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OFFICIAL REPORT
(HANSARD)

Thursday, March 11, 2004

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, March 11, 2004

The House met at 10 a.m.

Prayers

ROYAL ASSENT

• (1000)

[*Translation*]

The Speaker: Order, please. I have the honour to inform the House that a communication has been received as follows:

Rideau Hall
Ottawa

March 11, 2004

Sir,

I have the honour to inform you that the Right Honourable Adrienne Clarkson, Governor General of Canada, signified royal assent by written declaration to the bill listed in the Schedule to this letter on the 11th day of March, 2004, at 8:55 a.m.

Yours sincerely,

Barbara Uteck
Secretary to the Governor General

The schedule indicates the bill assented to was Bill C-5, an act respecting the effective date of the representation order of 2003.

She said: Mr. Speaker, I am pleased to introduce my private member's bill, an act to amend the Marine Liability Act.

The purpose of the bill is to correct the deficiencies in the Marine Liability Act that occurred as a result of amendments that were made to this legislation by this government during the first session of this Parliament.

The changes to the Marine Liability Act benefited large shipping companies like Canada Steamship Lines. However the unforeseen consequences of legislated compulsory insurance onto adventure operators threatens their entire industry.

Specifically, the legislation would amend section 37 of the Marine Liability Act to exempt adventure tourism activities, such as whitewater rafting, sea kayaking, as well as any other recreational marine activity, from the compulsory insurance requirements of the Marine Liability Act as it relates to the carriage of passengers.

When the changes to the Marine Liability Act were made by the government, no consideration was given to the adventure tourism industry. Adventure tourism is certainly a Canadian success story. I call upon all members of the House, particularly those whose ridings depend on this type of small business to create jobs, to support the bill to save the adventure tourism industry before it is too late.

(Motions deemed adopted, bill read the first time and printed)

* * *

[*Translation*]

ROUTINE PROCEEDINGS

• (1010)

[*English*]

COMMITTEES OF THE HOUSE

FINANCE

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the third report of the Standing Committee on Finance on Bill C-421, an act respecting the establishment of the Office of the Chief Actuary of Canada and to amend other acts in consequence thereof, and agreed on Tuesday, March 9, to report it without amendment.

* * *

MARINE LIABILITY ACT

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC) moved for leave to introduce Bill C-493, an act to amend the Marine Liability Act (adventure tourism).

BUSINESS OF THE HOUSE

Hon. Mauril Bélanger (Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if you were to seek it I believe you would find unanimous consent in the House for the following motion:

That, at the conclusion of today's debate on the Bloc opposition motion, all questions necessary to dispose of this motion be deemed put, a recorded division deemed requested and deferred to the end of government orders on Monday, March 22, 2004.

The Speaker: Does the hon. deputy leader of the government have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

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

Supply

Some hon. members: Agreed.

(Motion agreed to)

* * *

●(1015)

[*English*]

PETITIONS

MARRIAGE

Mr. Janko Peric (Cambridge, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the privilege to present to the House a petition signed by over 1,600 Canadians dealing with marriage.

The petitioners wish to draw to the attention of the House that the traditional definition of marriage has deep historical roots in our society. They underscore that the one man and one woman understanding of marriage predates Confederation and ought not be changed by the courts.

Therefore the petitioners pray and request that the Parliament of Canada do all in its powers to protect the current understanding of marriage as the union of one man and one woman to the exclusion of all others.

Mr. Leon Benoit (Lakeland, CPC): Mr. Speaker, it is my honour to present petitions with hundreds of signatures which ask to maintain the current definition of marriage as the union of one man and one woman to the exclusion of all others and to protect this definition of marriage from the courts.

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, I have the distinct honour and privilege to present 10 petitions signed by hundreds upon hundreds of my constituents in the riding of Prince Albert. The signatories pray that Parliament passes legislation to recognize the institution of marriage in federal law as being the lifelong union of one man and one woman to the exclusion of all others.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Hon. David Price (Parliamentary Secretary to the Minister of National Defence, Lib.): Mr. Speaker, I suggest that all questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

[*English*]

POINTS OF ORDER

BILL C-472—SPEAKER'S RULING

The Speaker: I am now prepared to rule on the point of order raised on February 26, 2004, by the hon. Parliamentary Secretary to the Leader of the Government of the House of Commons concerning Bill C-472, an act to amend the Income Tax Act (deductibility of fines), introduced by the hon. member for Winnipeg Centre. I would like to thank the Parliamentary Secretary to the Leader of the Government in the House of Commons for having raised this matter.

The parliamentary secretary pointed out that Bill C-472 proposes an amendment to the Income Tax Act that would have the effect of eliminating from the act an existing deduction from taxation for fines or penalties imposed by law. The net result of the elimination of this exemption would be an increase in the level of taxation for affected taxpayers.

As stated in a ruling on October 24, 2002, dealing with an earlier version of this bill introduced by the hon. member for Winnipeg Centre, a bill of this nature can only be brought before the House if it is preceded by the adoption of a motion of ways and means.

As *House of Commons Procedure and Practice* states at pages 758 and 759:

The House must first adopt a Ways and Means motion before a bill which imposes a tax or other charge on the taxpayer can be introduced.

...Before taxation legislation can be read a first time, a notice of a Ways and Means motion must first be tabled in the House by a Minister of the Crown—

Furthermore, it goes on, at page 898, to state:

With respect to the raising of revenue, a private Member cannot introduce bills which impose taxes. The power to initiate taxation rests solely with the government and any legislation which seeks an increase in taxation must be preceded by a Ways and Means motion.

Bill C-472, introduced on February 5, 2004, by the hon. member for Winnipeg Centre, seeks to eliminate an existing tax deduction. If adopted, the bill would result in an increase of the tax payable by a certain group of taxpayers. Our practice in these matters is clear.

Since the bill has not been preceded by the necessary ways and means motion, the proceedings related to its introduction and first reading that took place on February 5, 2004, are null and void. The Chair therefore rules that the order for second reading of the bill be discharged and the bill withdrawn from the Order Paper.

I thank the hon. Parliamentary Secretary to the Leader of the Government in the House of Commons for bringing this matter to the attention of the Chair.

(Order discharged and Bill C-472 withdrawn)

GOVERNMENT ORDERS

●(1020)

[*Translation*]

SUPPLY

ALLOTTED DAY—HEALTH CARE FUNDING

Mr. Pierre Paquette (Joliette, BQ) moved:

That, as the federal government's 16% contribution to health care spending is clearly inadequate, this House urge the government to invest at least half the current year's surplus in health care, over and above the \$2 billion already promised, in order to achieve as rapidly as possible the stable 25% federal contribution called for by Quebec and the provinces.

He said: Mr. Speaker, I would like to begin by expressing my condolences to the people of Spain, following the recent terrorist attacks that have caused the deaths of nearly 200 people, especially among the workers. I grieve for them.

I am proud to present this motion by the Bloc Québécois today because it is a very concrete response to the number one priority of Quebecers, that is, health care. I should also say that it is the number one priority of Canadians. I shall read it again, because this is a very complete and concrete motion.

