done. The working men and women who have lost their jobs are the ones who have paid down Canada's debt. That is how the Liberals achieved that, and they did it badly. That was not where the money was supposed to go. That is where the surplus of \$7 billion generated in one year went, the surplus of \$7 billion in employment insurance.

Today, they have to invest that money in health, because it was the Liberals who made the cuts to that field in 1994. It has come to the point where patients are kept on beds in the hallways and some die there. They should be ashamed of that.

The debt has been paid down on the backs of human beings. Perhaps there was a deficit in Canada, but now there is a human deficit. That is what I am talking about. When there is a surplus, it has to be distributed properly.

My hon. colleague said that funding was earmarked in the budget for early childhood and so on. But not until 2009 and 2010, that is four or five years from now. In addition, there is absolutely nothing in this budget for students, who are being put into debt like never before.

As for the tax relief for workers, it amounts to \$1.39 per month; that is not even enough to buy a large coffee at Tim Hortons. The tax relief for workers is \$16 per year.

The government has nothing to brag about. The \$12 billion surplus this year will continue to increase by the billions because the changes brought about in by this budget will not begin taking effect before 2009, 2010 and 2012.

In the months and years to come, Canadians will see what the Liberals have really done. In my region, I meet people on the street who are mad at the Liberals, first and foremost because of the sponsorship scandal. That is all I heard last week and last weekend. It is a disgrace that taxpayers' money went to friends of the Liberals

### Supply

who, in turn, made contributions to the Liberal election fund. People have had it with all that.

There are people who go to hospital because they are sick and cannot even be admitted, the health system is backlogged in terms of operations and we have lost doctors and specialists.

I think that I have answered the question of my hon. friend from Manitoba.

[*English*]

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** Mr. Speaker, I will be splitting my time with the member for Saskatoon—Wanuskewin, my good friend.

Today we rise to talk about a question dealing with equalization. At the root of the question of equalization, is the question of history and the question of fairness, of the history of what has been done to the province of Saskatchewan and fairness for the future in the province of Saskatchewan.

Let me start first with my personal history of why I am so passionately interested in this question, which in many ways is a technical question but has practical applications for many people in Saskatchewan.

I, like many in Saskatchewan, am the descendant of early settlers. For four generations my family has farmed a farm in the Willowbrook and Springside area, a piece of property which ironically was owned by the former premier of Saskatchewan, Mr. Charles Dunning. My family has always been proud to be from Saskatchewan, but we have not always been proud of the treatment our province has received at the hands of the federal government, particularly federal governments that have been run by the Liberal Party.

This year we in Saskatchewan are celebrating our centennial, a hundred years of proud history. There were the great depression and the struggles, but we are celebrating the strengths that we have come through. We are celebrating the ups and downs of the agricultural and natural resource economies which are so crucial to our history. Part of that history is the deprivation of natural resources from the province of Saskatchewan, the deprivation of the benefit of natural resources.

When we first became a province in 1905, the federal government did not permit Saskatchewan to control and enjoy the benefits of its own resources. The territorial premier at that time, Frederick Haultain, argued emphatically against it. We were being discriminated against, we were being treated differently than the provinces in eastern Canada. It was pure, blatant discrimination. Not until 1930, the era of the Conservative Prime Minister R.B. Bennett, did the natural resources agreement get signed and incorporated into the Constitution Act of 1930, giving Saskatchewan and Alberta full and complete control over their natural resources. It is not a new thing for the province of Saskatchewan to be deprived of the benefit of its own natural resources.

### *Supply*

What is equalization? Equalization is the distribution across the country of payments by the federal government so all provinces may be able to provide reasonable services at reasonable levels of taxation. However, reasonableness in the eyes of political masters and of governments can often be seen by the beholder and be very subjective. It has been a very unfair system to Saskatchewan as the rules have changed over the years.

It has been noted that Saskatchewan, which incredibly has been listed as a have province, has a personal disposable income of only \$19,685 per person compared to Manitoba's \$24,267 per person. While this discrepancy would clearly point out that the province of Saskatchewan is poor, we receive on a per capita basis roughly \$1,000 less per person in equalization, \$1 billion a year. All of this is for one simple reason: because of the way that natural resources are accounted for in the equalization formula.

There is no logic behind the counting of natural resources in equalization. It is only an arbitrary and subjective judgment with no real value as to the long term wealth or the tax base of the province of Saskatchewan for a few reasons, and let me name quickly a couple of these as my time moves on.

First, when natural resources are included in the accounting for equalization, it causes a double taxation, a double counting in the formula. It has been long noted that housing prices, wages, et cetera in the province of Alberta tend to track their oil and gas prices fairly clearly. The wealth of our natural resource is already accounted for in our provincial gross domestic product. When we count it once in the tax bases for income taxes and sales taxes and count it again in the formulas for royalties, we are really counting twice against the provinces that are heavily involved with their economies in natural resources. It is simply and clearly unfair. It should not be counted twice against the province of Saskatchewan.

●(1600)

The second reason that natural resources should be removed from equalization is because they are most probably unconstitutional. Everyone will remember earlier in my speech I noted that Saskatchewan fought from 1905 to 1930 for the full benefit of controlling its natural resources. What equalization has effectively done is taken away the benefits of natural resources from the province of Saskatchewan. It has done this by clawing back at a rate sometimes greater than the payment of equalization.

When the province receives \$1 extra from higher royalties to the wealth created due to higher oil prices, uranium or potash, and I realize potash is a slightly unique situation, the clawback in equalization can be in some cases up to \$1.25. The numbers vary depending on the category of natural resource included.

What this means is that the province of Saskatchewan receives no benefit from the price rises of its natural resources. All of the benefit is accrued by the federal government, which effectively means the federal government has complete control and benefits solely from Saskatchewan's natural resources, thus of course discouraging the development and wise growth of these resources in the province.

**Mr. Pierre Poilievre:** Violating the Constitution.

**Mr. Bradley Trost:** Violating the Constitution in a very clever and systematic way. With this violation of the Constitution and

double counting, it discourages economic growth in Saskatchewan. Why should a provincial finance minister try for cuts in the tax rates if it will all be clawed back? Why should be there a push made to increase the wealth generated by natural resources if there is no benefit to it? It is a disincentive to the whole national economy and must be removed.

I will note that we on this side of the House have recognized this problem and have pushed for change. In the last election the Conservatives in the province of Saskatchewan were proud to campaign on our party's platform, which called for the removal of natural resources from the formula. It would have given the province of Saskatchewan the freedom to enjoy its own wealth and resources. All we are asking for is the same fairness, the same deal that the provinces of Nova Scotia and Newfoundland and Labrador have received.

Historically and technically, offshore resources were owned by the federal government, not even placed as they were directly under the control of the provincial governments. Maybe it was more of a technicality than anything, but that unfairness was corrected, wisely slow. Even if the Prime Minister had to be dragged kicking, screaming and hollering and forced to keep his word, it was the right thing to do. It has been done, maybe only for eight years, but hopefully in perpetuity for the provinces of Nova Scotia and Newfoundland and Labrador. It is the right of the people of every province to own and control their own resources.

It is also heartening to see the near unanimity of political leaders in Saskatchewan. It has been said that politics in Saskatchewan is a blood sport. We are fiercely divided and often very aggressive in debating back and forth. In Saskatchewan today 13 out of 14 members of Parliament support this resolution and are arguing for it. The finance minister, the man who is in charge, is the only one opposing it.

The Liberal leader of the province of Saskatchewan supports this, joined by the New Democrats and the Saskatchewan Party. Socialists and Conservatives in Saskatchewan get along about almost nothing. This is in itself near miraculous. With all that unanimity and political support from the province, if we could only convince one we would do what is right for the province of Saskatchewan.

This is very clearly an abstract debate to most people. What it really boils to is very simple: fairness for the province of Saskatchewan, control of their own property, the ability to profit from its own resources so the people of Saskatchewan may be able to enjoy better health care, better roads, have money returned to them and put into their pockets. This will provide real dollars to the people in Saskatchewan, roughly the equivalent of \$3,000 to \$4,000 per family, which is real money to working people, struggling farmers and the people of Saskatchewan.

I ask for the full support of the House. I hope we will receive it.

*Supply*

•(1605)

**Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC):** Mr. Speaker, it was good to see my colleague, the hon. member for Saskatoon—Humboldt, had such a thorough speech that it answered all the critics' questions. Nothing can be called into question by virtue of what we are pushing for today.

I want to read the motion for the benefit of all of us and for crowds and friends who watch with great interest the debate today in respect to all provinces, but particularly to certain provinces including the province of Saskatchewan.

The votable supply day motion put forward by the Conservative Party member for Regina—Lumsden—Lake Centre states:

That the House call upon the government to immediately extend the expanded benefits of the recent Atlantic Accord to all of the provinces since the existing equalization claw-back on non-renewable resource revenues severely curtails the future prosperity of Canada by punishing the regions where the economy is built on a non-renewable resource base.

We want to do more value added, more industrial kinds of things in my part of the country. Since the west came into the Confederation, natural resources has been a big part in those provinces, Saskatchewan in particular.

Something we need to understand is the background, and it has been stated numerous times. For the sake of those tuning in at this point in the day, the Atlantic accord is the background of what we are looking for in terms of a fair deal for other provinces in the federation.

In the recently struck Atlantic accord, Newfoundland and Labrador and Nova Scotia have received a pledge in respect to 100% protection from equalization clawbacks for the next eight years ahead, as long as the provinces receive equalization payments. The deal for these provinces is extended for an additional eight years as long as they do not become a have province. I am sure they want to achieve that, as do most jurisdictions across the country, but until such time it is extended as long as their per capita net debt does not become lower than the other four provinces.

The federal government will immediately provide an upfront payment to those provinces based on the estimated benefits of the agreement between now and 2012. Newfoundland and Labrador will receive an upfront payment of \$2 billion and Nova Scotia will receive \$830 million. My colleague, the member for Battlefords—Lloydminster, mentioned earlier in the day that the Premier Hamm from Nova Scotia has been urging our caucus to get that money flowing, to get the cheque cut so the province can begin to use it for the benefit of the province.

This is not something just unique to the Conservative Party, but we believe there is a tremendous flaw in the current equalization formula. By signing this deal, the Prime Minister has pretty much acknowledged that the formula was flawed.

The Conservative Party of Canada agrees. On behalf of Nova Scotia and Newfoundland and Labrador, we pressed the case in the House that they deserved to keep their offshore oil and gas. However, what is fair for these provinces is also fair for the rest of Canada. We sometimes say what is good for the goose is good for the gander. In this case, because it is taking into account

Newfoundland and Labrador, we also say what is good for the gander is good for the goose. If it gets that kind of deal in Gander, Newfoundland, we should get it in Saskatchewan as well as in other western provinces.

It is estimated that Saskatchewan, had it received that same deal a decade ago, would have received an additional \$8 billion for the province from non-renewable resource revenues. That is a significant amount of money. If it had been used and invested in our province over time in a wise way by a non-socialistic government, it could have accrued much more benefit to the citizens of the province of Saskatchewan. If a government had been in place and had squandered the money on socialistic schemes, maybe it would not have been so far ahead. We believe the money rightly and properly used could have been of great benefit to the province of Saskatchewan, an additional \$4 billion from oil and gas revenues alone.

•(1610)

For much of the past decade the Liberal government was clawing back Saskatchewan's oil and gas revenues at a rate exceeding 100%, 112% and 103%, but well beyond any benefit we get at the 100% level being clawed back from us. We think that is consummately unfair.

The Minister of Finance who is supposed to be going to bat to protect and look after the interests of our province has not done that. He said that he provided an extra \$710 million in equalization for Saskatchewan, but the number is very misleading. If we do the math, of the \$710 million the Liberals will claw back \$223 million in equalization adjustments, so-called euphemistically. Also \$120 million of this money was really to address some past equalization inequities or problems in terms of the math. Because we were in a shortfall, that rightly should come our way and it had nothing to do with the other irregularities. As a result Saskatchewan has a net benefit of about \$367 million out of that scenario.

The minister can make the point all he wants of his generosity and helpfulness to the province but the math belies that and the numbers are not really what he provides to us today.

In regard to equalization, Saskatchewan is being treated very unfairly. For example, the provincial entitlement this year for Saskatchewan will be just \$82 million. By contrast, Manitoba will receive \$1.6 billion and Quebec will receive \$4.8 billion. For a province like Saskatchewan just barely having come out of the have not category, we think that is very unfair. There needs to be a serious look at it and an adjustment. Non-renewable resources must no longer be clawed back in the formula for Saskatchewan and other provinces that face a similar situation.

The current Prime Minister and the finance minister made the point prior to and during the last election that they would address western alienation, but as we said in the theme of our Conservative convention last week, promises made, promises broken. They have not addressed western alienation. They just heap more of that upon us and they have driven people further away.

### Supply

By not providing a fair deal for Saskatchewan, the Prime Minister and the Minister of Finance have turned their backs on our province. We need a change of government at this level. We need some very rigorous advocacy at the provincial level in Saskatchewan by the premier and the leader of the opposition, Mr. Brad Wall, in terms of putting forward a strong case. We assist in our way in the House, even on a supply day like this, to make the point as we did, by standing shoulder to shoulder with Newfoundland and Labrador, and Nova Scotia. We believe we got a raw deal as did they, and there should be an adjustment such that there is no longer the clawback on the non-renewable resources.

With that, I rest my case. Certainly a Conservative government would do much better with respect to Saskatchewan and other provinces which this pertains to, such that we get equity, fairness, and a true and proper way to address equalization across our vast country. We ask for the support of other members across the way. We would hope that the Liberals would find it in their hearts to do the right thing, to do the fair thing for the west and other provinces where this is a big issue. We want fairness. We simply insist on that for our province and look for that at some point in the days ahead.

• (1615)

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Mr. Speaker, the hon. member spoke about the importance of fairness. I would like to build on that theme.

We have a government that drives a financial wedge between parents and their children by imposing financial penalties on those families that have a stay at home parent. This issue was addressed this past weekend at the Conservative convention.

We proposed, and it was accepted, that there ought to be a system of income splitting, allowing parents who have a single income to split their income, thus pushing them both into a lower tax bracket. That would create real equality for those families who have one parent in the home taking care of the children. In fact it would return the right to choose to young mothers and it would create real equality between families. That is what fairness is all about.

Instead the government is pursuing a national day care bureaucracy which will impose higher taxes on working families to pay for it and will take choices away from young women and families. How is that fair? Working families in Barrhaven in my riding are discriminated against because they make the sacrifice to keep one parent in the home.

I wonder what the hon. member, along with his other Conservative colleagues, would do to end this financial discrimination, to remove the wedge that the government has driven between parents and their children and restore fairness to the Canadian family

• (1620)

**Mr. Maurice Vellacott:** Mr. Speaker, that is certainly important. It verges on the issue today insofar as it is an issue of equalization with some equality in terms of choices.

Too many governments get into that habit. Certainly at the federal level the Liberals do it all the time. I would agree with my colleague.

As a party we have made the plain and clear statement that we would allow people to make the choice. A husband and wife could make the choice, whether it be institutional day care, or perhaps one

of the spouses who does not have a full time job, or an aunt, a grandparent, a relative. They could make their own arrangements. This would provide real equality.

Certainly in that area rather than the government dipping in, there are things we could do by way of the tax code in terms of rebates and those types of things so that parents could make their own choices. We would insist upon that. In this way again it is equality and fairness because individuals make the choices.

With a province, if it has the proper revenues, instead of those being siphoned and sucked up by the federal government, the province could make the proper choices since it is closer to the people. That level of government can follow the needs in its particular situation in a way that better serves the people in that province.

**Mr. Jeremy Harrison (Desnethé—Missinippi—Churchill River, CPC):** Mr. Speaker, the member for Saskatoon—Wanuskewin made an excellent address and made the points very well.

Anyone in the chamber and anyone watching at home has to realize that the equalization formula is not treating Saskatchewan fairly. Millions and millions of dollars are being taken from the pockets of Saskatchewan taxpayers and are being wasted in Ottawa by bureaucrats who would rather spend that money on sponsorship programs than on pressing issues such as helping the agricultural producers in Saskatchewan.

It is interesting to point out that every elected official in Saskatchewan is on the same page on this issue, everyone except one. That one is the Minister of Finance, the elected official who claims to be looking out for Saskatchewan and defending the interests of the Saskatchewan people. Let me tell the House that he is not doing that.

Saskatchewan is not being treated fairly. Every elected official in the province is on the same page, including my colleague from Regina—Qu'Appelle who has done a lot of work on this issue. I might add that he and his wife just had a new child, an 11 pound baby boy named Thomas. May I add that his wife Jill is doing fine.

**Mr. Maurice Vellacott:** Mr. Speaker, I thank the member, a good friend and colleague, for that good question. He comes from a part of our province where there is a lot of natural resource. As one representing very well the constituents of that vast riding up through the Churchill and so on, the gentleman knows the issue well and the negative effect that it can have.

The member has rightly said that all members on a non-partisan basis are on side, except for a Liberal provincial leader who has actually gone off in a different and strange direction on this one. However, the member's point stands because that person is not an elected member and probably never will be with the kind of attitude he has particularly on this issue.

The member is quite correct that we need it for fairness in our province. We need it in particular for the north and his riding, which has more or less had the resources raped out of it all these years with no particular benefit to the aboriginal people that he represents very well in his vast constituency.



*Supply*

[*Translation*]

**The Acting Speaker (Mr. Marcel Proulx):** It is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Renfrew—Nipissing—Pembroke, National Defence.

• (1625)

[*English*]

**Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.):** Mr. Speaker, I thank my hon. colleague for offering me the opportunity today to respond to his motion calling on the government to extend the benefits of the recent Atlantic accords with Newfoundland and Labrador and Nova Scotia to all the other provinces.

His one-size-fits-all approach to federalism is certainly appealing in its simplicity. After all, would it not make life easy for the federal government to treat all the provinces and territories as though they shared the same geography, the same history, the same resource base and the same level of economic development? No doubt it would.

However I am proud to be able to say that this government will not settle for the easy way out because this government understands that fairness involves more than applying the same cookie cutter treatment to all provinces.

It is about making investments that create wealth and expand opportunity and ensuring that all Canadians have the chance to share in the promise of our society regardless of where they live.

It is about being flexible and responsive to unique regional concerns.

It is about reconciling legitimate but competing demands on the understanding that we all benefit when we direct our energies first to those most in need.

It is in this spirit that the Government of Canada recently renewed its existing offshore revenue agreements with Newfoundland and Labrador and Nova Scotia. By giving these two provinces the maximum benefit from their offshore revenues, these deals will provide a much needed window of opportunity for them to overcome the serious economic and fiscal challenges that they are currently facing, which brings me to the basic premise of the hon. member's motion, which is the assumption that these two provinces are no more deserving of extraordinary assistance than any other province.

Let me take a moment to disabuse him of that notion.

First, Newfoundland and Labrador currently has the highest net debt of all provinces, at 62.8% of its GDP, compared to a provincial average of 25.1%. Nova Scotia's net debt is second highest, at 42.7%.

Newfoundland and Labrador's per capita debt servicing costs are \$2,068 per person per year, nearly three times the provincial average. Nova Scotia's per capita debt servicing costs are second highest, at \$1,099 per person per year.

With its declining population, Newfoundland and Labrador face the situation in which fewer people remain to pay off this debt. At

the same time, Newfoundland and Labrador also continues to have the highest provincial unemployment rate, at more than double the national average. Unfortunately, Nova Scotia is not far behind.

To make matters worse, Newfoundland and Labrador's budgetary balance has been deteriorating over the last few years. In this fiscal year, the province's deficit is estimated at \$708, or 3.7% of GDP, the highest among provinces.

In short, these partners in our federation were in danger of falling so far behind the other provinces that they were at risk of never catching up.

True, treating them the same as the other provinces, as suggested in the hon. member's motion, would have been the easy thing to do. However Canadians understand and I, as a Manitoban, understand that this would not have been the right thing to do.

Because it is in all Canadians' interest to see these provinces on a sustainable fiscal track, these agreements on offshore revenues mean Newfoundland and Labrador and Nova Scotia have a fighting chance at getting their fiscal houses in order so that they, too, can make the investments necessary to strengthen our federation in the years ahead.

How exactly will these agreements help these provinces get back on their feet?

Under the renewed accords, they would continue to receive 100% of their offshore resource revenues no matter what the price of oil and gas. As promised by the Prime Minister, this deal will give both provinces 100% protection from equalization reductions for eight years, or as long as they continue to receive equalization payments.

It will also provide the provinces with substantial upfront payments, \$2 billion for Newfoundland and Labrador and \$830 million for Nova Scotia, giving them the immediate flexibility to address their unique economic and fiscal challenges.

This extraordinary assistance was never aimed at improving the equalization system, as suggested by the hon. member's motion. The new framework for equalization and territorial formula financing, agreed to by all provinces last fall, does just that. I will elaborate on this shortly.

In reality, these arrangements and the existing accords that they supersede operate entirely outside the framework of equalization and in no way affect the integrity of the equalization system. They are targeted investments that illustrate how we all benefit when we extract the maximum potential from our regional advantages, our people and our resources.

• (1630)

Those are not the only recent federal initiatives that extract the maximum potential from our regional strengths. Other examples of such targeted initiatives would include the \$88 million in new funding budget 2005 dedicates over the next five years to the federal economic development initiative for Ontario, FedNor, to support the economic development of communities through the northern Ontario and rural southern Ontario.

### *Supply*

Another example is perhaps the \$300 million in new support for the north through the new framework for territorial formula financing, plus another \$120 million for the next three years for the territories to cooperatively develop the first ever comprehensive strategy for the north.

There is also the \$50 million in new funding that the recent budget just directed to the Asia-Pacific Foundation of Canada so it can continue its work building networks between Canadian and Asian business leaders and unlocking new market opportunities that will benefit both regions.

There is also the \$100 million over two years for the Canadian Space Agency in Montreal which will ensure that Canada's aerospace industry remains a research and innovation leader, and turning investments in knowledge into a global advantage in areas such as robotics and satellite communications.

Let us also not forget the government also recently invested another \$500 million to build and further strengthen Ontario's world leading automotive sector.

All these investments illustrate that Canada is more than a balance sheet. It is not about making identical investments all over the country. It is about all parts of the nation working together and recognizing that when one province or region succeeds we all succeed. This, of course, is not to say that balance has no place in public finance. In fact, our entire transfer system to the provinces is based on providing stable, predictable and growing per capita funding to support the provision of health and social services.

These per capita transfers, like the Canada health transfer, the Canada social transfer and the health reform transfer, will commit over \$42 billion to the provinces this year alone. In total, per capita transfers will grow from \$21.8 billion in 2003-04 to \$30.1 billion in 2007-08, an average annual increase of about 8%, which is significantly higher than the projected 5.1% growth in nominal gross domestic product.

Just last September, first ministers signed the historic 10 year plan to strengthen health care, another milestone in federal support for the provinces. The Prime Minister committed \$41.3 billion over 10 years in support of the plan, fully meeting the financial recommendations of the Romanow commission in doing so.

However sometimes per capita transfers are just not enough because the fact is that the provinces do not share the same geography, the same history, the same resource base and the same level of economic development, which is why we signed the recent offshore agreements with Newfoundland and Labrador and Nova Scotia, why we made strategic investments in every part of this country and why equalization was built into our Constitution in the first place.

By taking into account the fact that different provinces have different abilities to raise revenues, the equalization transfers ensure that all provinces can provide reasonably comparable public services at reasonably comparable rates of taxation. In doing so, it forms the bedrock of fiscal federalism. Though often poorly understood, it is one of the strongest forces of cohesion in our diverse federation.

What would happen to this country if this program were to suddenly disappear? How would regions with lower populations or less resources or a less developed economic base fund the provision of basic health and social services? By raising taxes to economically damaging levels? It does not take a great deal of imagination to see where this process would lead, and that is not a road Canadians want to head down.

Fortunately, the new framework for equalization and territorial formula financing agreed to by all ministers last fall will ensure that this never happens. By providing predictable, stable and growing funding to the provinces and territories, the framework will ensure that all Canadians, no matter where they live, have access to the government services that they expect and deserve.

Specifically, funding levels for 2005-06 will be set at \$10.9 billion for equalization and \$2 billion for TFF. Because these amounts will grow at a rate of 3.5% per year, this represents an additional \$33.4 billion more in equalization and TFF payments to provinces and territories over the next 10 years.

●(1635)

Moreover, the new framework involves the consideration of third party expert advice on the best way for the Government of Canada to allocate payments among the provinces and territories. Panel chair, Al O'Brien, will be tabling his report before the end of this year. His panel's advice will form the basis for future equalization and TFF allocations for the years 2006, 2007 and beyond, which brings me once again back to my hon. colleague's motion.

In essence, the motion suggests that the government should exclude revenues from oil and gas or other non-renewable resources when comparing the levels of revenue available to different provincial governments. Those provinces with oil and gas tend to think this is a good idea. Those without do not. Both have marshalled interesting arguments in their favour. Both consider this a matter of great significance in their respective provinces and both deserve to have their positions carefully and thoughtfully considered.

I would therefore urge the House to reject this motion and not take sides in the debate until all members have had time to consider the independent expert advice that Mr. O'Brien's team has to offer on this and other significant matters in its forthcoming report on equalization.

The issues at stake are not to be taken lightly. Arguments based on chequebook federalism can be divisive. They pit region against region, government against government and Canadian against Canadian. They are the weapon of choice for those with a sovereignist's agenda, which makes it all the more important for us to cut through the partisan rhetoric of balance sheet federalism so we can identify legitimate regional concerns and respond to them with a fair and balanced approach that characterizes, not only the recent Atlantic offshore agreements, but the Government of Canada's overall approach to economic and fiscal management which has served this country so well in recent years.

The government's record speaks for itself. Ten years ago this country was on the verge of economic disaster. Deficits were out of control, public debt was accumulating at an unsustainable rate, interest rates were high, jobs were disappearing and the engine of economic growth was puttering or stalled. Dealing with the situation was not easy. It required tough choices and sensitivity to the needs of the most vulnerable in society. We had to reconcile competing demands and we did so with the understanding that we are stronger when we work together in common purpose to create wealth and expand opportunity.

This approach paid off. Our balanced mix of tax cuts, debt repayment and strategic investments have turned a vicious circle of 10 years ago into a virtuous circle in which balanced budgets have inspired strong, sustained economic growth, increased confidence, investment and opportunity. As a result, more than three million new jobs have been created, inflation and interest rates have been low and stable and we have experienced more improvement in the average Canadian standard of living in the past seven years than in the previous seventeen.

We have tabled a record seven consecutive surplus budgets since balancing the books in 1997, which has allowed us to slash the debt by over \$61 billion. This saves Canadians over \$3 billion in interest every year, which can now be invested in their higher priorities, rather than sent to our creditors.

In terms of scope and magnitude, we have introduced the largest tax cuts in Canadian history. We have put the long term financing of health care and equalization on a sustainable footing and over \$75 billion in new investments just last fall.

We just tabled a budget that commits substantial new funding for health care, seniors, first nations, national day care and the environment while also providing tax reductions and laying the groundwork for future progress in addressing priorities of Canadians.

Yes, we have invested in every part of this country but, more important, we have invested for every part of this country. We have delivered on our commitments and kept the books balanced while doing so.

However we have one more very important outstanding commitment that awaits the tabling of Mr. O'Brien's report. I will therefore once again urge the House not to prejudice conclusions of this report as they pertain to the inclusion of non-renewable resource revenues in determining equalization entitlements. I once again urge the House to reject one-size-fits-all federalism. I once again urge the House to reject the hon. member's motion.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, I thank the hon. members opposite for their overwhelming enthusiasm for having me ask a question.

The hon. member's speech is a thoughtful speech and it hits at the very essence of the debate here, that is, the argument that Saskatchewan should not be "penalized" by the counting of its non-renewable resources for the purposes of measuring fiscal capacity.

In the province of Manitoba next door, where the hon. member who just gave the speech resides and the hon. member for

### *Supply*

Provencher lives, Manitoba does not enjoy the same non-renewable resources as does Saskatchewan, which has oil, potash and a variety of other things which increase its fiscal capacity. The members opposite have been arguing, however, that Manitoba actually has a greater GDP per person than does Saskatchewan and that therefore Saskatchewan is, relatively speaking, impoverished vis-à-vis Manitoba.

Simultaneously they argue that, first, we should not have this panel the hon. member spoke about and, second, that we should just simply take non-renewables out of the equalization formula.

If we took non-renewables out of the formula, that would presumably precipitate Manitoba saying to take renewables out of the formula. It would precipitate Quebec saying to take renewables out of the formula. It would make all of the other provinces that have neither renewables nor non-renewables very upset because then they would be left with the fiscal capacity measurement burden.

Does the hon. member think that one of the things this panel chaired by Mr. O'Brien could actually comment on is whether the formula proposed by the proponents of the motion, namely, measuring GDP per person, should be a replacement or should be one of the things that should be commented upon in terms of measuring fiscal capacity for equalization formula?

• (1640)

**Hon. Raymond Simard:** Mr. Speaker, all day I have been hearing comparisons between Saskatchewan and Manitoba. I find that interesting, because over and above the equalization base, with the deal that was signed by the 10 provinces, this year Saskatchewan will receive an additional \$710 million. I believe we have spoken about that today already. Manitoba will receive an additional \$184 million. This is because of the new equalization framework and obviously the dedication of our Minister of Finance.

As well, I think we have to speak about the second issue. As a Manitoban, I totally agree with my colleague here that obviously Manitoba's strength is hydro. Obviously it is a renewable resource, but if Saskatchewan starts insisting on putting aside the non-renewable resources, why would Manitoba not say to put aside renewable resources?

The objective here was to assist two provinces that were in dire straits. That is what Canada is all about. We have always been about that. We have not been about cookie cutter solutions and trying to be everything to every province. We have been about assisting provinces in need. I believe we all agree, given the debt to equity ratio, that Nova Scotia and Newfoundland were in dire straits. We assisted them.