It reads as follows:

That, as the federal government's 16% contribution to health care spending—

I remind the House that this means 16¢ of every dollar invested by the provinces comes from the federal government and, inversely, that 84¢ of every dollar invested in health comes from Quebec, the provinces and the territories.

Let me read it again:

That, as the federal government's 16% contribution to health care spending is clearly inadequate, this House urge the government to invest at least half the current year's surplus in health care, over and above the \$2 billion already promised, in order to achieve as rapidly as possible the stable 25% federal contribution called for by Quebec and the provinces.

We have before us a motion that not only highlights the fact that the federal government is not living up to its responsibilities in health care funding, but also proposes a very concrete short-term solution that would bring us near to the 25% stable financing that everyone—namely the provinces—wants. Even this government's report, the Romanow report, talked about it.

Therefore, this formula would allow us to still receive a relatively important amount this year. I will explain. We estimate that the surplus for this year, that is 2003-04, will be \$8 billion. Almost all financial analysts are making the same estimation. Only the Minister of Finance and the Prime Minister would have us believe they must scrape and scrounge to provide the \$2 billion that was promised by Jean Chrétien, promised again by John Manley and now being delivered by the government.

Thus, everyone is expecting a \$8 billion surplus. The government already made a commitment, which was supported by the Bloc, to provide an additional \$2 billion over the February 2003 accord.

Therefore, if the surplus is indeed \$8 billion—and everyone believes it will be—and we subtract the \$2 billion already committed, this leaves \$6 billion. We propose that half of this \$6 billion surplus go to health care in the next weeks and months.

For Quebec, it means a total of \$5 billion for the current year 2003-04, which would represent a \$1.18 billion infusion into health care. I think this would be welcome when we know how difficult it is for the provinces—and not only Quebec—to meet their health care service obligations to their people.

The court recently allowed a class action for women with breast cancer who did not receive radiation treatment within the time prescribed by doctors. This example illustrates, despite the efforts of the Quebec and provincial governments, the situation we find ourselves in, where the health of thousands of people, particularly in this case, is jeopardized.

Therefore, as I mentioned, this \$5 billion would allow us to achieve stable funding of 25% of health care expenditures, which is what premiers in Quebec and the provinces are asking for.

Supply

I want to talk about the Romanow commission. I want to be very clear, because we strongly disagreed with everything other than the funding, in other words, with its prescriptive centralizing vision of health services provided by Quebec and the provinces. However, with regard to the funding, our response echoed the consensus of the opposition parties, including the Bloc Québécois, the premiers of Quebec and the provinces and all the coalitions, such as the Quebec health coalition.

The Romanow commission recommended that \$15 billion be invested over the next three years. All the money announced by the federal government, including the \$2 billion promised once, twice and finally committed, will only total \$12 billion. There is \$3 billion missing. Our proposal eliminates this \$3 billion shortfall, and produces \$15 billion in three years, which even the Romanow commission recommended and the provincial finance ministers are demanding.

• (1025)

Originally, funding for social programs in Canada was split 50-50. The federal government paid 50% and the provinces, like Quebec, paid 50%. The system was relatively simple. There were a number of funds.

I want to remind members that, initially, there were a number of funds. From 1957 to 1976, there was a hospital insurance fund and a health insurance fund. There was a fund for post-secondary education and the Canada assistance plan. Basically, each dollar invested by the provinces was matched by the federal government for a 50-50 split. This was a very interesting formula because the provinces, including Quebec, which were investing heavily in social programs and health care, saw the federal government contribute an equal amount. Consequently, from 1957 to 1976, there were these four funds.

The system underwent a reform in 1977 and essentially became two funds, established program funding and the Canada assistance plan which ensured social assistance programs provided by the provinces to those in need.

All that was changed in 1996 with the Canada Health and Social Transfer. The federal government proposed a package. While this formula gave the impression that it would provide flexibility to the provinces in terms of investments, it also meant that, in the future, and it is the Liberals who devised this system, the Canada social transfer would be allocated not on the basis of the investments made by the provinces or on the basis of their needs, but rather on the basis of their population.

Supply

Quebec was very much disadvantaged. Just as the Canada Health and Social Transfer was being implemented, the current Prime Minister, who was then the Minister of Finance, made cuts of over \$21 billion in these transfers to the provinces and to Quebec. I just explained how the transfer was no longer based on the needs and investments of the various provinces but on their population, but I should add that one-third of the cuts totalling \$21 billion were made in Quebec, even though Quebecers account for a little less than one-quarter of the Canadian population.

This government has been extremely harsh and unfair to Quebecers, and it continues to be. Today, despite the figures that we are given, federal funding remains at 16%. One can see how, over the years, the federal contribution has dwindled from 50% to 16%. In fact, in recent years, in these times of major cuts by the current Prime Minister, that contribution has not even reached 16%.

Because it is important to repeat it, I want to mention that those who are primarily responsible for the problems in health are the federal Liberals, the federal government. When the Liberals came to office, the federal government was funding 22% of health care. That was not enough, because we are talking about 25%, but it was still better than the 16% that we currently have.

They are the ones who are responsible for the problems in health in Quebec and across Canada. They have the obligation and the responsibility, before the election and on time for the March 23 budget, to correct this unfair situation. Otherwise, I hope that the citizens of Quebec, in particular, will clearly show their discontent with this situation in the next election.

As I mentioned, the present Prime Minister brought about the fiscal imbalance and the very difficult health care situation, and it is his responsibility to correct this quickly.

Our motion is a short term response to the situation we are experiencing. Obviously, health costs will not decrease in the coming years, and the federal government has been generous with words, but not with funding.

Let me remind you that at least five factors should be considered. We should not forget that. Very often, we blame an aging population, but there are other causes. The provinces, and more particularly Quebec, are working very hard to keep the increase in health care costs within the fiscal means of their taxpayers.

● (1030)

Nonetheless, in the coming years, an aging population, the new technologies we need to deliver health care, and the cost of drugs will push health care costs upwards by an average of 5% each year. There is no way around it, unless we are willing to jeopardize more lives, and this would be nothing short of criminal.

While healthcare spending will climb 5% a year because of the factors I mentioned, the federal share will diminish despite the increases that have already been announced. I think you will be stunned, Mr. Speaker, but next year, the federal share will not be 16%, but only 14.6%. You are shocked, and I can understand that, because, to your credit, you are sensitive to the concerns of the public.

Next year the federal share of health care costs will stand at 14.6% when it is 16% right now. I am sure those who are listening to this debate will wonder how the federal government can lower the percentage of its contribution next year when it keeps repeating that healthcare is a priority. Its share will be lower.

The Conference Board is saying that based on the current calculations, the federal government's share will reach only 17% over the next ten years, while, as hon. members know, the finance ministers and premiers of the provinces and Quebec are asking for 25%.

If nothing changes, the federal government will continue to under invest in health by not transferring the money required to the provinces. This will put pressure on Quebec's finances. I have pointed this out many times.