Before doing that, however, we did deal with the equalization problem. We did sit down with the four provinces and territories and we negotiated deals there that improved the whole situation across the country.

My colleague is absolutely right. I believe we should wait for Mr. O'Brien's report. I hope he will come up with some long term equalization solutions.

*Supply*

In fact, as a Manitoban I am very proud that we signed these deals with Nova Scotia and Newfoundland and Labrador. I am actually surprised that Saskatchewan and members opposite are not. We always have been about helping our provinces that are in need.

[*Translation*]

**Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC):** Mr. Speaker, I am very pleased to speak on this motion which originally read as follows:

That the House call upon the government to immediately extend the expanded benefits of the recent Atlantic Accord to all of the provinces since the existing equalization claw-back on non-renewable resource revenues severely curtails the future prosperity of Canada by punishing the regions where the economy is built on a non-renewable resource base.

[*English*]

Before I begin my speech, I would like to take a moment to pay tribute to our Saskatchewan caucus members, who have come together today, one after one, to make very poignant arguments as to why the current equalization formula needs to be changed to better reflect the finances and aspirations of their great province.

• (1645)

[*Translation*]

Now I come to the issue of equalization.

Last weekend, supporters gathered at the Conservative Party policy convention in Montreal adopted the following policy on equalization:

Equalization is an essential component of Canada's nation building efforts.

The Conservative Party supports changes to the equalization program to ensure provinces and territories have the opportunity to develop their economies and sustain important core social services.

We will remove non-renewable natural resource revenue from the equalization formula to encourage the development of economic growth in the non-renewable resource sectors across Canada.

The Conservative Party will ensure that no province is adversely affected from changes to the equalization formula.

It is extremely important that the provinces currently receiving equalization payments do not suffer financial hardship as the result of any changes to the equalization formula.

One of the problems with the current financial agreement between the federal government and the provinces is that the Liberal Party is afraid to tackle this issue head on.

The Prime Minister is working against the aim of equalization by failing to collaborate with the provinces to establish a program that would enable them to build a better economy.

The Prime Minister should have dealt with the problems posed by the equalization formula back in October at the first ministers meeting. Instead, he signed side deals and adopted policies that have set one province against the other.

To promote harmony among the provinces, it was suggested that the motion be amended to ensure that any change to the equalization formula will come with a transition adjustment measure for those provinces whose compensation will not see sustained growth.

To promote harmony among the provinces, an amendment was made to this motion to ensure that proposed equalization formula will include a period of transition and adjustment so that the

provinces to whom these expanded benefits do not apply can receive fair compensation.

The purpose of this amendment is to ensure that changes made to the equalization formula take more fully into account provinces that have both renewable and non-renewable resources, like Quebec and Manitoba, both of which are rich in hydro power.

With this amendment, the future equalization formula will more closely reflect the actual financial situation of provinces that have renewable and non-renewable resources, provinces like Manitoba and Quebec, which both have water resources.

This way, Quebec will continue to fully benefit from the current system in order to pursue its economic and social development.

Equalization and the growing fiscal imbalance show the Liberals' weak commitment to improving relations between the federal government and the provinces and territories.

The federal government continues to rake in way more money than it needs to meet its constitutional obligations, while the provinces cannot put enough together to meet their obligations.

This is crystal clear when the financial situation of the federal government is compared to that of the provinces. The federal treasury is accumulating surpluses year after year, while the provinces are struggling to balance their books and several are actually in a deficit position.

[*English*]

I will note that I am going to be splitting my time with the member for Souris—Moose Mountain.

How can it be that Ontario, one of the strongest and most important economic engines of the country, must carry a 2004-05 deficit of over \$6 billion while the federal government rakes in an \$11 billion surplus?

Just to focus on Ontario for a moment, there is a great divide between the McGuinty Liberals and the Prime Minister right now. With the new floor in equalization, have not provinces reached an important guarantee that equalization payments will not be scaled back or taken away in the event of a downturn in the Ontario economy.

However, the agreement reached could actually hurt Ontario. If the Ontario economy begins to falter, and there is growing evidence that it is, Ontario will not be able to afford to pay into equalization and fund important social programs for Ontarians.

How could it be that our provinces, charged under our Constitution with carriage of our most valued social programs, cannot financially scrape by, while the federal Liberals, rolling in cash, waste Canadians' hard-earned tax dollars?

It is partly a reflection of the fact that the provinces are responsible for expensive but important social programs, especially health care and education, but it also reflects the fact that the federal government is taking up too much tax room.

The provinces, facing increasing costs and growing deficits, must come to the federal government pleading for financial assistance. The Liberals, reluctant to hand over the fruits of their overtaxation, use the surplus as political leverage and force the provinces to accept conditions and targets that reflect Liberal policy priorities, not the priorities of Quebeckers and Canadians.

I believe that both the original motion and the amendment serve to address some of the problems raised by the provincial governments.

To conclude, the Conservative Party believes the equalization program should treat all provinces fairly and equitably. We recognize that the current formula presents many problems, but we also understand it is imperative that no province currently receiving equalization payments will be worse off financially if any changes to the structure of the formula are made.

•(1650)

[*Translation*]

It is extremely important that the provinces currently receiving equalization payments not be financially penalized by any changes whatsoever made to the equalization formula.

[*English*]

The Prime Minister has shown a lack of leadership on intergovernmental relations and has pitted province against province. This is no way to strengthen the federation. Saskatchewan, Ontario, Quebec and all the provinces and territories should be treated equally by the federal government.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, I appreciate the hon. member's speech and I appreciate her contributions to the finance committee. I think she is one of the more thoughtful members of the committee and actually thus far has not been imbued with overly partisan rhetoric.

She is obviously supporting the motion. That does raise some difficulties, because the motion proposes the deletion of renewable resources for a particular province. If we were to delete that measurement of fiscal capacity for the province of Saskatchewan, what would her answer be to other provinces which also would like their unique resources deleted from their measurement of fiscal capacity?

Obviously the province of Manitoba and the province of Quebec would prefer that renewable resources be deleted from the measurement of fiscal capacity. There are other situations, let us say in British Columbia, where some want the measurement of property values deleted from the measurement of fiscal capacity.

I would be interested in knowing whether she supports her party's position that the whole concept of non-renewable resources be deleted from the measurement of fiscal capacity. Would she prefer that prior to hearing from the panel that has just been appointed?

**Ms. Rona Ambrose:** Mr. Speaker, my speech really related directly to the intergovernmental perspective. I raised the issue of Quebec and Manitoba in relation to renewable resources within the equalization formula and in conjunction with the issue of non-renewable resources.

As the hon. member knows, the Conservative Party's position on this issue is that non-renewable resources should be removed from

### *Supply*

the equalization formula. We have talked about this for several years, as have many if not all of the provinces.

I raised this issue because my largest concern is that the deal since October has resulted in provinces being pitted against provinces, as we see right here in the House today. We have a discussion comparing the fiscal capacity of Manitoba to Saskatchewan within the equalization formula. We have Ontario saying that it wants the same deal that Newfoundland and Labrador and Nova Scotia received under the Atlantic accord.

My largest concern is that the Prime Minister has not shown enough leadership by sitting down with the provinces and actually discussing these issues in October. Now we are left with a situation in which we have infighting amongst premiers and provinces being pitted against provinces. I would say to the member that I would have liked to have seen the Prime Minister deal with this issue upfront and if not then, then shortly sometime in the near future.

•(1655)

[*Translation*]

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Mr. Speaker, during the debate on equalization and the fiscal imbalance, the Bloc members and the Liberals lost sight of what is most important. The Bloc members say there is not enough money in the pockets of the Government of Quebec. The Liberals say there is not enough money in the pockets of the federal government.

However, both parties forget that the money does not belong to the Quebec government, nor does it belong to the Canadian government. The money belongs to taxpayers, families, parents and people who work for a living. It is their money and it is for the independence of individuals and families. That is who the Conservatives are fighting for. We want the money to go back into the pockets of the people who work for it.

For example, when it comes to child care, the Liberals think it is up to the federal government to decide how children should live and how their care should be delivered. The Bloc members think the Government of Quebec should have this responsibility. However, the Conservatives realize that the issue of child care is neither a federal nor provincial jurisdiction, it is a family matter.

I would like our Conservative member to comment on this.

[*English*]

**Ms. Rona Ambrose:** Mr. Speaker, I wish to thank my colleague for his question and comments on the issue of day care and jurisdiction. In fact, he is correct. The delivery of child care services and early childhood education is a provincial jurisdiction.

The provinces are currently delivering this service in a variety of different programs across Canada. One of the major concerns, particularly for Quebec as my colleague raised, is that while this is a provincial jurisdiction, it is also very much a family jurisdiction, to use his language, and I would agree with him that these are the two different issues that are going on in this discussion about child care.

### Supply

We have Canadian families from coast to coast, and Quebec families, indicating that they want to make choices for their children in child care. The other conversation going on is that provinces want to make the decisions with their communities and with their families on this issue, so that they can make the decisions about the best way to use the tax dollar to deliver the best possible child care for families and communities across the country.

**Mr. Ed Komarnicki (Souris—Moose Mountain, CPC):** Mr. Speaker, I rise to speak on the equalization question. One is drawn to the idea that equalization should have a degree of equity and fairness between all of the provinces. In fact, the terms of reference for the committee that is to be established commits the Government of Canada to the principle of making equalization payments to ensure that the provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. That is the principle behind that.

We can find inequities that exist between provinces particularly as they relate to Saskatchewan. In that regard, there have been many studies commissioned showing that Saskatchewan has had the bad end of the deal on this one. The formula needs to achieve that and we find that it has had many flaws. Unfortunately, there was no mechanism in the past to check or audit the system to ensure that abnormalities do not take place.

One of the formula reviews is by Professor Thomas J. Courchene called "Confiscatory Equalization: The Intriguing Case of Saskatchewan's Vanishing Energy Revenues". It shows that in the early eighties there was a shift from an all-province standard to the present five province standard of British Columbia, Saskatchewan, Manitoba, Ontario and Quebec.

Saskatchewan is a rich energy producing province and was affected mostly by the shift in policy. The professor indicated that in the fiscal year 2000-01 Saskatchewan energy revenues totalled \$1.038 billion for \$1,000 per capita. However, the province's equalization offset associated with those energy revenues was even larger, \$1.126 billion or a tax back rate of 108%.

Over that period the clawback rate of 1999 to 2001 reached as high as 125%. In other words, Saskatchewan lost more than the equalization payment by the fact that oil, a non-renewable resource, was produced. How could this happen particularly with the finance minister holding key positions with the government during those periods of time?

The author stated that this was the trigger for Saskatchewan's descent to the lowest rank in terms of provincial per capita disposable income. As the Saskatchewan revenue minister pointed out, in 2001-02 crown leases were taxed back at a rate of 235.9%. This was unconscionable. Who was minding the store at that time? One has to only wonder why Saskatchewan's highway system has deteriorated as it has and why the waiting lists are so long in Saskatchewan. In fact, people from Saskatchewan may travel to Manitoba to get services because of the long waiting list in Saskatchewan.

The finance minister says that Saskatchewan is a have province. If it is a have province, why is the waiting list so long, why are the highways so poor, why is agriculture on the worst crisis condition that it has ever been in the history of the province?

The estimated income loss projected for 2005 is \$486 million and the province, which is struggling, has lost over 10 years \$4 billion in clawbacks under the equalization formula. Because this formula taxed back or clawed back over 100%, this meant at least to the extent of Saskatchewan's energy revenues that they were transferred to other provinces through the over 100% clawback.

It is true that the province's GDP provides an indication of the province's take of economic prosperity. From 1998 to 2002 Saskatchewan posted an average GDP of .3% and largely that was due to the crisis in the agricultural sector. At the same time the equalization payments were declining. Saskatchewan has received the lowest per capita equalization transfers of the recipient provinces across Canada. It received the smallest equalization transfers on a per capita basis.

We use Manitoba as an example, and good for Manitoba, but Manitoba received \$1,110 per capita of equalization. Saskatchewan on the other hand received \$123 to \$146 per capita. How can that be? Simply put, this is unconscionable.

● (1700)

In my constituency of Souris—Moose Mountain and part of the sister constituency, the total oil extracted production was 52 million of 153 million barrels of oil, or \$2.4 billion of \$5.5 billion province-wide. All of that oil that was taken out of the ground was clawed back under the equalization payments. This injustice to Saskatchewan requires at the very least, as a minimum, the same deal Nova Scotia and Newfoundland and Labrador received.

All Saskatchewan wants is to be treated fairly and equitably. When we look at the agreement between the Government of Canada and Nova Scotia, it was negotiated bilaterally and in advance of the expert committee that will be looking at what types of factors should be in or out of the equalization formula.

It is our position that non-renewable resources such as oil and gas should not be in the formula. The finance minister says we should wait until the panel of experts decides. Why should Saskatchewan have to wait for a panel of experts to decide, when Newfoundland and Labrador and Nova Scotia have already achieved an agreement excluding their offshore oil resources from the formula. If we look at the agreement that was entered into, it says:

—the Government of Canada will seek legislative authority from Parliament that will authorize additional payments to provide 100% offset against reductions in Equalization payments resulting from offshore resource revenue.

It goes on to say:

This document reflects an understanding between the Government of Canada and the Government of Nova Scotia that:

Nova Scotia already receives and will continue to receive 100 per cent of offshore resource revenues as if these resources were on land;

There is nothing different between those offshore resources and the resources that we have in Saskatchewan. Not only that, the agreement provides that from 2006 and continuing to 2012:

—the annual offset payments shall be equal to 100 per cent of any reductions in Equalization payments resulting from offshore resource revenues.

The agreement then goes on to provide for subsequent years. It says:

Should the province not qualify for an Equalization payment in any year in the period 2012-13 to 2019-20, the province would receive, in that year, an offset payment equal to two-thirds of the previous year's offset payment and an offset payment equal to one-third of that previous year's payment in the following year, should it continue not to qualify for Equalization.

It goes on to say:

If, in the future, the Government of Canada enters into an arrangement with another province or territory concerning offshore petroleum resource revenues, which in Nova Scotia's view provides, on balance, benefits greater than those contained in this arrangement, Nova Scotia may elect to enter into discussions with the Government of Canada to revise this arrangement.

It is not only saying that those resources will be exempt and for a great number of years but it says if a better agreement is made somewhere else, Nova Scotia will be able to negotiate a better agreement for itself.

We do not mind Nova Scotia having that, but we do say this. If Nova Scotia can achieve that bilaterally before the panel of experts deals with the formula itself, then certainly Saskatchewan is entitled to receive at least the same deal for its resources on a bilateral basis. I think the Premier of Saskatchewan has ever right to call upon this government to do that.

The Minister of Finance, a native of Saskatchewan, has an obligation to the citizens of Saskatchewan and those in particular in Souris—Moose Mountain to ensure that the past injustices done to Saskatchewan are not repeated again. He says that Saskatchewan is on the cusp of being a have province. If it is a have province or on the cusp of being a have province, most of the citizens of Saskatchewan do not realize that.