Quebec's finance minister, Mr. Séguin, talked to us about his \$3 billion shortfall. Without touching health or education, he is left with \$9 billion to work with. Do you think it would be possible for any government, with the best of intentions—if that were the case here—to recoup \$3 billion from a \$9 billion margin? It is impossible. Mr. Séguin will have to make cuts in health if the federal government does not assume its responsibilities, if the Liberals do not assume their responsibilities and invest 25% in health.

The motion the Bloc Québécois has put forward today will give them a golden opportunity to show whether they really have the political will to meet the needs of the public, the number one priority of Quebecers and Canadians, and to prove that what we are hearing from the Liberals, especially the Prime Minister, is more than just hot air.

A vote by the Liberals against the motion we have put forward would prove beyond a doubt that the fine words spoken by the Prime Minister and the Minister of Health are nothing but hot air. We are giving them, particularly the Minister of Health, an opportunity to put their money where their mouth is.

If nothing is done, the Conference Board predicts that the federal government's investments with respect to health transfers to the provinces will not exceed 17% per dollar spent. In other words, the provinces will assume 83% of the bill, a bill that is going to increase by an average of 5% a year.

Obviously, the Liberals, the Minister of Finance in particular, are really great magicians. They can pull figures out of a hat regularly. The member for Hochelaga—Maisonnette, a brilliant MP—he used to be one of my students, which is probably one of the reasons why his questions are so interesting—asked the Minister of Finance why he was not investing any more than 16% in health care. The Minister of Finance rose to deny this and said that the federal government's investment is 40%.

There is something pretty odd about this. What explanation can there be for the brilliant member for Hochelaga—Maisonneuve, the Bloc Québécois, the opposition parties, the premiers of Quebec and the provinces, and all of civil society across Canada, even the report commissioned by the government itself, saying that the government is not investing enough? The investment is 16%, though they are telling us it is 40%.

The current government is confusing things and doing it knowingly, but no one is being taken in. First of all, this 40% includes the tax points transferred to the provinces, Quebec in particular, over the years.

● (1035)

As hon. members know, the provinces agreed for a time, because of the second world war in particular, to hand over part of their taxation field to the federal government for the war effort. Then a battle ensued to get the tax points back, and that battle is far from over. The transfer of tax points did not, therefore, exactly correspond to an investment in health care. Moreover, at the time, health was not necessarily the top priority. I would say that education was a far higher priority. There was a lot of catching up to do, particularly in Quebec, and that has been accomplished very well, at least in part.

This tax point transfer therefore represented a one-time fiscal rebalancing. It is not a federal government expenditure, and has no specific connection with health.

Then there is the matter of equalization payments. They too have no specific connection with health. Their purpose is to ensure that Quebec, and all the Canadian provinces, have the same fiscal capacity according to their relative wealth. There are even two provinces receiving nothing: Ontario and Alberta. We cannot say that the federal government is assuming its health care responsibilities concerning these two provinces.

Also, the formula is completely inadequate, as we saw two weeks ago when the finance minister announced that he would be retroactively depriving Quebec of \$1.4 billion. The \$472 million coming out of the \$2 billion that was promised once, promised twice and finally committed makes up for only a third of the estimated loss due to the equalization formula. We just cannot buy the arguments made by the finance minister.

They also have to be consistent. They are the ones who want to separate the Canada social transfer from the rest of the social programs starting April 1. As of January 1, a distinction will have to be made among the various federal transfers. Clearly, what all of this means is that the federal contribution which is currently around 16% will decrease to 14% next year and will average 17% during the next decade.

Instead of relying on rhetoric and wishful thinking, the finance minister should face reality. And today's reality is this: the provinces have estimated the federal contribution to health-care spending at 15.5% for 2003-04. I know we are talking about 16%, but it is really 15.5%. This includes the Canada social transfer and the social programs. It boils down to \$20.3 billion, plus the additional \$2 billion that was promised once, promised twice and finally committed. Of course, this has to be divided by the \$144 billion spent on health care, education and social programs. The fact is that

Supply

the Canada social transfer is not just for health care, but for all social programs. So, when you do the arithmetic, and I know you can do it, you get 15.5% and not 40%.

I will explain how the Minister of Finance does this. It will make a good story to while away the long evenings in Ottawa. We are still talking about the 2003-04 fiscal year, in which the federal government says its contribution is 41%. I had said 40%; I underestimated the exaggerated calculation by the Minister of Finance. He is talking about the Canada Health and Social Transfer, the promised supplement of \$2 billion—promised again and finally committed—and then we add equalization payments and tax points. There may or may not be other ingredients. The total they arrive at is \$50.192 billion.

They divide that by expenditures in health and education, as if there were no expenditures for social programs. It is as if welfare did not exist; as if it were not, unfortunately, still needed in the provinces and Quebec. They leave it out completely. That is \$21 billion that the Liberal federal finance minister has made disappear. Then they do their division. On that, we must admit that they have proved that the result of their division comes to 41%. Of course, it is obvious that none of that makes sense.

The federal government has the means to solve the problem. It has had surpluses, some \$50 billion since 1997. This year once again, a surplus of around \$8 billion is expected. Next year, according to the Conference Board, it could be \$10 billion. The federal government has wasted the Quebec taxpayers' money by increasing its operating expenses by 49% in the last five years. If, instead of spending within the bureaucracy, it took aim at some of the real priorities of Quebecers and Canadians, it would be able to find a further margin of \$5 billion.

There is also between \$7 billion and \$8 billion sleeping in the foundations created by the finance minister. He has the money; what he lacks is the political will.

● (1040)

The Prime Minister, the Minister of Finance, and all the Liberal members of Parliament have an opportunity to show that they have the will to resolve and remedy the number one problem of Quebecers by voting in favour of this motion presented by the Bloc Québécois today. It must be done before the budget is brought in, on the evening of March 22, and before the coming election. If not, they will pay the price.

[*English*]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I thank the hon. member for his speech, probably best described as fun with facts and figures. The hon. member is an economics professor and seems to have some incapacity to deal with the actual moneys that get transferred to the provinces. Possibly that is why he is seeking a political appointment as opposed to professorial employment.

Supply

In order to get to the hon. member's fanciful figures, he has to ignore three or four rather major elements in federal transfers to provinces. He has to ignore about \$17 billion in tax points. Apparently this is all funny money; it is not real money; it is not money that actually comes out of the federal treasury, but it is. It comes in and it goes out. However, as far as the hon. member is concerned, it is not real money. Possibly we should go back to the old system where it was all cash and there were no tax points. We would see whether the hon. member would still make his vehement argument that tax points are not real money and should not be counted for anything.

His second fanciful argument has to do with equalization. Apparently that is not real money either. It is about \$10 billion and of that, \$5 billion goes to his province. However, according to the member, that is not real money either and that is not supposed to be spent on health care. The federal government would then fall down in its obligations, so again, that is not real money being contributed to health care.

Then he has to ignore the direct spending of the federal government in the areas of health care, which amounts to somewhere in the order of about \$6 billion. That money has to be ignored as well in order for him to arrive at his fanciful figures.

Would the hon. member start dealing with real money? Would he actually start recognizing the contribution out of the federal treasury to the provincial treasuries, which actually brings the fiscal capacity of the government down and transfers fiscal capacity to the provinces? Instead of his fun with facts and figures, he should deal with real figures?

[Translation]

Mr. Pierre Paquette: Mr. Speaker, the member was right. I wonder why the federal government called for the creation of a Canada Health and Social Transfer if it believes everything is connected anyway.

Therefore, all the money transferred by the federal government should be allocated to health. If that were the case, the federal government would be funding about 150% of health costs. However, what I fail to understand is that only the Liberals think that way. Only the Liberals believe there is no fiscal imbalance. Only the Liberals believe that the health system is doing fine. Only the Liberals believe that they are providing more than what everyone else says.

Let me read an ad put out by the Premiers' Council on Canadian Health Awareness:

Despite a recent increase, the federal government's share of health care funding stands at 16%—down from 50% when public health care was first introduced. Provincial and territorial governments cover the remaining 84%.

Those are not the words of Bloc Quebecois members or sovereignists; this is an ad by representatives of the provinces and territories, including Quebec. Opposition parties all agree that there is a fiscal imbalance, and I fail to understand how one can be right when everybody else is of a different opinion.

I will conclude with the rest of the message from the Premiers' Council on Canadian Health Awareness:

We're doing our part. We're investing more in healthcare than ever before, and we'll continue to invest more. But we need Ottawa's help in the form of long-term sustainable funding commitment. One that will mean better access to high-quality health care.

That is the real issue for the upcoming election. There is another scandal involving this government.

●(1045)

[English]

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, I would like to thank the member from the Bloc for his excellent presentation. He illustrated a sound comprehension of the mathematics that is going on in this town.

I have a comment on the tax point before I put my question. Tax points have limited application to provinces, such as my province of Saskatchewan where the tax base is eroding and the fiscal capacity of the province is deteriorating. Tax points are not that great a solution. They might be good in Ontario; however, in a province that has a lot of fiscal problems, it has its problems.

I want to zero in on the waste that we have talked about in the House of Commons for the last while. We have, for example, the sponsorship program of \$250 million. I have done some mathematics myself. Saskatchewan only has 10 MRIs. People are waiting 22 months to have an MRI in that province. That is a long time to wait for an appointment if the service is needed.

We also have a shortage of nurses. The sponsorship money of \$250 million could pay for the training of 3,000 new nurses. We need a new bridge in my riding. It would cost about \$30 million. We could build eight bridges with that money alone.

The Bloc member is very good with numbers. Does he have any idea of the volume of waste and corruption we have in Ottawa? What is the total dimension of that figure? Could he quantify that and give us an idea, out of the total \$189 billion that we spend a year, how much of that is money wasted on boondoggles, corporate welfare, corruption and—

The Acting Speaker (Mr. Bélair): I think the hon. member has made his point.

The hon. member for Joliette.

[Translation]

Mr. Pierre Paquette: Mr. Speaker, unfortunately, I will not be able to give an exact answer to the hon. member because my calculator does not go beyond nine zeros.

If we add up all the waste, as I said, there was a 40% increase in operating expenditures in the last five years. These are not transfers to provinces or individuals, but money spent for pens, opinion polls, sponsorships and a few civil servants, senior ones especially. That is the first thing.

We will also make public, at the beginning of next week, a study on the federal government's intrusions. Forty per cent of federal expenditures represent encroachments on provincial jurisdictions. This is money that is not used efficiently. It is the provinces, and not the federal government, which are in a position to deliver health, education and other services. But the federal government interferes, and creates competition, bureaucracy and waste.

Supply

There is the boondoggle at HRDC. One billion dollars disappeared. It is the present health minister who was responsible. I know, however, that another member had, unfortunately, to provide answers for her. We are talking about \$1 billion.

There is the firearms registry scandal. We totally agree with the need to register firearms, but can someone explain how a program that was supposed to cost \$2 million ended up costing almost \$2 billion?

When we add everything up, plus the \$7 or \$8 billion lying idle in the foundations and, let us not forget, the expected surpluses, we find ourselves in a situation where the federal government has enough money to address not only the health care issue, but also the tax imbalance. However, there is no political will.

Hon. Denis Paradis (Minister of State (Financial Institutions), Lib.): Mr. Speaker, first I would like to mention that I will be splitting my time with the hon. member for Etobicoke North.

I truly appreciate the opportunity this debate offers to join with my colleagues in re-enforcing our government's absolute commitment to the quality health care that has become a fundamental part of our national values and heritage.

Improving our health care system is the number one priority of Canadians and their government. I am just back from a prebudget consultation tour and that is what we were told everywhere. Canadians everywhere want to see real, practical and measurable progress on improving access to health care services and reducing wait times.

Clearly, now is the time for governments to stop pointing fingers and start working toward sustainable solutions for the Canadian health care system.

There is no question that people are deeply concerned about the challenges, including the cost, that confront the health care system.

This government has a concrete priority to work through partnerships with all orders of government and all stakeholders to provide Canadians in every region with the public health care system they need and rely on.

This is not rhetoric. We have backed that priority with real action and bottom line results.

For example, almost 80 per cent of all the new federal spending initiatives we have undertaken since balancing the books have been in just three areas: health care, education and innovation.

Indeed, just last year, the federal government announced increases in funding under the 2003 Accord on Health Care Renewal alone totalling \$34.8 billion over 5 years.

A large part of these funds will increase the Canada Health and Social Transfer, or CHST, and will be available to provinces to use on health care, post-secondary education, social programs and early childhood development.

Of the \$34.8 billion, \$29.5 billion goes to provinces and territories through increased transfers. It comes down to this: \$16 billion over five years for the health reform transfer; \$12 billion through the CHST and its successor programs; the \$2.5 billion 2003 CHST cash

supplement; and \$1.5 billion for the diagnostic and medical equipment fund.

The health reform transfer provides \$16 billion over five years for the provinces and territories to target primary care, home care and catastrophic drug coverage.

Now let us turn to the CHST which is intended to support health, social security and post-secondary education. Since health spending represents about 62% of the total that provinces spend in those three areas, it is reasonable to assume that, on average, 62% of the \$38 billion that the government is providing this year would be spent on health. I think it is a fair assumption.

That's more than \$23 billion of the annual CHST transfer. Adding in the \$1 billion in support from the new health reform transfer and \$500 million in the diagnostic and medical equipment fund increases this amount to over \$24 billion just this year.

And again, this is only part of the federal health care funding story.

The federal government provides 8 of the 10 provinces with equalization, and they are free to allocate as much of this money to health as they choose. Quebec, for instance, is getting around \$4 billion. So, we are talking about a lot of money.

We know that the equalization-receiving provinces spend this money on health care because they tell us so themselves—when equalization payments fluctuate due to changes in provincial economies, the provinces are quick to point out that lower equalization payments mean fewer health care services for their residents.

Equalization is not targeted just to social spending, so let us look at all provincial program spending in order to determine a reasonable amount.