Let me go through some of the facts that are a reality in Saskatchewan. In the farming community commodity prices have dropped dramatically while input costs such as fertilizers and fuel have risen considerably.

Farmers, even though they diversify, have seen declines of virtually every type of commodity. There are increased costs in freight. There have been a number of difficult production years. There has been drought and frost. Europe is increasing its export enhancement programs. This results in decreases of commodity values globally. Subsidies in the United States protect producers from commodity value declines, contributing to global overproduction, which starts a vicious cycle.

When we look at the increases in the costs to farm producers, purple gasoline has increased in January 2002 from 44¢ a litre to 62¢ a litre. Fertilizer has increased from \$553 to \$676.

•(1705)

There is a financial crisis in Saskatchewan in the agriculture community and it is having a snowball effect. It is not only affecting farmers, but it is affecting smaller communities that are starting to shut down. It is affecting infrastructure. If one came to Saskatchewan, one would be hard pressed to say that it is a have province.

### Supply

It is time for the government to negotiate a fair deal with Saskatchewan to ensure its non-renewable resources are used by it to recover from the place it has been put because of the inequities of the past.

•(1710)

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Mr. Speaker, I would like to comment on one of the things my colleague mentioned in his presentation. Perhaps he could expand upon it.

He talked about what he called the unconscionable practice of the clawback provision taking more away from the province than it made in revenue. For example, Saskatchewan raised over \$1 billion in oil and gas revenues a couple of years ago but the clawback provision took more than that away from the province.

It would seem to me that we have a constitutional argument here. We all know that provincial jurisdiction has constitutional powers over ownership of non-renewable natural resources. It is one of the key reasons that non-renewable natural resources should be removed from the equalization formula.

It seems that every other province in Canada is benefiting from Saskatchewan's oil and gas production, except for Saskatchewan itself. We produce the oil and gas but the revenues created from the sale of that oil and gas do not flow to Saskatchewan. They literally flow to every other province in Canada. I cannot see how anyone in the House would consider that to be fair and equitable. That is one of the main reasons we are calling for the removal of non-renewable natural resources from the equalization formula.

I would like the hon. member to comment on whether or not I have it right. Perhaps he has some different views.

**Mr. Ed Komarnicki:** Mr. Speaker, there is no question that the way the formula was put together Saskatchewan lost on average \$1.08 for every \$1 of oil it sold. To some degree it was \$1.25. In other words, if the oil had been kept in the ground, the province would have been better for it because it lost more money than it made.

Additional funds that were available under the equalization plan went to some other province because of it. In other words, the penalty imposed on Saskatchewan went to other provinces. Saskatchewan should have been the last province supplementing provinces elsewhere that did not need the same equalization as it needed.

The formula is principally wrong. It is not only wrong, but it penalizes Saskatchewan. It is only equitable and right that the finance minister do what he has done already, provide a bilateral agreement with Saskatchewan to ensure that never happens again.

Saskatchewan could use those non-renewable resources to provide jobs, to provide a brisk economy. It could address issues of concern to farmers in Saskatchewan to ensure the contributions to deposit requirements so the farmers would not have to do it. It could address the farm economy and share in the 40%. The province would have some revenue to do that. Young people would be able to stay in our province, to work in our province, to be the sons and daughters on the family farms, which is almost no longer possible because of the crisis we are facing there.

*Supply*

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I would like to ask the member whether he believes that Canada should treat every province and territory the same. That is what some of his other colleagues have suggested.

We cannot treat every province equally because they all face different situations. The whole country is based on the foundation of helping provinces or territories at times when they are in need. That is the generosity of this nation. The provinces came into Confederation with different terms and conditions and they continue to be dealt with in the way that is needed. They are treated fairly, not equally. I wonder if the member thinks this is the way to run the nation.

The Prime Minister has solved the greatest issue that has been on the minds of Canadians for a generation and that is health care. Equalization is one of the greatest foundations of our nation. It has just been replaced in a manner that is acceptable across the country. That is why the country is running so smoothly.

● (1715)

**Mr. Ed Komarnicki:** Mr. Speaker, there is no question that the equalization issue is to provide equity and fairness and to ensure that the provinces across the country are able to provide reasonably comparable levels of public services at about the same levels of taxation. However, when the Prime Minister of Canada negotiates a deal with one province without regard to the other provinces, that is not an issue of fair treatment. It is just the opposite. When we find a formula that for over 20 years has penalized a province, that has nothing to do with treating provinces fairly or equally. It has a lot to do with not paying attention to what is happening.

What we have to do is put all the provinces on the same basis of fairness and equity. We need to ensure that non-renewable resources are not part of that, so that the provinces can develop themselves and be self-sufficient across the country to provide those same services without equalization payments or subsidies.

[*Translation*]

**The Acting Speaker (Mr. Marcel Proulx):** It being 5:15 p.m., it is my duty to interrupt the proceedings and put forthwith every question to dispose of the business of supply.

[*English*]

The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. Marcel Proulx):** All those in favour of the amendment 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 nays have it.

*And more than five members having risen:*

**The Acting Speaker (Mr. Marcel Proulx):** Call in the members.

● (1750)

[*Translation*]

The House divided on the amendment, which was negated on the following division:)

(*Division No. 45*)

**YEAS**

Members

Abbott	Ablonczy
Allison	Ambrose
Anders	Anderson (Cypress Hills—Grasslands)
Angus	Benoit
Bezan	Blaikie
Breitkreuz	Broadbent
Brown (Leeds—Grenville)	Carrie
Casey	Casson
Chong	Christopherson
Comartin	Crowder
Cullen (Skeena—Bulkley Valley)	Cummins
Davies	Day
Devolin	Doyle
Duncan	Epp
Finley	Fitzpatrick
Fletcher	Forseth
Gallant	Godin
Golding	Grewal (Newton—North Delta)
Grewal (Fleetwood—Port Kells)	Guergis
Hanger	Harper
Harris	Harrison
Hearn	Hiebert
Hill	Jaffer
Jean	Julian
Kamp (Pitt Meadows—Maple Ridge—Mission)	Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)	Komarnicki
Kramp (Prince Edward—Hastings)	Lauzon
Layton	Lukiwski
Lunney	MacKay (Central Nova)
MacKenzie	Mark
Martin (Winnipeg Centre)	Masse
McDonough	Menzies
Merrifield	Miller
Mills	Moore (Port Moody—Westwood—Port Coquitlam)
Moore (Fundy Royal)	Nicholson
O'Connor	Obhrai
Oda	Pallister
Penson	Poillievre
Prentice	Preston
Rajotte	Reid
Reynolds	Richardson
Ritz	Schellenberger
Schmidt (Kelowna—Lake Country)	Siksay
Skelton	Smith (Kildonan—St. Paul)
Solberg	Sorenson
Stoffer	Stronach
Thompson (New Brunswick Southwest)	Thompson (Wild Rose)
Tilson	Toews
Trost	Van Loan
Vellacott	Warawa
Wasylycia-Leis	Watson
White	Williams
Yelich— 105	

**NAYS**

Members

Adams	Alcock
Anderson (Victoria)	André
Asselin	Augustine
Bachand	Bagnell
Bains	Bakopanos



Barnes  
Bélangier  
Bellavance  
Bergeron  
Bigras  
Blondin-Andrew  
Boivin  
Bonsant  
Bouchard  
Boulianne  
Bradshaw  
Brown (Oakville)  
Bulte  
Cannis  
Carrier  
Catterall  
Chan  
Cleary  
Comuzzi  
Cotler  
Cullen (Etobicoke North)  
D'Amours  
Deschamps  
DeVillers  
Dion  
Drouin  
Duceppe  
Efford  
Eyking  
Folco  
Frulla  
Gagnon (Saint-Maurice—Champlain)  
Gaudet  
Godbout  
Goodale  
Guamieri  
Guimond  
Hubbard  
Jennings  
Karetak-Lindell  
Khan  
Kotto  
Lalonde  
Lapierre (Lévis—Bellechasse)  
Lavallée  
Lee  
Lessard  
Longfield  
Macklin  
Maloney  
Marleau  
Martin (LaSalle—Émard)  
McCallum  
McGuire  
McLellan  
Ménard (Hochelaga)  
Minna  
Murphy  
Neville  
Owen  
Paquette  
Patri  
Peterson  
Phinney  
Pickard (Chatham-Kent—Essex)  
Poirier-Rivard  
Proulx  
Redman  
Robillard  
Rota  
Saada  
Savage  
Scarpaleggia  
Sgro  
Simard (Beauport—Limoulu)  
Simms  
St-Hilaire  
St. Denis  
Szabo  
Temelkovski  
Basques)  
Thibault (West Nova)  
Torsney  
Valeri

Beaumier  
Bell  
Bennett  
Bevilacqua  
Blais  
Boire  
Bonin  
Boshcoff  
Boudria  
Bourgeois  
Brisson  
Brunelle  
Byrne  
Carr  
Carroll  
Chamberlain  
Clavet  
Coderre  
Côté  
Crête  
Cuzner  
Demers  
Desrochers  
Dhalla  
Dosanjh  
Dryden  
Easter  
Emerson  
Faille  
Fontana  
Gagnon (Québec)  
Gagnon (Jonquière—Alma)  
Gauthier  
Godfrey  
Graham  
Guay  
Holland  
Ianno  
Kadis  
Karygiannis  
Kilgour  
Laframboise  
Lapierre (Outremont)  
Lastewka  
LeBlanc  
Lemay  
Lévesque  
MacAulay  
Malhi  
Marceau  
Martin (Esquimalt—Juan de Fuca)  
Matthews  
McGuinty  
McKay (Scarborough—Guildwood)  
McTeague  
Ménard (Marc-Aurèle-Fortin)  
Mitchell  
Myers  
O'Brien  
Pacetti  
Paradis  
Perron  
Pettigrew  
Picard (Drummond)  
Plamondon  
Powers  
Ratansi  
Regan  
Rodriguez  
Roy  
Sauvageau  
Savoy  
Scott  
Silva  
Simard (Saint Boniface)  
Smith (Pontiac)  
St. Amand  
Steckle  
Telegdi  
Thibault (Rimouski-Neigette—Témiscouata—Les  
Tonks  
Ur  
Valley

Vincent  
Wappel  
Wrzesnewskyj— 181

*Supply*

Volpe  
Wilfert

**PAIRED**

Members

Zed— 2

Loubier

**The Speaker:** I declare the motion lost.

[*English*]

The next question is on the main motion.

**Hon. Karen Redman:** Mr. Speaker, conversations have taken place among the parties and I believe if you were to seek it you would find unanimous consent that the members who voted on the previous motion be recorded as voting on the motion before the House, with Liberals voting against.

**The Speaker:** Is there unanimous consent to proceed in this fashion?

**Some hon. members:** Agreed.

**Hon. Rob Nicholson:** Mr. Speaker, the members of the Conservative Party will be voting in the affirmative.

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, the members of the Bloc Québécois will be voting against this motion, I would ask you to add the name of the member for Sherbrooke to the list.

**Mr. Yvon Godin:** Mr. Speaker, the members of the NDP will be voting in favour of this motion.

● (1755)

(The House divided on the motion, which was negated on the following division:)

(*Division No. 46*)

**YEAS**

Members

Abbott	Ablonezy
Allison	Ambrose
Anders	Anderson (Cypress Hills—Grasslands)
Angus	Benoit
Bezan	Blaikie
Breitkreuz	Broadbent
Brown (Leeds—Grenville)	Carrie
Casey	Casson
Chong	Christopherson
Comartin	Crowder
Cullen (Skeena—Bulkley Valley)	Cummins
Davies	Day
Devolin	Doyle
Duncan	Epp
Finley	Fitzpatrick
Fletcher	Forseth
Gallant	Godin
Goldring	Grewal (Newton—North Delta)
Grewal (Fleetwood—Port Kells)	Guergis
Hanger	Harper
Harris	Harrison
Hearn	Hiebert
Hill	Jaffer
Jean	Julian
Kamp (Pitt Meadows—Maple Ridge—Mission)	Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)	Komarnicki
Kramp (Prince Edward—Hastings)	Lauzon
Layton	Lukiwski
Lunney	MacKay (Central Nova)
MacKenzie	Mark
Martin (Winnipeg Centre)	Masse

*Supply*

McDonough  
Merrifield  
Mills  
Moore (Fundy Royal)  
O'Connor  
Oda  
Penson  
Prentice  
Rajotte  
Reynolds  
Ritz  
Schmidt (Kelowna—Lake Country)  
Skelton  
Solberg  
Stoffer  
Thompson (New Brunswick Southwest)  
Tilson  
Trost  
Vellacott  
Wasylcia-Leis  
White  
Yelich — 105

Menzies  
Miller  
Moore (Port Moody—Westwood—Port Coquitlam)  
Nicholson  
Obhrai  
Pallister  
Poilievre  
Preston  
Reid  
Richardson  
Schellenberger  
Siksay  
Smith (Kildonan—St. Paul)  
Sorenson  
Stronach  
Thompson (Wild Rose)  
Toews  
Van Loan  
Warawa  
Watson  
Williams

Matthews  
McGuinty  
McKay (Scarborough—Guildwood)  
McTeague  
Ménard (Marc-Aurèle-Fortin)  
Mitchell  
Myers  
O'Brien  
Pacetti  
Paradis  
Perron  
Pettigrew  
Picard (Drummond)  
Plamondon  
Powers  
Ratansi  
Regan  
Rodriguez  
Roy  
Sauvageau  
Savoy  
Scott  
Silva  
Simard (Saint Boniface)  
Smith (Pontiac)  
St. Amand  
Steckle  
Telegdi  
Thibault (Rimouski-Neigette—Témiscouata—Les Basques)  
Thibault (West Nova)  
Tonks  
Ur  
Valley  
Volpe  
Wilfert

McCallum  
McGuire  
McLellan  
Ménard (Hochelaga)  
Minna  
Murphy  
Neville  
Owen  
Paquette  
Patry  
Peterson  
Phinney  
Pickard (Chatham-Kent—Essex)  
Poirier-Rivard  
Proulx  
Redman  
Robillard  
Rota  
Saada  
Savage  
Scarpaleggia  
Sgro  
Simard (Beauport—Limoilou)  
Simms  
St-Hilaire  
St. Denis  
Szabo  
Temelkovski  
Torsney  
Valeri  
Vincent  
Wappel  
Wrzesnewskyj — 182

*NAYS*

## Members

Adams  
Anderson (Victoria)  
Asselin  
Bachand  
Bains  
Barnes  
Bélanger  
Bellavance  
Bergeron  
Bigras  
Blondin-Andrew  
Boivin  
Bonsant  
Bouchard  
Boulianne  
Bradshaw  
Brown (Oakville)  
Bulte  
Cannis  
Carr  
Carroll  
Chamberlain  
Clavet  
Coderre  
Côté  
Crête  
Cuzner  
Demers  
Desrochers  
Dhalla  
Dosanjh  
Dryden  
Easter  
Emerson  
Faille  
Fontana  
Gagnon (Québec)  
Gagnon (Jonquière—Alma)  
Gauthier  
Godfrey  
Graham  
Guay  
Holland  
Ianno  
Kadis  
Karygiannis  
Kilgour  
Laframboise  
Lapierre (Outremont)  
Lastewka  
LeBlanc  
Lemay  
Lévesque  
MacAulay  
Malhi  
Marceau  
Martin (Esquimalt—Juan de Fuca)

Alcock  
André  
Augustine  
Bagnell  
Bakopanos  
Beaumier  
Bell  
Bennett  
Bevilacqua  
Blais  
Boire  
Bonin  
Boshcoff  
Boudria  
Bourgeois  
Brisson  
Brunelle  
Byrne  
Cardin  
Carrier  
Catterall  
Chan  
Cleary  
Comuzzi  
Cotler  
Cullen (Etobicoke North)  
D'Amours  
Deschamps  
DeVillers  
Dion  
Drouin  
Duceppe  
Efford  
Eyking  
Folco  
Frulla  
Gagnon (Saint-Maurice—Champlain)  
Gaudet  
Godbout  
Goodale  
Guarnieri  
Guimond  
Hubbard  
Jennings  
Karetak-Lindell  
Khan  
Kotto  
Lalonde  
Lapierre (Lévis—Bellechasse)  
Lavallée  
Lee  
Lessard  
Longfield  
Macklin  
Maloney  
Marleau  
Martin (LaSalle—Émard)

**PAIRED**

## Members

Zed — 2

**The Speaker:** I declare the motion lost.

[*English*]

## OPPOSITION MOTION—PROCEEDS OF CRIME LEGISLATION

The House resumed from March 10 consideration of the motion, as amended.

**The Speaker:** Pursuant to order made Thursday, March 10, the House will now proceed to the taking of the deferred recorded division on the motion of the member for Charlesbourg—Haute-Saint-Charles relating to the business of supply.

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, I believe you will find unanimous agreement among the four parties in this House to support the opposition motion introduced by my colleague for Charlesbourg—Haute-Saint-Charles.

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

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

**SUPPLEMENTARY ESTIMATES (B) 2004-05**

**Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.)** moved:

That Supplementary Estimates (B), for the fiscal year ending March 31, 2005, including vote 1b under International Affairs and International Trade (Foreign Affairs) as reduced by the Standing Committee on Foreign Affairs and International Trade, be concurred in.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

[English]

**The Speaker:** I declare the motion carried.

(Motion agreed to)

**Hon. Reg Alcock** moved that Bill C-41, an act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2005, be read the first time.

(Motion deemed adopted and bill read the first time)

**Hon. Reg Alcock** moved that the bill be read the second time and referred to committee of the whole.

**Hon. Karen Redman:** Mr. Speaker, I believe that you would find consent to deem the present supply bill read a second time, referred to a committee of the whole, reported without amendment, read a third time and carried on division.

**The Speaker:** Is there unanimous consent for the proposal of the hon. chief government whip?

**Some hon. members:** Agreed.

(Motion agreed to, bill read the second time, considered in committee of the whole, reported without amendment, read the third time and passed)

\* \* \*

**INTERIM SUPPLY**

**Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.)** moved:

That this House do concur in Interim Supply as follows:

That a sum not exceeding \$20,524,196,055.76, being composed of:

(1) three twelfths (\$9,134,113,122.00) of the total of the amounts of the items set forth in the Proposed Schedule 1 and Schedule 2 of the Main Estimates for the fiscal year ending March 31, 2006, which were laid upon the Table Friday, February 25, 2005, and except for those items below:

(2) eleven twelfths of the total of the amount of Agriculture and Agri-food Vote 40, Industry Vote 5, Justice Vote 45, Parliament Vote 10, Solicitor General (Public Safety and Emergency Preparedness) Vote 55 and Treasury Board Vote 5 (Schedule 1.1), of the said Estimates, \$830,534,833.34;

(3) ten twelfths of the total of the amount of Human Resources Development (Social Development) Vote 5 (Schedule 1.2), of the said Estimates, \$233,972,500.00;

(4) eight twelfths of the total of the amount of Canadian Heritage Vote 15 and Fisheries and Oceans Vote 10 (Schedule 1.3), of the said Estimates, \$179,972,166.67;

(5) seven twelfths of the total of the amount of Canadian Heritage Vote 60 and Human Resources and Skills Development Vote 25 (Schedule 1.4), of the said Estimates, \$6,046,250.00;

(6) six twelfths of the total of the amount of Solicitor General (Public Safety and Emergency Preparedness) Votes 50 and 85 (Schedule 1.5), of the said Estimates, \$15,835,000.00;

(7) five twelfths of the total of the amount of Canadian Heritage Votes 55 and 105, Citizenship and Immigration Vote 5, Finance Vote 10, Human Resources and Skills Development Vote 5, Indian Affairs and Northern Development Vote 10, Justice Vote 1, Solicitor General (Public Safety and Emergency Preparedness) Vote 15 and Transport Votes 20 and 30 (Schedule 1.6), of the said Estimates, \$3,786,683,532.07;

*Supply*

(8) four twelfths of the total of the amount of Canadian Heritage Vote 20, Citizenship and Immigration Vote 10, Environment Vote 15, Finance Vote 5, Health Votes 5, 30 and 35, Indian Affairs and Northern Development Vote 1, Industry Votes 35 and 95, National Defence Votes 1 and 5, Office of Infrastructure of Canada Vote 1, Public Works and Government Services Vote 1 and Transport Votes 25 and 35 (Schedule 1.7), of the said Estimates, \$6,337,038,651.68;

be granted to Her Majesty on account of the fiscal year ending March 31, 2006.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**An hon. member:** On division.

**The Speaker:** I declare the motion carried.

(Motion agreed to)

[Translation]

**Hon. Reg Alcock** moved that Bill C-42, an act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2006.

(Motion deemed adopted and bill read the first time)

[English]

**Hon. Reg Alcock** moved that the bill be read the second time and referred to committee of the whole.

● (1800)

**Hon. Karen Redman:** Mr. Speaker, I believe that you would find consent to deem the present supply bill read the second time, referred to committee of the whole, reported without amendment, read a third time and carried on division.

**The Speaker:** Is there unanimous consent to proceed in this fashion?

**Some hon. members:** Agreed.

(Motion agreed to, bill read the second time, considered in committee of the whole, reported without amendment, read the third time and passed)

\* \* \*

[Translation]

**WAYS AND MEANS**

MOTION NO. 7

**Hon. Ralph Goodale (Minister of Finance, Lib.)** moved that a ways and means motion to implement certain provisions of the budget tabled on February 23, 2005, be concurred in.

[English]

**The Speaker:** Pursuant to order made earlier this day the House will now proceed to the putting of the question on Motion No. 7 under ways and means proceedings.

[Translation]

Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

## Supply

(Motion agreed to)

\* \* \*

[English]

DEPARTMENT OF HUMAN RESOURCES AND SKILLS  
DEVELOPMENT ACT

The House resumed from March 11 consideration of the motion.

**The Speaker:** The House will now proceed to the taking of the deferred recorded division on the motion at report stage of Bill C-23.**Mrs. Karen Redman:** Mr. Speaker, I believe if you were to seek it you would find unanimous consent that members who voted on the previous motion be recorded as having voted on the motion before the House, with Liberals voting in favour.**The Speaker:** Just to clarify, I assume the chief government whip means the last one on which we had a recorded vote.

Is there unanimous consent to proceed in this fashion?

**Some hon. members:** Agreed.**Mr. Rob Nicholson:** Mr. Speaker, the members of the Conservative Party will be voting yes to the motion.

[Translation]

**Mr. Michel Guimond:** The members of the Bloc Québécois will vote against this motion.

[English]

**Mr. Yvon Godin:** The members of the NDP are voting no to the motion.

[Translation]

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 47)

## YEAS

## Members

Abbott	Ablonczy
Adams	Alcock
Allison	Ambrose
Anders	Anderson (Victoria)
Anderson (Cypress Hills—Grasslands)	Augustine
Bagnell	Bains
Bakopanos	Barnes
Beaumier	Bélangier
Bell	Bennett
Benoit	Bevilacqua
Bezan	Blondin-Andrew
Boivin	Bonin
Boshcoff	Boudria
Bradshaw	Breitkreuz
Brisson	Brown (Oakville)
Brown (Leeds—Grenville)	Bulte
Byrne	Cannis
Carr	Carrie
Carroll	Casey
Casson	Catterall
Chamberlain	Chan
Chong	Coderre
Comuzzi	Cotler
Cullen (Etobicoke North)	Cummins
Cuzner	D'Amours
Day	DeVillers
Devolin	Dhalla
Dion	Dosanjh
Doyle	Drouin
Dryden	Duncan

Easter	Efford
Emerson	Epp
Eyking	Finley
Fitzpatrick	Fletcher
Folco	Fontana
Forseth	Frulla
Gallant	Godbout
Godfrey	Goldring
Goodale	Graham
Grewal (Newton—North Delta)	Grewal (Fleetwood—Port Kells)
Guarnieri	Guergis
Hanger	Harper
Harris	Harrison
Hearn	Hiebert
Hill	Holland
Hubbard	Ianno
Jaffer	Jean
Jennings	Kadis
Kamp (Pitt Meadows—Maple Ridge—Mission)	Karetak-Lindell
Karygiannis	Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)	Khan
Kilgour	Komarnicki
Kramp (Prince Edward—Hastings)	Lapierre (Outremont)
Lastewka	Lauzon
LeBlanc	Lee
Longfield	Lukiwski
Lunney	MacAulay
MacKay (Central Nova)	MacKenzie
Macklin	Malhi
Maloney	Mark
Marleau	Martin (Esquimalt—Juan de Fuca)
Martin (LaSalle—Émard)	Mathews
McCallum	McGuinty
McGuire	McKay (Scarborough—Guildwood)
McLellan	McTeague
Menzies	Merrifield
Miller	Mills
Minna	Mitchell
Moore (Port Moody—Westwood—Port Coquitlam)	
Moore (Fundy Royal)	
Murphy	Myers
Neville	Nicholson
O'Brien	O'Connor
Obhrai	Oda
Owen	Pacetti
Pallister	Paradis
Patry	Penson
Peterson	Pettigrew
Phinney	Pickard (Chatham-Kent—Essex)
Poilievre	Powers
Prentice	Preston
Proulx	Rajotte
Ratansi	Redman
Regan	Reid
Reynolds	Richardson
Ritz	Robillard
Rodriguez	Rota
Saada	Savage
Savoy	Scarpaleggia
Schellenberger	Schmidt (Kelowna—Lake Country)
Scott	Sgro
Silva	Simard (Saint Boniface)
Simms	Skelton
Smith (Pontiac)	Smith (Kildonan—St. Paul)
Solberg	Sorenson
St. Amand	St. Denis
Steckle	Stronach
Szabo	Telegdi
Temelkovski	Thibault (West Nova)
Thompson (New Brunswick Southwest)	Thompson (Wild Rose)
Tilson	Toews
Tonks	Torsney
Trost	Ur
Valeri	Valley
Van Loan	Vellacott
Volpe	Wappel
Warawa	Watson
White	Wilfert
Williams	Wrzesniewski
Yelich— 217	

**NAYS**

Members

André	Angus
Asselin	Bachand
Bellavance	Bergeron
Bigras	Blaikie
Blais	Boire
Bonsant	Bouchard
Boulianne	Bourgeois
Broadbent	Brunelle
Cardin	Carrier
Christopherson	Clavet
Cleary	Comartin
Côté	Crête
Crowder	Cullen (Skeena—Bulkley Valley)
Davies	Demers
Deschamps	Desrochers
Duceppe	Faille
Gagnon (Québec)	Gagnon (Saint-Maurice—Champlain)
Gagnon (Jonquière—Alma)	Gaudet
Gauthier	Godin
Guay	Guimond
Julian	Kotto
Laframboise	Lalonde
Lapierre (Lévis—Bellechasse)	Lavallée
Layton	Lemay
Lessard	Lévesque
Marceau	Martin (Winnipeg Centre)
Masse	McDonough
Ménard (Hochelaga)	Ménard (Marc-Aurèle-Fortin)
Paquette	Perron
Picard (Drummond)	Plamondon
Poirier-Rivard	Roy
Sauvageau	Siksay
Simard (Beauport—Limoilou)	St-Hilaire
Stoffer	Thibault (Rimouski-Neigette—Témiscouata—Les
Basques)	Wasylycia-Leis— 70
Vincent	

**PAIRED**

Members

Loubier	Zed— 2
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**The Speaker:** I declare the motion carried.

\* \* \*

[English]

**DEPARTMENT OF SOCIAL DEVELOPMENT ACT**

The House resumed from March 11 consideration of the motion.

**The Speaker:** The House will now proceed to the taking of the deferred recorded division on the motion for concurrence at report stage of Bill C-22.

**Hon. Karen Redman:** Mr. Speaker, I believe you would find unanimous consent to apply the previous vote just taken on the motion now before the House.