● (1050)

On average, provinces spend about 38% of their program budgets on health care. It is reasonable to assume 38% of annual equalization goes to health, which means about \$3 billion a year for health care.

Added to the more than \$24 billion in federal support through the CHST and health reform transfer, this brings the federal contribution to approximately \$28 billion, or 35% of provincial health care spending.

The real question, of course, is: how does this fit in with provincial health care spending? And the answer may surprise you.

Supply

In 2003-04, the provinces spent \$78 billion on health care. And, as I have demonstrated, federal transfer funding that can be related to health care is \$28 billion. In other words, we actually funded about 35 per cent of provincial health care spending, more than one-third.

It is important to note that, because we are working with national averages, the actual share varies from province to province, because of their different spending on health care and the fact that not all provinces receive equalization.

But, maybe the member opposite can explain how the federal government only funds 16% of health care in his province, when federal transfers this year are estimated to account for about 23 per cent of Quebec's revenues.

In summary, federal transfers currently cover over one-third of provincial health care costs, but we also have to recognize that federal support for health care extends beyond transfers to the provinces.

There is also direct federal spending for health care. The federal government's direct spending for health care is estimated at approximately \$5 billion in 2003-04.

This spending funds such important initiatives as first nations health, veterans' health, health protection, disease prevention, health information and health-related research.

Furthermore, through the tax system, the federal government provides support worth about \$1 billion a year. This includes credits for medical expenses, disability, caregivers and infirm dependants.

When you add the over \$6 billion in direct spending and tax credits to \$28 billion in transfers to provinces, which we talked about earlier, the federal government is providing about \$34 billion a year, about 40% of all national public spending on health care in Canada.

And this amount will continue to grow following recent investment outlined in the 2003 budget. I think the bottom line here is pretty clear.

Still, let us continue to build on a positive partnership so that taxpayers can get good value for their money. It is always the same taxpayers who contribute at the municipal, provincial and federal levels, and they are asking their elected officials to agree with each other. Let us go in this direction.

• (1055)

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, the member's speech saddens me, mainly because I think that he believes what he says.

The member for Brome—Missisquoi started out by saying, "We want to negotiate a new partnership". We do not believe that, but he does. He wants to start negotiating a partnership with a deck of cards that says, "We will finance 40%, but we want to negotiate with you."

How can we negotiate in good faith with someone who has been acting in bad faith from the outset? That causes problems right there. I have a simple question for the member for Brome—Missisquoi.

The report commissioned by his government, the Romanow report, asks that health care funding be restored to a 25% firm base. If it were at 40%, we would not ask for a 15% reduction. Unless this

is what is happening and we are all so stupid that nobody understood what was going on, but I would be very surprised.

Can he give us an explanation with regard to the Romanow report's figures, the Premier's Council's figures and the Conference Board's figures, since all of them agree on 16%?

Hon. Denis Paradis: Mr. Speaker, first, I should mention that we have seen these ads on television. The federal share has never been 50%. It was never higher than 41%. The charts being shown on television indicate that our share was as high as 50% and has dropped to 16%. But it was never 50%. The highest it was is about 41%. I just explained how we figure out that percentage, and it is about 40%.

My point is that we should discuss this. Canadians want their elected representatives to work hand in hand. Let us sit down and discuss.

I have just finished a prebudget consultation tour that took me to nearly every region of Quebec. During this consultation, people told us that we need more money in health care, but that we also need new ways of providing health care. We should have a look at the way our system works. People everywhere told us that. Will money solve all problems? No, and that is what I heard throughout Quebec, in all the regions of Quebec.

So, let us sit down and discuss. There is just one taxpayer, and he or she does not care whether it is the provincial government or the federal government that is responsible. The taxpayer is telling us we should get along. I am telling you we should sit down and negotiate something that will suit the taxpayers, whom we all represent.

• (1100)

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, first I must say that I totally agree with the gist of what the hon. member for Repentigny has said. I cannot understand how one can claim to be trying to solve a problem while at the same time denying that it exists. It does not seem logic. If there is no problem, the only thing they have to say is that there is nothing to solve. They probably think that the provincial and territorial premiers and all the Canadians are wrong. Everybody is talking about 16%. If the Romanow commission asked that the percentage be increased to 25%, it is probably because it was below 16%.

I explained earlier where the 41% figure came from. After, they divide the transfers under the Canada health and social transfer, equalization and tax transfers—that melting pot that has nothing to do specifically with health—only by the expenses in health and education. They totally ignore the social programs that amount to \$21 billion. That is how they get to the 41% figure.

When we factor in all the responsibilities that those programs are supposed to cover, then the percentage goes down to 16%, or even 15.5%, as I said earlier. Everybody agrees on that. They are the only ones to think the opposite.

The minister said this was not the time for pointing fingers. Has the one responsible not been found, namely the federal government?

Hon. Denis Paradis: Mr. Speaker, first, in response to the first question concerning problems in our health system, I would say that problems do exist. I think everyone will agree with that. I talked about that earlier and I believe those problems will increase with time. Our population is ageing. That is a widely recognized fact. Therefore, as elected representatives, we must sit down together and decide how we will deal with health problems and our ageing population.

Second, it is impossible not to notice that there are waiting lists in hospitals. In our region, at the Brome-Missisquoi hospital, there are beds everywhere in the halls. Room numbers have been replaced with bed numbers on the walls. There is bed number 14, bed number 15, and so on. Indeed, there are problems, and we must sit down together and deal with them.

I would not want to start a war of numbers. In fact, one thing the premiers have agreed on is that, as of April 1, in just a few days, there will be a slightly different set of rules. Instead of a single cheque for health, social services and education, the provinces will receive two separate cheques: one for health and one for the rest. This will clear things up.

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, first I want to congratulate the member for Joliette for giving us the opportunity to have a debate on health care funding. He sits on the House of Commons Standing Committee on Finance. Usually, he shows a good understanding of economic and financial issues and he is good with numbers. This time, however, he has failed miserably.
[English]

I am glad the member for Joliette brought this to the House of Commons, but after that he fails on a number of counts because he is attempting to confuse Canadians.

[Translation]

We know full well that the goal of the Bloc Québécois and the member for Joliette is not to have a useful debate on health care policies, but rather to try to convince Quebeckers that they would have a better future outside the Canadian federation. However, they will never succeed in achieving that goal.

[English]

First, the member talked about the commitment to split health care costs fifty-fifty. That never existed. This is a myth perpetuated by the Bloc Québécois and many other opposition parties. There was a commitment early on to cost share insured expenses, insured health costs, through the hospital system and through the medical services plans. However, since then we have had a huge growth in prescription drugs and in home care so the fifty-fifty percentage is just not valid.

Second, as has been pointed out by many of my colleagues today, including the parliamentary secretary, the member talked about the contribution of the federal government but conveniently ignored the tax points.