**The Speaker:** Is there unanimous consent to proceed in this fashion?

**Some hon. members:** Agreed.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 48)

**YEAS**

Members

Abbott	Ablonczy
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*Supply*

Adams	Alcock
Allison	Ambrose
Anders	Anderson (Victoria)
Anderson (Cypress Hills—Grasslands)	Augustine
Bagnell	Bains
Bakopanos	Barnes
Beaumier	Bélangier
Bell	Bennett
Benoit	Bevilacqua
Bezan	Blondin-Andrew
Boivin	Bonin
Boshcoff	Boudria
Bradshaw	Breitkreuz
Brison	Brown (Oakville)
Brown (Leeds—Grenville)	Bulte
Byrne	Cannis
Carr	Carrie
Carroll	Casey
Casson	Catterall
Chamberlain	Chan
Chong	Coderre
Comuzzi	Cotler
Cullen (Etobicoke North)	Cummins
Cuzner	D'Amours
Day	DeVillers
Devolin	Dhalla
Dion	Dosanjh
Doyle	Drouin
Dryden	Duncan
Easter	Efford
Emerson	Epp
Eyking	Finley
Fitzpatrick	Fletcher
Folco	Fontana
Forseth	Frulla
Gallant	Godbout
Godfrey	Goldring
Goodale	Graham
Grewal (Newton—North Delta)	Grewal (Fleetwood—Port Kells)
Guarnieri	Guergis
Hanger	Harper
Harris	Harrison
Hearn	Hiebert
Hill	Holland
Hubbard	Ianno
Jaffer	Jean
Jennings	Kadis
Kamp (Pitt Meadows—Maple Ridge—Mission)	Karetak-Lindell
Karygiannis	Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)	Khan
Kilgour	Komarnicki
Kramp (Prince Edward—Hastings)	Lapierre (Outremont)
Lastewka	Lauzon
LeBlanc	Lee
Longfield	Lukiwski
Lunney	MacAulay
MacKay (Central Nova)	MacKenzie
Macklin	Malhi
Maloney	Mark
Marleau	Martin (Esquimalt—Juan de Fuca)
Martin (LaSalle—Émard)	Matthews
McCallum	McGuinty
McGuire	McKay (Scarborough—Guildwood)
McLellan	McTeague
Menzies	Merrifield
Miller	Mills
Minna	Mitchell
Moore (Port Moody—Westwood—Port Coquitlam)	
Moore (Fundy Royal)	
Murphy	Myers
Neville	Nicholson
O'Brien	O'Connor
Obhrai	Oda
Owen	Pacetti
Pallister	Paradis
Patry	Penson
Peterson	Pettigrew
Phinney	Pickard (Chatham-Kent—Essex)
Poilievre	Powers
Prentice	Preston
Proulx	Rajotte
Ratansi	Redman
Regan	Reid
Reynolds	Richardson

*Private Members' Business*

Ritz	Robillard
Rodriguez	Rota
Saada	Savage
Savoy	Scarpaleggia
Schellenberger	Schmidt (Kelowna—Lake Country)
Scott	Sgro
Silva	Simard (Saint Boniface)
Simms	Skelton
Smith (Pontiac)	Smith (Kildonan—St. Paul)
Solberg	Sorenson
St. Amand	St. Denis
Steckle	Stronach
Szabo	Telegdi
Temelkovski	Thibault (West Nova)
Thompson (New Brunswick Southwest)	Thompson (Wild Rose)
Tilson	Toews
Tonks	Torsney
Trost	Ur
Valeri	Valley
Van Loan	Vellacott
Volpe	Wappel
Warawa	Watson
White	Wilfert
Williams	Wrzesnewskyj
Yelich— 217	

## NAYS

## Members

André	Angus
Asselin	Bachand
Bellavance	Bergeron
Bigras	Blaikie
Blais	Boire
Bonsant	Bouchard
Boulianne	Bourgeois
Broadbent	Brunelle
Cardin	Carrier
Christopherson	Clavet
Cleary	Comartin
Côté	Crête
Crowder	Cullen (Skeena—Bulkley Valley)
Davies	Demers
Deschamps	Desrochers
Duceppe	Faille
Gagnon (Québec)	Gagnon (Saint-Maurice—Champlain)
Gagnon (Jonquière—Alma)	Gaudet
Gauthier	Godin
Guay	Guimond
Julian	Kotto
Laframboise	Lalonde
Lapierre (Lévis—Bellechasse)	Lavallée
Layton	Lemay
Lessard	Lévesque
Marceau	Martin (Winnipeg Centre)
Masse	McDonough
Ménard (Hochelaga)	Ménard (Marc-Aurèle-Fortin)
Paquette	Perron
Picard (Drummond)	Plamondon
Poirier-Rivard	Roy
Sauvageau	Siksay
Simard (Beauport—Limoilou)	St-Hilaire
Stoffer	Thibault (Rimouski-Neigette—Témiscouata—Les
Basques)	
Vincent	Wasylycia-Leis— 70

## PAIRED

## Members

Loubier	Zed— 2
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**The Speaker:** I declare the motion carried.

I have received notice from the hon. member for Nickel Belt that he is unable to move his motion during private members' hour on Wednesday, March 23.

[Translation]

Since it has not been possible to arrange an exchange of positions in the order of precedence, I direct the table officers to drop the item of business to the bottom of the order of precedence.

Private members' business will thus be suspended, and the House will continue with the business before it.

[English]

It being 6:05 p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper.

## PRIVATE MEMBERS' BUSINESS

● (1805)

[Translation]

## IMMIGRATION AND REFUGEE PROTECTION ACT

The House resumed from December 13 consideration of the motion that Bill C-272, an act to amend the Immigration and Refugee Protection Act (sponsorship of relative) be now read the second time and referred to a committee.

**Mr. Roger Clavet (Louis-Hébert, BQ):** Mr. Speaker, I am very pleased to take part in this debate on the act to amend the Immigration and Refugee Protection Act (sponsorship of relative). This bill was introduced by my NDP colleague, the hon. member for Burnaby—Douglas.

Essentially, the intent of Bill C-272 is to expand the right to sponsor an additional relative. Until now, there have been serious restrictions. Clause 13 of the bill changes this to permit any citizen or permanent resident to sponsor, once in their lifetime, a relative who is not a member of the family class.

Until now, some members of the family class were excluded: brothers, sisters, uncles, aunts, nephews, nieces, cousins, and a number of others. This will finally allow families to reunite.

We in the Bloc Québécois believe Bill C-272 is vitally important. We therefore support this bill because this motion has already been discussed in the House. We have made recommendations, which have been heard. We have introduced measures to correct some of the lack of clarity we saw in the bill at the time. The Bloc had many reservations about the vagueness that remained and surrounded the concept of the family. Now, however, it has all been corrected. Today we have greatly improved the bill before us. That is one of the beauties of a minority government. The Bloc Québécois has been able to make changes that improve the bill introduced by the hon. member for Burnaby—Douglas.

*Private Members' Business*

Consequently, we will support this bill because, all too often, refugees live through really incredible dramas. A person would have to come to our ridings to realize this. In my riding of Louis-Hébert, for example, we often get requests to assist and intervene from immigrants and refugees. All the refugees want after experiencing such pain and cruelty is live near their families. Often, their intentions are good but unfortunately the definition of family class is too narrow. Protection for refugees or even the way the Immigration Act was interpreted until now have worked against refugees.

We need only listen to their stories which, at times, might cause us to believe that Canada does not always live up to its commitments. We believe that it is unacceptable for families already suffering from being apart, in addition to the family drama to be subject to indefinite separation.

This bill corrects this flaw because, again, the delays in our immigration system are much too long. In half of all asylum claims, it takes over 13 months to process the claims of family members. One out of five cases takes over 26 months. It is unbelievable. At the slowest visa offices, some cases can take more than 27 months. So, people in one family can wait two years and three months. Some refugees wait even longer. These dramas are multiplied indefinitely and drag on. It is an agony for families.

This bill will, among other things, contribute to reconstituting a group of persons that will bring stability to life and help people move on to the happier times of integration. I prefer the term "inclusion" rather than "integration" because it is really about inclusion in a society. It is not about recreating here what they experienced elsewhere, but at least some things can be familiar.

The first of these are immediate family members. The previous legislation was not broad enough. It was too narrow. The bill introduced by my NDP colleague seeks to broaden the definition. We cannot but applaud this stage of integration, which then leads to times happier than the drama in which people are all too often trapped.

● (1810)

There is also the whole aspect of protection of family which, under this concept, is being ensured. Protection of family is an obligation stemming from international rights. International texts like the ones dealing with human rights ratified by Canada recognize the protection of family as an obligation.

In fact, the Universal Declaration of Human Rights stipulates that the family is the natural and fundamental group unit of society and is entitled to protection by society and the state.

As for the priority given to refugee claimants, there is a 60:40 ratio. Canada's immigration plan is essentially divided 60:40, which means that immigrants are selected in the following way: 60% of our immigration comes from the economic category, that is, business people, manufacturers, self-employed as well as skilled workers, and the other 40% involves family reunification, refugees and others.

Of this 40%, some 30% involves family reunification, 9% is refugees and 1% is others. Yet, headlines tell us on a weekly basis of the deportation of numerous refugee claimants who have been refused. One has to recognize that the many conflicts, crises and civil wars in a growing number of countries make it necessary for

democratic countries to lend a yet more caring and compassionate ear to refugee claimants.

Once again, the fact that the budgets provided by Canada are insufficient has to be denounced. Canada continues to refuse thousands of refugee claimants every year, despite their tragic situations. Their lives are in danger in their home countries.

When, as MPs, we request interventions, it is sometimes suggested that the claimants' lives are not in danger. One need only listen to them and read the fear in their eyes as they tell us what they face on a daily basis to realize that their lives are definitely in danger. We cannot play games with people's lives.

At the very least, this bill will reunite families rather than forcing them to live in great psychological distress because the father or mother is elsewhere. It will very humanely make it possible to reunite families.

The shortage of resources constitutes a problem. Budgets must be appropriate so that Canada can not only keep its word but also meet its commitments as a signatory to the Geneva Convention. When Canada signed this, it was not just a pious gesture; it was a commitment to protect refugees.

There are not enough resources, and this is a major problem for the whole of the immigration sector. Because of the inadequate resources for immigration, we in the Bloc Québécois will support this bill. We will at least be able to discuss it in committee and make some improvements. If it passes second reading, that will force a debate in committee.

I am a member of the Standing Committee on Citizenship and Immigration. We can always make improvements. It is somewhat in that context that the Department of Citizenship and Immigration provides us with regular proof of its inability to meet all its responsibilities. Sometimes the willingness is there, but there are still some major shortcomings. Often it is a vicious circle, because financial resources are lacking.

This time the humanitarian aspect is being recognized in Bill C-272. We accept its referral to committee. We in the Bloc Québécois know that it shows a sense of duty and responsibility to call for sufficient funding.

The Bloc Québécois supports Bill C-272, introduced by my colleague from Burnaby—Douglas, for the various reasons I have had the pleasure of setting out for you. First, it acknowledges the essential contribution made by newcomers, and that is important to point out. Above all, it includes the dimension of human compassion so essential to our society.

*Private Members' Business*

• (1815)

[English]

**Mrs. Nina Grewal (Fleetwood—Port Kells, CPC):** Mr. Speaker, I am pleased to rise today on behalf of the constituents of Fleetwood—Port Kells to participate in the debate on Bill C-272, brought forward by the hon. member for Burnaby—Douglas.

The bill would permit a Canadian citizen or permanent resident to sponsor, once in their lifetime, a relative to come to Canada who does not fit into the family class as currently set out in the Immigration and Refugee Protection Act. Specifically, Bill C-272 proposes allowing for sponsorship of a son or daughter over the age of 22 who is not a dependent, an uncle, aunt, a brother or sister, a nephew or niece or a first cousin.

I would like to commend the hon. member, who I sit with on the citizenship and immigration committee, for his thoughtful and laudable effort to fix some problems with the immigration system.

I know both from first-hand experience and from the people who pour into my constituency office that the immigration system is broken and is in need of emergency care. The status quo immigration system is inefficient and ineffective. Let us consider some of the problems afflicting the system.

Due to major resource cuts by this government, there is not enough personnel to process the backlog of applicants seeking to come to Canada. There is now a bottleneck of 700,000 applicants waiting to enter the country. Some will wait eight years just for an interview. This is unacceptable.

Sponsors' income checks and applicants' medical and security checks are not done in a coordinated manner. Sometimes one expires and the other is valid, and then the other expires and the first one is valid.

Here is an example from my riding and it is in no way unique. It concerns four members of an Asian family who applied to come to Canada under the family reunification program. The medical and security checks were conducted, but one family member, an old man, had some minor medical problems. The medical had to be redone. By that time, the medical checks for the other family members had expired and had to be redone again. Once they were complete, the security checks had expired. This happened three times. By the time everyone's medical and security checks were completed and up to date, five years had elapsed. Medical checks are expensive.

This poor management is both expensive and frustrating for the applicants and their family members here in Canada. The staff should be better trained and more common sense should be used. It boggles the mind why the department does not simultaneously conduct sponsors' income checks and applicants' medical and security checks.

These are people's lives the government is playing with and, quite frankly, it is treating them shabbily. While our taxes have increased significantly, the services have worsened.

Just eight years ago, it took 22 months to process a family class immigrant from New Delhi. The former minister testified before the citizenship and immigration committee last fall that it now took 58

months for family reunification. Imagine that. That is 22 months then versus 58 months now. It is unbelievable.

How dare the Liberals claim to be immigrant-friendly. Arbitrary criteria are used to evaluate immigration cases. Staff receive inadequate training in local customs and traditions and they reject spousal cases based on outdated traditions and norms. Many of those cases go to the courts where they win on appeal. However, there are some unscrupulous lawyers and unregulated consultants who milk potential immigrants and visitors of their money without offering real service or value and thus add to the mess.

Ministerial permits are another pressing issue. Lately, we have had in the media stories of how government members are using these permits for political gain. A defeated Liberal candidate has been bragging about his unfettered access to the immigration minister and claims he has personally secured 11 minister's permits as of last September. Such abuse must stop. Ministers of the crown should not be telling Canadians to bypass their MPs in favour of Liberal hacks.

The immigration minister has almost unbridled discretion to issue special ministerial permits, which of course are politically motivated and causes political interference.

• (1820)

The figures indicating the acceptance date for the visitors' visas, or the TRPs, also seem to be misleading. CIC data suggests a 76% acceptance rate from Delhi but practically, the actual acceptance rate on any single day is much lower.

Last year, 12,069 ministers' permits were issued. Permits are ripe for abuse and the evidence suggests abuse is continuing. In this climate it is little wonder Canadians and their MPs are looking for solutions to what is becoming an immigration crisis. Bill C-272 is just one example of a private member trying to force reform on a reluctant government.

Bill C-272 has support from immigrant communities. A woman from my neighbouring riding wrote to me asking for my support for this legislation. She writes:

It is needed because many families who are desperate to reunite their family members will be able to do so in a reasonable and compassionate way. I am in support of this new bill because I was one of those families stranded back in Turkey, getting out of Iraq, and my sister here in Canada was not able to bring us here because such a bill did not exist in 1994. Please consider my voice and I am hoping to hear the good news very soon. I believe in my country Canada and I believe in you and the awesome work you do speaking out for us.

The Conservative Party of Canada supports a well managed immigration system to serve the best interests of Canada, a system that is fair, transparent, effective, efficient, compassionate and sensitive to the needs of family reunification, skilled workers, economic migrants, genuine refugees and visitors.



*Private Members' Business*

Canada is a country built by immigrants. Immigration was and continues to be at the heart of what Canada is all about and is accordingly of central importance to all Canadian citizens. In the last few years, however, our immigration system has become sick. It is rife with systemic problems. There is currently a widespread consensus on both sides of the House and among the general public that our ailing immigration system must be reformed.

The Conservative Party will be conducting round table discussions with people across the country and making recommendations on how to improve the immigration system and ensure that it is open, fair, efficient and beyond political interference. It should work well on autopilot.

Over a period of time, the Liberals have given Canadians and immigrants bitter medicine by sugar-coating it. They have been fearmongering about my party and have literally abused the immigration system for political and electoral gains. Canadians and immigrants will not be fooled anymore.

Again, I wish to thank the member for Burnaby—Douglas for bringing forward this initiative. This is an idea that has support among almost all Canadians, especially new Canadians who are all too well aware of the problems plaguing the immigration system. I now urge members from all parties to consider the merits of the bill and vote accordingly.

• (1825)

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, it is my pleasure to rise today to speak to Bill C-272.

I would like to congratulate my colleague from Burnaby—Douglas for resurrecting this important issue. It was first brought forward in a different form by the member for Vancouver East, who was originally the champion of this. She tried to bring some sense and some clarity to the issue. More important, she tried to ensure that there would be some justice in our immigration policy. I congratulate her for continuing to support this initiative.

The New Democratic Party has long sought changes to the Immigration Act relating to reunifying families. We want to ensure that they will be able to build their families over here which in turn will make our nation successful through their different contributions in lifestyles, cultures and economic activity.

Many nations seek individuals from other countries for different reasons. They want to expand their economies and their cultures. Canada has benefited from this type of experience. We have led the world in many respects. However, we have watched our system erode the principles that have made us successful.

Bill C-272 would reaffirm the elements of the family unit. The legislation would make it easier for people to be reunited. It would expand on the family unit. In particular, the bill states:

Subject to the regulations, a Canadian citizen or permanent resident may, once in their lifetime, sponsor one foreign national who is a relative but is not a member of the family class.

It is important to note that we are not looking to open the floodgates. We do not want people bringing in several family members, flooding our immigration system. Bill C-272 would allow an individual to be reunited with family members who are currently

restricted through our class system. That hurts not only those families, but it hurts Canadians in general. I will give the House a specific example.

A gentleman residing in my constituency came to Canada and set up his own business. He wants to bring over his brother to help with the business but he is not eligible at the present time. He has to go through all kinds of hoops to be reunited with the family. This individual is needed for the family business because he has particular skills and abilities. I am talking about a very successful, law-abiding family that has contributed to the Canadian economy. They would like to have this individual become part of their family business.

Why should a family that has given so much of itself and has committed to this country be unable to bring over a brother over the age of 22 to make their life more complete?

It also would be beneficial on a selfish perspective for Canadians to bring this family member over because he would be able to help take care of the aging mother and father. He would ensure that they were cared for, nurtured and kept the healthy attitude required during the aging process. Those aging parents would be supported by another family member as opposed to being separated.

The human aspect is really important. The brother is living in another country by himself while his entire family is over here. These people are going through a considerable amount of stress because he cannot be a part of the life they have built here in Canada.

It is important that we reward those people who have the moxie to come to this country, often not knowing what is awaiting them and often not having the financial resources to set themselves up in a way they would like. When these people come to Canada, they often have to struggle to find employment. They work long hours to gain a position that would give them some degree of comfort. We should look at rewarding them for their contributions and reuniting them with family members.

• (1830)

This is the type of person we want to bring to Canada, someone who has a vested interest in a family that is prospering here. What better security is there than to have people come to our country where they will have family stability. They will have a vested interest in the current status of their family and also in perpetuity for generations to come. Such people are more likely to be valuable citizens which is very important for our society. It is very important not to miss that mark. It is not just opening the doors to anyone. We are offering our hand to help bring the partnerships back to people who really should be reunited.

We need to talk about the subsection referred to in this bill and what the technical aspect of it boils down to. We are talking about a sponsor's brother or sister, an aunt or an uncle, a niece or a nephew, a first cousin, or the sponsor's child who is 22 years of age or older and is not dependent on the sponsor. That is important to note. These are the people who will strengthen the extended family unit. That is so important in terms of our society today.

We often talk about issues that are plaguing Canadian society right now. There are issues such as child poverty and single mothers attempting to put food on the table and putting their kids through school and having to do so on their own.

*Private Members' Business*

We are talking about family members being able to reunite in order to strengthen the family unit. The extended family is very much part of the Canadian tradition.

In past generations extended family members were more likely to live together because of economic or social and cultural reasons. Then things shifted. I have an extended family. My parents divorced and then remarried and my family has grown because of that. It has been a benefit in many respects to my personal life. They are still part of my family. That is the reality we are dealing with today.

We are all stronger when we have people in our lives connected in a personal way. They add value because of the sustainability of their contributions, whether it be in finding a job or going to school. It is important for people to have that structure around them.

People in Windsor West are really suffering from the immigration process right now. It has been deplorable in terms of the processing of claims, the waiting and the lack of government support to deal with the backlogs. It is a net loss for this country. There are people who could be reunited.

One must also understand that families are sending money outside the country to support family members elsewhere. In countries such as Jordan individuals have to pay a daily head tax for their relatives who are waiting in limbo to be reunited. Some family members are paying hundreds, if not thousands, of dollars per month to support people overseas who could be reunited with them in Canada.

We are watching that resource dissipate. The mental grief of those families pushes them to the edge. It often affects their work, their social elements and their contributions to society. Often they have to leave the country.

I know of one family in particular. They are very successful individuals. The gentleman wants to bring his mother-in-law and father-in-law, who are very healthy people, to Canada from another country and cannot do so right now. He would very much like to do that.

He and his family will probably have to leave the country. They have to support their relatives in South America. They are aging. They have the financial capability. They are not a burden. They are an asset. Their relatives should be brought here so that we can strengthen that family and not lose these well educated professionals to another country because we will not let their law-abiding mother and father be reunited with them in this country.

This type of nonsense is unacceptable. It really erodes the traditional values of Canadian culture and society that were based upon asking people from other parts of the world to have the conviction and strength to come to our country where they would be valued and would be able to contribute. Through a series of processes we have distanced them from their heritage and culture by not allowing them to reunite with their brethren, which is very important. These are people who contribute to the Canadian economy. They are not a burden.

• (1835)

I have a hard time understanding the motivation of the government. It is moving backwards in terms of what individuals have been told. It has done this in other cases with people who have

credentials. It has done this in other cases by denying visitation permits to people who want to spend some together.

We ask people to come to this country. We say that they are a strong asset, that they could actually become citizens and that we trust they will make a contribution to our society. Why would we not at least once in their lifetime provide them with the opportunity to bring somebody over here to strengthen their lives and their neighbours' lives and all of Canada?

That is why it is very important to support this bill. This is a very modest and practical approach to deal with a significant problem in Canadian society right now. Economically it benefits this nation. More important it is about justice for those individuals who have been successful law-abiding citizens in our country to be able to reunite with family members.

**Ms. Raymonde Folco (Laval—Les Îles, Lib.):** Mr. Speaker, I appreciate the opportunity to participate in the debate on Bill C-272 which was introduced by the hon. member for Burnaby—Douglas.

[*Translation*]

I would like to say at the very outset that all parties in this House support the intent of this bill seeking to reunite families, to help Canadian citizens and permanent residents of Canada bring members of their family to Canada so that they can live here together. Naturally, we are all in agreement. And not only does the government agree but I think that, at this point, it is essential to point out that the opposition members who support this bill have not read the legislation, the act and its regulations, on citizenship and immigration.

Our Canadian legislation on immigration and refugee protection already provides that a Canadian citizen or permanent resident may sponsor a relative who is not his or her brother, sister, child or spouse, regardless of age, if the sponsor does not have a spouse, a common-law partner, a conjugal partner, a child, a mother or father.

It is clear in the regulations what is already in there and what would be pointlessly added through this bill: a relative who is a child of that mother or father, that is to say a brother or sister; a relative who is a child of a child of that mother or father, that is to say a grandchild, and so on and so forth.

The regulations, which are already part of the legislation, state very clearly that members of the extended family of a permanent resident of Canada or of a Canadian citizen can be sponsored by this citizen or permanent resident.

So, what is the point of this bill? I think the hon. member for Burnaby—Douglas, who introduced this bill, did not read the legislation or its regulations very well. I invite him to do so.

I want to point out that it was the Liberal Party of Canada that, from the beginning, opened Canada's doors to the immigration of non-whites and non-Christians, an immigration that treats everyone in the world equally. It was the Liberal Party of Canada that opened up immigration to persons of colour, people not only from northern or eastern Europe, but from Africa, Latin America and Asia, East Asia in particular.

*Private Members' Business*

I do not understand what the members opposite mean when they talk about unfair immigration. This is simply not so since we know that our government, for several years now, has done everything it can to ensure that immigration is as fair as possible, regardless of race, religion, gender and so forth.

It is important to remember that our government now has a new policy to allow members of the extended family—and I emphasize, the extended family—during their sponsorship period, to come and stay in Canada while their sponsorship is being processed.

This is another indication of what the Minister of Citizenship and Immigration Canada has done. Let us say that aging parents are involved and a son or daughter has applied for sponsorship. These parents can come to Canada while their sponsorship application is being processed. In that sense, families are reunited in a humanitarian way that, I think, is an example to the world.

Canada's immigration and refugee protection legislation is indeed a model for the entire world. Everywhere we go in the world people talk about our immigration law.

• (1840)

I represent the riding of Laval—Les Îles in Quebec. It is a riding with many francophones, but it is also multicultural. I can tell the House that many people come to my office asking for help sponsoring a family member. Adopting a private members' bill that repeats what the regulations already say is not the way to help these people come here. Instead, our government is trying to help these people to wait with their families, here in Canada, until they can be legally sponsored by a family member.

Thus, I would like to emphasize that the key point here is that an extended family is already accepted in the regulations governing sponsorship. The wording, which I read a few moments ago, saying, "a relative who is a child of that mother or father", may seem quite muddled. Still, it was a way for the legislator, when drafting these regulations, to be very clear about the definition of a relative or family, since we know that families are defined differently according to the culture and the country from which they come. Consequently, this definition in the regulations of the extended family, which includes the grandparents, grandchildren, uncles, aunts and cousins is meant to be as broad as possible.

In conclusion, I would like to say that we, the Liberals, the government in office, do not oppose the spirit of this bill. We will vote against the bill, but not because we disagree with its principle; we agree with that. It is simply that the bill is totally unnecessary, because it simply repeats what already exists in the Canada's immigration act.

• (1845)

[English]

**Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, it is a pleasure for me to rise today to speak to Bill C-272. I know that the hon. member for Burnaby—Douglas has had a longstanding interest in citizenship and immigration issues. I know that he intends well with this bill. I wish to say that, while I understand his intent, there are some things that are problematic about the process and the manner that he is proposing to deal with the issue.

All of us understand the importance of strengthening families and bringing families together under the family reunification provisions in the Immigration and Refugee Protection Act. Families are a cornerstone of this nation. Families have been a cornerstone of Canadian immigration for many years. It is the way that people put down roots. It is the way that they build families. It is the way that they build a nation and get a sense of belonging. We are committed in this government to ensure that they represent a vital and vibrant component of our immigration program for the future, so that people can have their families with them.

Today, because of consultations in the past, Canadian citizens and permanent residents living in Canada who are 18 years of age or older can sponsor a family relative or close relative who wants to become a permanent resident. They have the ability to do that.

The list of those who can be sponsored under the family class has been in fact expanded recently. It has been expanded to include: same or opposite sex common law partners; parents; grandparents; dependent children, and the age for that has been increased as we know to 21 years; adopted children; as well as certain brothers and sisters, nephews and nieces or grandchildren who are orphans.

Canada's immigration and refugee regulations allow Canadians and permanent residents to sponsor relatives regardless of relationship or age, provided that they have no other way of being sponsored from abroad.

The act itself also has a way for individuals to apply to sponsor a non-family class relative on humanitarian and compassionate grounds. Today this act now has several avenues available to cover different individual circumstances or family arrangements. As I said before, many of those were introduced after extensive consultations with stakeholders and Canadians all across this country.

This set of new arrangements in which people can broaden their family members and bring them to Canada upholds certain core principles that must be observed: fairness, integrity and balance.

We know from talking with Canadians that they want a program that will help to spread the benefit of immigration all across Canada. We need to balance skilled workers, family class and economic migrants. Most of all, we want to see, and we are sure that the hon. members here would agree, a program that ensures that immigration will benefit the community where newcomers choose to settle, as well as benefit the immigrants themselves.

We need to be assured that those immigrants who come to Canada have the ability to find work, the ability to have access to health services, education, housing, and all of those things that are very necessary for people to settle. The bill under debate today moves away from some of those objectives. That is the reason why I think we cannot support it the way that it is put forward. It runs counter to any consultative process by arbitrarily raising family class levels to indeterminable limits.

*Private Members' Business*

It also runs counter to any principles of the balance that we need when we talk about family class, economic migrants and skilled workers. Experience indicated that even with more resources the increase in backlog and processing times for this sudden influx, or what would be a sudden influx, of immigrants by such an open ended system would seriously undermine the integrity and credibility of the whole program.

• (1850)

Let me give an example of why we think this is so. In 1988 the government of the day changed the sponsorship rules to include all unmarried sons and daughters in a family class. Total intake in this category doubled over two years. The government did not have the capacity to process these individuals in a timely manner or to integrate and provide health, education and other resources. When the government cancelled the program in 1993, there was an eight year processing backlog in some Canadian missions.

Doing something that sounds great on a piece of paper brings with it the need to have the capacity to do it and process it. It also means that other members who are coming into Canada will also have to find the ability to be processed at the same time. It will certainly increase backlogs.

The hon. member for Burnaby—Douglas and the hon. member for Vaudreuil-Soulanges indicated in the last hour of debate that this bill would go a long way toward helping refugees reunite with their families. That was one of the arguments that was made, but the truth is that this bill would do little for refugees because those who wish to sponsor family members have a financially less burdensome way to do so under the private or government assisted sponsorship program. They have that option right now and it is less expensive.

The hon. member for Burnaby—Douglas also noted that the bill was necessary since the government consistently misses its annual immigration target. The truth again, however, is that the government has met its annual immigration targets for the past five years and still maintains a long term goal of reaching immigration levels equal to 1% of Canada's population. This must be done in cooperation and agreement with our provincial partners who provide the health care services, social services, education, and some of the housing resources that are necessary to absorb and have the capacity to absorb new immigrants.

We can all appreciate the desire for individuals to sponsor relatives from overseas who are not members of the family class. The current legislation allows for this under certain circumstances and has made enormous expansions. Those expansions must occur at a pace by which we are able to absorb and have the capacity in order to provide the necessary means to help families who come here.

We all support strong families. We also support strong family class provisions in the Immigration and Refugee Protection Act and regulations. Our track record is good and it will continue to be so in the future. If we need to discuss ways of encouraging more family class members to come in, let us do so, and do so in a manner in which we can absorb and have the capacity to deal with this, so that the integrity of the program will be there for future generations.

I strongly support the government's overall direction and I am opposed to Bill C-272 or any special provision that would weaken our ability to support and assist families when they come to Canada.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, I appreciate the opportunity to take part in this debate on Bill C-272, an act to amend the Immigration and Refugee Protection Act.

The bill purports to help bring more people and their loved ones to Canada by expanding the current definition of family class. The bill would expand the family class to include siblings, children over the age of 22, aunts and uncles, nieces and nephews, and first cousins. Canadians who are permanent residents would then be allowed to sponsor, once in their lifetime, one of these relatives in addition to those already included in the family class.

I think we all support the principles of the bill and its goal to strengthen the family class. Families bring a sense of stability for many newcomers and often make it much easier for them to adjust to their new lives in Canada. Family reunification also represents a cornerstone of Canada's immigration and refugee program.

The actual provisions of the legislation before us today, however, are unsupportable for a host of reasons.

Canada's recent experience with the removal of limitations on sponsorships clearly demonstrates the flaws in the private member's bill under consideration.

In 1988, the government of the time changed the sponsorship rules to include all unmarried sons and daughters in the family class. Total intake in this category nearly doubled over two years, going from 53,033 in 1987 to 104,199 in 1989.

What did it result in? The increase from 1987 to 1989 consisted almost entirely of never married children of any age and created a massive eight year backlog.