In 2003 the tax points amounted to \$17 billion in the CHST. The member conveniently forgot also equalization. Equalization for all

Supply

the provinces amounted to \$10 billion per year. I find it strangely ironic that the Bloc Québécois member for Joliette said that Quebec had been seriously disadvantaged. As my colleague, the minister of state, pointed out, the province of Quebec receives some \$4 billion to \$5 billion of the \$10 billion in equalization. Some disadvantage that is.

For those listening to the debate, we should try to clarify the question on tax points. The federal government is contributing a huge amount. If we add in tax points, if we add in the federal government's direct expenditures in the health care system, which amount to \$5 to \$6 billion a year for first nations health, veterans health, health protection, disease prevention and a whole variety of other programs, the federal contribution is actually beyond 40%. That will grow as further investments are made in health care, which the government has shown very capably that it can do once the fiscal situation resolves itself, or is started on the right path.

In 1976, at the urging of the provinces and territories, the federal government ceded some tax points to those jurisdictions. This was not one or two percentage points in terms of tax. For example, in personal income tax, this was roughly 11 percentage points. In corporate taxes it constituted 1%.

In other words, the federal government said that for the taxpayer this will be transparent. The taxpayer will not really understand or see that there has been a transfer of tax revenues to the provinces and territories. However, the transfer was a huge amount of taxing capability. The rationale for that at the time was that the provinces were well positioned, they were close to the citizens of their particular provinces, they were well acquainted with their needs and aspirations and they were capable of delivering that kind of program.

This is not an inconsequential amount. Unfortunately, the tax points are always conveniently forgotten by all members and particularly by the Bloc Québécois.

I find it also absolutely amazing that the member for Joliette talked about the federal government not putting any money into the health care system.

● (1105)

[Translation]

I would like to quote the member for Joliette, who said, on January 14, 2004:

—including the difference in spending growth in the federal and the Quebec health departments over the last five years. Ottawa, which has no responsibility with regard to health care delivery, has increased its spending by 78%, whereas the Quebec government, responsible for health care institutions and health care delivery, has increased its spending by 33%.

[English]

They have never been satisfied with what the federal government has done, which includes \$34.8 billion to the provinces, a five year agreement that was signed just last year and more recently, the \$2 billion that was taken from this year's budget to top off the CHST for health care.

Supply

[Translation]

Again I quote the member for Joliette. Here is what he said on November 4, 2003:

This is not an economic update. It is a political manoeuvre to allow Paul Martin to make the announcement himself a few weeks before the election. I cannot believe that Mr. Martin will not announce the \$2 billion for health before calling an election.

[English]

Therefore, even if the government comes forward with a \$2 billion investment, the cynical Bloc Québécois will say that this is simply politics. We know that the top priority of Canadians is health care and our government is responding in that fashion and responding very well.

However, this goes beyond just money, and the minister of state pointed it out very well. We have to manage our health care system much better. We have an aging population. We have technology that is rapidly coming into play and that is creating opportunities to give Canadians better quality health care, to prolong their lives and to provide them with better treatment, but this costs money.

That is why our government says that it will insist on greater accountability, so citizens of every province can compare how their province has done, in terms of the value of the money that they have put into the health care system, against other provinces. They can compare how their province has done with waiting lists for emergency services and surgeries, and a whole host of other things.

There will be more accountability through the newly announced health council so citizens can ensure that they get value for their dollars. Yes, there will be more money put into health care by our federal government in the years to come, I am absolutely convinced of that, and by the provinces, but we need to ensure that we manage these costs prudently.

In the throne speech the government announced that there will be a greater emphasis on public health. In my riding of Etobicoke North we have a community health centre. The Etobicoke health centre provides a whole range of health promotion, health prevention and treatment to citizens. Therefore, it provides better care at a lower cost for our citizens. We need to look at that model. We need to provide the lower cost and better patient care solutions so we can move forward and have a health care system that is sustainable. We have many challenges ahead of us in the health care system.

Regarding the Bloc motion, it is healthy that we are having this type of debate, but unfortunately the only thing the Bloc Québécois has succeeded in doing today is to again further confuse citizens, and that is very unfortunate.

Is it sufficient that the federal government contributes 40% of the total expenditures? Perhaps not. Perhaps we need to do more. Perhaps we all need to do more. However, to try to make this point about a 16% contribution, when the member from Joliette knows patently well that this figure is not even a close approximation of the truth, is a disservice to the citizens of Canada and to Quebecers.

With that, I certainly will be voting against this motion.

• (1110)

The Acting Speaker (Mr. Bélair): Before we go to questions and comments, in case members do not know, just a reminder that you

cannot refer to the Prime Minister, to or any other member for that matter, by name, in a quote or outside a quote.

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I am very flattered that the hon. member quoted me this extensively. This proves that he is listening.

However, it does not prove that he has a clear understanding of what I said. In the health department, the 78% increase over the last five years was not for the delivery of services to Canadians; it was for bureaucracy and to help the federal government control what the provinces do with the few dollars it is giving them. However, the 33% increase in Quebec, which is probably insufficient because we have problems in health care, was for the provision of direct services to the people, not for bureaucracy and attempts to control, such as those by the federal government.

I would like the hon. member to understand better what I said when he is quoting me. The 78% increase had nothing to do with health care, and everything to do with bureaucracy at the federal health department.

I will ask him the following question. Since it would seem that only the Bloc Québécois, and me in particular, do not understand what the figures are about, how does he explain that, in order to increase public awareness of health care, the Premiers' Council said in its ad, and I quote:

Despite a recent increase, the federal government's share of health care funding stands at 16%—down from 50% when public health care was first introduced. Provincial and territorial governments cover the remaining 84%.

In his opinion, is this statement by premiers, including the premier of his province, untrue?

Mr. Roy Cullen: Mr. Speaker, I would like to reply to the comments made by the hon. member for Joliette.

[English]

I think we need to understand that when we get the premiers together in a group there has been the attitude that they need to come up with some kind of unified position to beat up on the federal government to get more money.

I am encouraged by recent moves to change that style and to create a more constructive environment. The provinces are recognizing that there is a lot of work they need to do. Yes, the federal government and the provinces do have to deal with some funding issues but that does not mean the premiers meeting to come up with a single message, which is to beat up on the federal government for more money. I do not think that is very productive. I think the federal government rightly sees through that type of action.

If we look back to 1993 when our government took power, we were faced with a \$42 billion deficit. To deal with that deficit, we had to cut programs, services and a lot of other things. This was very difficult but Canadians rallied around and we accomplished our mission.

Supply

In having to cut back on programs, the federal transfers to the provinces were affected but considerably less than the direct federal programs. The transfers to the provinces for health care and post-secondary education were a priority for the government but we had to make some cuts. We did. The deficit was eliminated in three years. We have paid down \$46 billion or thereabouts in debt. That is saving Canadians over \$3 billion a year. That \$3 billion a year can be redeployed to health care, to the criminal justice system, to education and to a whole range of priorities, which is what the government is doing.

As a result of those actions we have good sustainable growth in Canada.

• (1115)

Mr. Peter Goldring (Edmonton Centre-East, CPC): Mr. Speaker, I congratulate the Bloc on its initiative today. We, too, as a party, agree that health care is possibly the number one concern in the country today.