I was quite surprised by some comments made by members opposite. The member for Fleetwood—Port Kells has totally misunderstood the proposal. It just shows how little the member understood the proposal. On one hand, she talked about a huge backlog, forgetting that the backlog was caused by mismanagement of the immigration system by the then Conservative government. It could not manage the system. It had no processes in place and created havoc, which the Liberals then had to handle in 1993.

However, coming back to the proposal under debate, if it were implemented today the family class could potentially overwhelm the immigration program. Who would that benefit? It would benefit neither Canadians nor the newcomers we bring to Canada every year.

The hon. member for Burnaby—Douglas says that the bill is necessary because the government currently achieves only 66% of our annual immigration target every year. This is simply not true.

*Private Members' Business*

The hon. member will know that preliminary numbers indicate that last year represents the fifth year in a row that the Government of Canada has met or exceeded annual immigration targets. These targets are set by government each year, in close cooperation with the provinces and territories, as well as other partners and stakeholders.

The hon. member also noted in the last hour of debate that Bill C-272 would make it easier for refugees to reunite with their families.

The truth is that this bill would do little for refugees since family sponsorship is a more financially burdensome course than what is presently available to refugees.

The Government of Canada is fully committed to enhancing the opportunities for family class sponsorship. From 1998 to 2003 the family class in Canada grew from 50,897 to 69,128. That represents an increase of more than 18,000 immigrants in the family class in six years. Such a track record is impressive.

The government introduced new regulations in 2002 to allow even more individuals to sponsor family members and to facilitate the processing of family class sponsorship applications.

● (1855)

The regulations expand the family class to include common-law and conjugal partners of the opposite sex and same sex. They also recognize longer child dependencies and other obligations, such as military duty in some cases, by broadening the definition of a dependent child to include those under the age of 22.

As well, the regulations reduce the age at which Canadian citizens are eligible to sponsor from 19 to 18 years of age. The period of sponsorship undertakings has also been reduced in many cases from 10 years to 3 years.

New application rules have also resulted in the faster processing of applications made on behalf of spouses, common-law partners, conjugal partners and dependent children.

In pursuing these changes, the government has remained mindful of the need to enhance the ability of individuals to sponsor family members while ensuring that the immigration program is managed in a balanced and sustainable way. This approach is clearly in the best interest of every Canadian, every newcomer and every community in the country.

The changes proposed in Bill C-272 run counter to these principles of fairness, balance and sustainability and therefore are not supportable.

We agree with the idea of strengthening families in general and of making it easier for families to reunite with their loved ones. Our recent actions to include out of state spouses in the in-Canada class and the government's commitment to assist the remaining Vietnamese boat people supports and reinforces this commitment.

However the government also has a duty to properly manage the immigration program and ensure that the principles of fairness, integrity and balance are upheld. We therefore cannot support Bill C-272 or any other special provision that fails to take these considerations into account.

● (1900)

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I appreciate the opportunity to add a few thoughts to Bill C-272 which was put forward by my colleague from Burnaby—Douglas.

I come from the riding of Winnipeg Centre where I can say without any hesitation and without any fear of contradiction that this particular bill is of utmost interest and importance to the people I represent.

When the bill was introduced by my colleague from Vancouver East we held town hall meetings. We had ethnic leaders and groups from all walks of life coming forward to say that the bill was what they wanted and what they needed. They asked us to fight for the bill in the House of Commons so they would be able to reunite their family members.

If members have not heard it from enough people, I am here in this final moment of the debate to tell members that the bill has merit, that there is a demand for it and that members should listen to new Canadians when they appeal and plead for help to reunite their families because the current family reunification system does not serve their needs.

Mr. Speaker, I thank you for the opportunity to add my voice on behalf of the many new Canadian families in the riding of Winnipeg Centre.

**Mr. Bill Siksay (Burnaby—Douglas, NDP):** Mr. Speaker, I want to thank all members who have participated so far in the debate on Bill C-272. I hope others have a chance as it hopefully comes back later in the parliamentary process. It has been interesting hearing the ideas and suggestions about this important legislation.

The bill follows up on a commitment that the NDP made during the federal election campaign to introduce exactly this kind of legislation. We are proud to follow up on a commitment we made to Canadians back in June, and here it is being debated in the House of Commons because quickly we followed up on that promise with the support of our caucus.

We also want to point out that we listened to the feedback from the previous incarnation of this bill, which my colleague from Vancouver East introduced in the last Parliament. In that Parliament, the bill did not define the additional family members. It was wide open. It could have been any family member.

We heard the criticisms made by other members from other parties about that bill. In light of the concerns raised at the time, we changed it to specifically define which family members would be eligible so it would not be an open season on who could come to Canada through this provision. We listened to the debate that took place in the House at that time and incorporated those ideas into the new Bill C-272, which we are debating now. I want to let members know that their comments were taken into consideration.

*Adjournment Proceedings*

As we have heard from the member from Windsor West and Winnipeg Centre, families are crucial to Canadian society and to our immigration program. At the very beginning of our Immigration Act, it states how important family reunification is to immigration policy in Canada, although sometimes I think it takes a back seat. That is what the bill hopes to address by putting it back in a place of prominence, by ensuring that families can bring the people who are most important to them to Canada to be with them.

We all know that definitions of families do not necessarily correspond to the relationships that we form in our families and the importance of those relationships. The definition of family in the Immigration and Refugee Protection Act is exactly like that. It just does not cover the relationships that many people have within their families. This private member's bill will expand that to allow other opportunities for families to be reunited in Canada.

We have heard that there is some problem with expanding the definition, that there might be a flood of people which the system cannot handle. The reality is we do not make the target to which the government is committed. The government is committed to 1% of our population. That would put it up around 310,000 immigrants a year. We only make 66% of that total.

We have never been close to that total and we need to because immigration is important to our society. As the government's own studies show, in the next decade, by 2011, all growth in our labour force will come from immigration. If we do not meet the 1% target, we will not have growth in our labour force. By 2026 to 2030, all population growth in Canada will come from immigration. Therefore, we have to get closer to that 1% target of the population. We in the NDP believe that family reunification needs to be a key part of reaching that target.

We hear about backlogs. Backlogs are created because back in the 1990s the government cut the immigration department so severely. The Citizenship and Immigration department took one of the hardest hits of all departments in the cutbacks in the 1990s which were targeted for special treatment and special bad treatment in that situation. If there are backlogs, it is because of that.

We need to address the backlogs. We need to ensure that people are not waiting forever for families to be reunited in Canada. We also need to do that in the context of making the targets and ensuring family reunification is important.

It is also important for our competitiveness of our immigration policies. We have competition from Australia and the United States. If we do not improve our program, we will lose out in the international competition for immigration.

Today at the citizenship and immigration committee, we heard the testimony of the Ottawa-Carleton Immigrant Services Organization, OCISO. Its executive director Nancy Worsfold talked about settlement and her experience of helping new immigrants settle in Canada.

• (1905)

She talked about how the immigrants who come through family reunification are doing a much better job of settling in Canada because they have the support of their family members. They are

much happier and are much more easily incorporated into Canadian society.

Independent applicants and economic applicants are very disillusioned. They come on a point system and often cannot practise their profession. Family reunification has proven to be important.

I am glad we have had this chance to debate the bill. I look forward to continuing it with the support of members in the committee.

**The Deputy Speaker:** It being 7:09 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 Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

*And more than five members having risen:*

**The Deputy Speaker:** Pursuant to Standing Order 93, the division stands deferred until Wednesday, March 23 immediately before the time provided for private members' business.

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## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

• (1910)

[*English*]

### NATIONAL DEFENCE

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Mr. Speaker, on February 2 I questioned the Minister of National Defence on a problem that had been brought to my attention regarding soldiers who are members of Joint Task Force Two, JTF2, Canada's anti-terrorism unit and a bureaucratic problem with the reporting of injuries in the line of duty.

The minister has once again demonstrated his government's lack of respect for the men and women who serve in their nation's uniform by trying to summarily dismiss my concern for the rights of the disabled. In this case we have disabled military veterans.

*Adjournment Proceedings*

By suggesting there was no problem and that the concerns of disabled veterans were some, to quote the minister, "silly political football" dishonours the sacrifice that they make so that we may live in freedom in Canada. This abject lack of sensitivity to the concerns of the disabled is very troubling. The government must understand that as long as the rights of even one individual are trampled, there is a problem.

I make no apology for questioning the government on this issue regardless of how silly the minister feels the questioning on the rights of the disabled is. Injured soldiers should not have to beg for their pensions. It is an absolute disgrace that a soldier who is disabled in the line of duty would be denied a pension, yet this is the case for soldiers who are members of JTF2.

As a result of the cloak of secrecy that the Prime Minister has placed on all of the activities of JTF2, JTF2 commanders are afraid to report injuries because they fear they will be charged under the Official Secrets Act.

While the government will not admit that recruitment efforts to the military have consistently fallen short, I am not surprised that potential recruits would be unwilling to serve if they thought they would not receive due consideration if injured in the line of duty with a special unit like JTF2 or in a special operation.

The effective date of entitlement for a military pension is usually the date of application. There is an agreement between the Department of National Defence and the Department of Veterans Affairs to share medical information once a privacy release has been signed by the soldier.

In the absence of any paperwork confirming that a soldier was in service at the date of injury, there is no documentation to confirm the injury even occurred.

When I questioned the minister we had JTF2 veterans who were being denied disability pensions for injuries received while as members of the Canadian armed forces. The problem had been going on for years and would only get worse, which reflects the element of danger associated within the war on terrorism.

A part of the solution was my suggestion to designate all JTF2 activity as special deployment operations. This designation would allow for an injury to be reported without the need to provide details of the operation in which the injury occurred. By establishing a date of injury, the injured soldier would be able to establish a disability claim.

I am pleased to report to the House that as a result of my comments in the House, I have been informed that problems relating to pensions of JTF2 soldiers are being fast tracked. On behalf of the veterans and their families, if this is in fact the case, I say it is about time. It is interesting to note that for years there just did not seem to be a solution to this problem and within a week of this issue being raised in the House of Commons, there is finally action.

What I was looking for from the Minister of National Defence after I brought this issue to his attention in the House of Commons for a second time was more than just confirmation that there was a problem but that a permanent fix had been put in place. Political

grandstanding does not pay the bills for someone who requires medical assistance.

While the government will claim that progress has been made with regard to the treatment of injured soldiers and their families, it is clear that much more needs to be done.

It is also important to point out the experience of Canadian soldiers who during World War II were asked to participate in top secret chemical warfare experiments.

**The Deputy Speaker:** Order, the hon. member's time has expired. The hon. Parliamentary Secretary to the Minister of National Defence.

**Hon. Keith Martin (Parliamentary Secretary to the Minister of National Defence, Lib.):** Mr. Speaker, I hope that my comments today will clarify the concerns that the member has brought up. I know for a fact that the minister has bent over backwards to answer the member's questions. I had hoped that this had been cleared up before, but I will repeat the answers that have been given. This problem has been solved and solved for a long time.

We have the utmost respect for the work done by JTF2. It is an extremely well trained organization and one of the best in the world. It was created in 1993 to deal with counterterrorism operations and the threat of terrorism, which we know has become very elusive, sophisticated and determined.

In the 2001 federal budget \$119 million was allocated to JTF2 to augment the capabilities of this elite anti-terrorism unit. The government announced that the unit would double its capacity in order to better represent and respond to Canada's needs in this very difficult challenge.

Budget 2005 continues in this trend. We have made a commitment to maintain the excellence of this counterterrorism capability by providing further investments to help our special forces to sustain, expand and acquire the capabilities they need.

The budget allocated \$2.8 billion for new equipment for the forces and specialized facilities for JTF2. Indeed, all of us are very proud of what this unit does and indeed the work that the men and women of our Canadian Forces do day in and day out.

It has been suggested by members of this House that the secrecy of JTF2 operations prevents members who have been injured in the service of their country from providing the information necessary to be awarded disability payments by Veterans Affairs.

This is the key issue. It is simply not true. I want to make it very clear that JTF2 members are entitled to the same support and health care services as other members. The Department of National Defence and the Department of Veterans Affairs are committed to ensuring that all military and retired military personnel receive the benefits of which they are entitled and are treated fairly, with dignity and respect.

Officials with the Department of National Defence, including representatives of JTF2, have met with members of Veterans Affairs and they have confirmed that information required by Veterans Affairs does not compromise the security requirements by JTF2.

*Adjournment Proceedings*

However, to ensure that no member is left out and falls through the cracks, the two ministers have agreed that should additional information be required, Veterans Affairs would accept the assurances of the Department of National Defence that the individual suffered a service related injury. No other requirements are required. This was dealt with and hammered out a long time ago.

I would like to encourage any member of the special operations forces or indeed any member of the Canadian Forces who has questions of a disability claim to come forward. He or she should contact the Centre for the Support of Injured and Retired Members and their Families which will provide confidential support to injured members, veterans and their families.

If any member of this House knows of any person in our Canadian Forces who requires care and is not receiving it, put politics aside, respond to us directly. We will ensure that they are taken care of. This is a commitment by the government. This is a promise that we have made. We wish to assure anyone out there who feels that they are not being taken care of to please contact us and we will work with them to resolve the issue.

We owe our men and women in uniform the very best care and support that they deserve. We are committed as a government to ensuring that takes place.

• (1915)

**Mrs. Cheryl Gallant:** Mr. Speaker, I had begun to talk about soldiers who during World War II were asked to participate in top secret chemical warfare experiments. It was the threat of prosecution under the Official Secrets Act and the cloak of secrecy that descended on this sorry episode of Canadian history that resulted in close to 3,000 soldiers receiving no recognition.

Those few individuals who were still alive waited almost 60 years before they received any compensation. That \$50 million program was announced February 19, 2004, more than 60 years after the first experiments were conducted in 1942.

I had a veteran in my riding approach me who was a participant in those experiments. I regret to say that less than a month after that program was announced he passed away. It was left to the family to be recognized for the suffering the veteran had endured. In fact, I am told that the \$50 million allocated to that program is going mostly to administration rather than to the veterans, as most are now deceased.

History has a tendency to repeat itself. As the Official Secrets Act denied those veterans benefits, it is important to ensure the same fate does not befall JTF2 soldiers.

**Hon. Keith Martin:** Mr. Speaker, with regard to the individuals who volunteered to engage in chemical testing, we allocated and gave to each of those members a lump sum payment. Furthermore, each and every one of those members and their families have access to the same pension benefits that they would receive regardless. They received a payment, and have complete and full access to the pension benefits and health care.

With respect to JTF2 and indeed all members, the key point to emphasize is that any member of the Canadian Forces should contact the Centre for the Support of Injured and Retired Members and their Families, an institute that the government set up to ensure that no CF member would fall through the cracks.

We are committed to ensuring that all members, be they members of JTF2 or the Canadian Forces in general, have access to the pension benefits and health care they deserve. We are committed to ensuring they have full access. They should contact us at any time if they feel they are not receiving the care that they ought to be receiving.

• (1920)

**The Deputy Speaker:** The motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24 (1).

(The House adjourned at 7:21 p.m.)







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