However how can Canadians have confidence that the Liberals believe that is so, even when the Prime Minister is stating that there is no doubt that health care is the number one priority in Canada, when the Liberals have consistently opposed motions like this in the House in the past? I refer to February 19, 2002; February 9, 1999; December 5, 2002; June 5, 2000 and December 1, 1999. There were five motions and all were negated.

How can Canadians have confidence in the sincerity of the Liberals opposite when there were five motions brought forward in the House of Commons and they consistently voted against each and every one of them?

Mr. Roy Cullen: Mr. Speaker, I do not, off the top of my mind, remember every motion that was brought before this chamber but I suspect the problem with the previous motions was the same problem that we are having with this motion in that it is riddled with factual inaccuracies.

Why would anyone on this side of the House, in fact why would anyone on either side of the House support a motion that is riddled with inaccuracies?

If we had a motion that said that the federal government should continue to show the strength and priority that it attaches to health care, because that is the reality, then I think we would probably find members on this side of the House supporting that. Such a motion might urge and encourage the federal government to do even more. I am sure a motion like that, which would really be more accurate, would have the support of this side of the House.

[*Translation*]

Mr. Joe Comartin (Windsor—St. Clair, NDP): Mr. Speaker, I am proud to take part in today's debate and support the Bloc motion.

[*English*]

It has been a longstanding policy of the NDP to press governments at both the provincial and federal level to provide adequate funding for our health care system. We as a political party have a proud tradition of supporting a public medicare system, one that the former premier of Saskatchewan, Tommy Douglas, initiated in Canada. Had it not been for the work done by that government, we

believe Canada would not have a national medicare program. We are very proud of that fact.

We have proposals and suggestions as to how to reform the system. A good deal of those were seen in the Romanow report. Mr. Romanow, another former premier of Saskatchewan, worked extensively on dealing with medical costs and the provision of medical services while he was premier. He conducted a massive study and one that clearly showed a way forward for the government and the country with regard to dealing with the costs of medicare and with the issue of quality within the medicare system.

Canada has a position in the world for which we can all be proud. We do not have to apologize to anybody in the world in terms of the quality of care that we provide. However it is not perfect and there is a need for improvement. I think everybody working in the system acknowledges that.

I would like to deal with a couple of issues and specifically address the resolution before the House today urging the government to finally step forward.

Before I was elected to the House of Commons, in the 1990s I watched the push for the privatization of the health care system in Canada. It was interesting that back when the NDP had no status as a political party in the House of Commons, the issue of health care rarely came up in the House. It was not until our party received status again in 1997 that the issue of health care was pushed back on to the political agenda, which led ultimately to the Liberal government being forced to advance funds to the system, to stop downloading the cost to the provinces and to take on, to a full degree, its responsibility.

We saw the government, in the late summer to early fall of 2000, scramble to declare that money would be put into the system. However it was not what the provinces wanted and needed, and the government still has not met those demands.

The resolution that we see before us today is a reflection of the need for the government to take on its proportional responsibility for medicare costs in Canada, which it still has not accomplished. That is why the resolution is before the House today and it is one that we are happy to support.

If we go back in history, it was quite clear that when the original arrangements between the provinces and the federal government were made as to who would bear what costs, the federal government would bear 50% of the costs. That is no longer what we are asking for because the government has not come near that.

It was interesting to listen to the last speaker playing with numbers again. The Romanow report set out in a very clear manner that the federal government was not meeting its proportional responsibility for the cost of medicare. That was the largest and most complete study we have ever had and it was one that clearly pointed the finger at the federal government by stating that it had to meet its responsibilities but that it was not at this point.

Supply

As a result of the Romanow report, and as this resolution proposes, we are telling the federal government that it must meet the 25% quota. We can play with the tax credits and the shifting of tax benefits down to the provinces but we should ignore that. That will take up the other 25% to get the government back to its 50%. It has to move from the 16% of actual dollars being spent up to 25%. The government has to phase that in and do it as rapidly as possible.

• (1120)

We could spend some time debating where those funds could come from. We will hear the government's plea of poverty, as we have so many times, but, of course, we get to the end of the year and into the next budgetary period and we find out that the surplus is three, four, five, six times what the government said it would be.

We heard from the current finance minister that there would only be a \$2 billion surplus and that maybe it could be given to the provinces. We now know, at the end of the third quarter, that it is over \$5 billion and that it will be close to an \$8 billion surplus for the 2003-04 year.

The funds are there. If we look at the budgetary projections for the next number of years, that type of surplus will be available and a portion of it needs to be spent on health care.

Mr. Speaker, I forget to mention that I will be splitting my time with my colleague from Churchill.

I want to move on to the whole issue of pharmacare. One of the former finance ministers under the Conservative government was recently quoted in a newspaper article talking about the escalating costs of health care. I do not know if he addressed it at all but a good deal of the escalating costs, way above the inflationary rates in other budgetary items, are because of the escalating costs that we have in pharmacare.

Several things can be done with regard to pharmacare. From our experience, both in Canada and elsewhere, we know there is a substantial over-prescribing of medication, which does affect the quality of care. When people are over-prescribed medications there can be a direct negative result to their health.

We also know that if we did not have the patent protection that we provide and if we were able to do more bulk buying, those could be ways to bring the cost of drugs more under control. We should be looking at the patent legislation as a way of reducing the cost. We could be looking at bulk buying in a much more efficient way. I would point to Australia and its experience in the way it has driven some of its drug costs down, perhaps the most effective on the globe.

Finally, there is the whole issue of providing additional assistance to the doctors and the pharmacies in prescribing medication and to try to get that under control.

I want to address one final point before I run out of time. Again this goes back to the article by Mr. Wilson in the newspaper recently. We have heard from others about the escalating costs. One of the ways of getting around that is to go with what they call the PPP, the public-private partnership arrangement. It has been addressed a number of times and particularly in the Romanow report that the PPP is not the answer. In the end it will cost the system more because it costs private partnerships more to borrow money and, of course, it

costs more because there is a profit motive in the delivery of those services and a percentage taken off for that. That is right around the globe.

We can go to any number of places, not just health care, but to a number of other public services where PPP has been attempted and has consistency been shown to be more expensive than government taking on the responsibility directly.

• (1125)

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I would like to ask the hon. member if he believes the federal contribution to health-care spending is adequate.

He must have heard Liberal members say that their contribution is significant. They argue that federal transfers cover 41% of all health care costs, when in fact they only cover 16% of the costs and their contribution should be 25%, as suggested by the Romanow Commission. I would like the hon. member to comment on these issues.

Mr. Joe Comartin: Mr. Speaker, I have two answers for my hon. colleague. First, when they talk about 41%, they are playing with the numbers.

[English]

We can say that the taxpayer is one taxpayer. When the Liberals in the government play with that, they are just talking about money coming out of different parts of the pocket, but it is coming out at the provincial level.

The Liberals keep saying it is not 16%, it is really 41%. I go back to Mr. Romanow's report which said, as have a number of other studies, that the federal government—ignoring the playing with the tax credits, the tax transfers and all the complexities that are part of that—is only directly paying 16% at this point and that 16% must be moved to 25% as quickly as possible. Mr. Romanow said that should be phased in over the next five years.

We are saying to the government that it should stop playing with those numbers. Everybody agrees the government is only paying the 16%. It is fine if it wants to tax some credit for tax transfers, we will let it have that. However, we are saying that in absolute accurate dollars it must move from the 16% to the 25%. It is beyond debate at this point.

• (1130)

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I cannot help but reflect on my colleague from the governing side who a few minutes earlier made a point that there was too much in the motion that could be worked around with and messed around with, suggesting that there were inaccuracies in the motion.

Supply

It is important that Canadians hear exactly the wording of the motion. So often they just hear our responses and we do not get the motion out there for people to really hear what is there. I want them to know what my colleague from the governing side was arguing with. Then, I want Canadians, if they question this motion, to check into it. I think they will find that everything within the motion is absolutely accurate and so we know who is not giving a responsible, credible answer from the governing side.

I want to take this opportunity to thank the Bloc for bringing the motion forward on its opposition day. Another point is to note that when the Bloc Quebecois can come into the House with a motion that is going to be supported, from what I understand, by pretty much all of the opposition parties, it says that we are speaking on an issue that is near and dear to Canadians, and we want to see things changed. This is something that all the provinces are unified on. The only group not unified is the governing side. The motion reads:

That, as the federal government's 16% contribution to health care spending is clearly inadequate, this House urge the government to invest at least half the current year's surplus in health care, over and above the \$2 billion already promised, in order to achieve as rapidly as possible the stable 25% federal contribution called for by Quebec and the provinces.

What in that motion is inaccurate? As my colleague from Windsor has just noted, all the provinces, bar none, accept that the federal government is only putting 16% into health care. There was a point in time when it was even less than that, so there is only 16%.

The 25% that we are talking about is still half of what the federal government committed to medicare at the time of its introduction. What has been happening over the course of time is a slide backward with the federal government not accepting its responsibility in the partnership with the provinces. It has shirked its responsibility to the provinces and to Canadians.

As a result, the provinces have had to make cuts elsewhere to keep the dollars in health care so they can provide whatever services they can for their constituents. Other areas have suffered and the municipalities have had to pick up the slack, all as a result of the federal government not accepting its responsibility as part of the partnership.

There is no great mystery to this. When medicare came in, 50% was the agreed upon figure. We were going to do this half and half and each accept responsibility. Nowhere in the course of time, as the federal government was backing off from its responsibility, did I hear it tell us we would get back all those tax dollars because we had to take on the extra responsibility. Not a chance.

The federal government, first under the Tories and then continuing with the Liberals now for 10 years, has shirked its responsibility. It did not give increased dollars back to the provinces for health care. It continued to cut and kept the tax dollars. I do not want to remind Liberals but they misused and wasted those tax dollars in numerous instances as we have seen and then have said we cannot afford health care. That is not true.

Canadians are willing to support our medicare system. They strongly state they want a not for profit system. Health care is still the number one priority in Canada. I would be willing to say that probably 90-some per cent of Canadians want to see a not for profit system because they recognize no one should profit from health care.

I have listened to the Prime Minister time and time again say that nothing is being breached in the Canada Health Act. The Prime Minister has found the tax loopholes in our tax legislation. He has even put some loopholes in place so he can benefit or his companies can benefit, and some of his corporate friends can benefit. People have now found loopholes within the Canada Health Act to bring in for profit health care. It is not acceptable.

• (1135)

Canadians should not just ask the Prime Minister or the Liberals in the upcoming election if they support our medicare system. Do not ask them that. Canadians should ask them whether or not they are going to allow for profit health care. Let us get right down to the bones of the issue. Are they going to allow corporations to profit from someone's ill health?

I did not have the opportunity see the movie *John Q* until just a few weeks back. Quite frankly, I think it should be required watching for all members of Parliament, just to remind us of the sickness within a system that does not provide treatment because someone cannot afford it. There is a sickness in a system where for profits, under HMOs, do not provide services because people are not worth it, where we do not want to put the money into doing tests to ensure that they are going to be okay, where they are not valued enough that they deserve to have the same health care as everyone else because they do not have the money.

This is required reading for members while they are off, or if anyone has not seen *John Q*, take the time to watch it just to be reminded of the sickness of that kind of system, a system that will be pushed by the Liberal government.

Anyone, any group, or any party that does not come out strongly saying that they will not allow for profit health care in Canada does not believe in something that Canadians value dearly, and that is a not for profit medicare system.

The dollars are there. I do not think it is a matter of taxing Canadians more, quite frankly.

What it does mean is the federal government accepting its responsibility, accepting its share of the load, instead of pushing it on to the provinces who then push it on to the municipalities. Then, when things get tough, people say that they can afford this, so if they pay for it, then maybe they would get the treatment elsewhere. That whole system has proven false. It does not work.

There are numerous studies that indicate that for profit care does not provide better care. I will mention one case because we have so many cases of dialysis within my riding. Our aboriginal population, with the type of living conditions that it must put up with over the years and over the course of time, is not able to live in its traditional lifestyle. The dietary products that are there do not always promote a healthy lifestyle, and as a result, we have huge numbers of aboriginal people on dialysis.

Supply

A study comparing for profit and not for profit clinics in the U.S. found dialysis patients were more likely to die in a for profit clinic. That is a scary thing within a riding that has huge numbers of aboriginal people on dialysis. It is scary that the Prime Minister and the government are not coming out against for profit health care.

A good number of aboriginal people in my riding are going to be the victims of the government's policy on health care unless the Prime Minister, the cabinet, and Liberal members—and I hate to bring my colleagues from the Conservative Party into this but they do not often come out there saying they do not want not for profit either—are willing to take a stand. We are jeopardizing the lives of Canadians, and in the case of for profit dialysis, a number of first nations people in my riding. That is not acceptable.

In conclusion, I want to congratulate my colleagues from the Bloc. I encourage everyone, over the next week, to take the time to watch *John Q* and think about how shameful it would be if we were to allow that kind of system within Canada.

• (1140)

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, I would like the member to clarify for me the role of the private sector in the public health care system.

In my Saskatchewan riding, the hospitals were built by the private sector. The architects involved in designing the hospitals were in the private sector. The ambulance service is owned by private entrepreneurs. The doctors' offices are privately owned. The uniforms worn by the people who work in the hospital system are made by the private sector. The diagnostic equipment has General Electric, Hitachi and things along that line written on it. When we leave the doctor's office, we go to a private pharmacy to get private drugs.

It has occurred to me that if all these things were eliminated from our health care system, we would have some problems in this country. Is the member from Churchill proposing that all these sorts of things, that are clearly private sector in the existing system, be abolished, banned and eliminated from the system?

Mrs. Bev Desjarlais: Mr. Speaker, I certainly do not have any problem in commenting on each and every one of those instances.

If there were dollars within the system to allow additional programs to be looked after through our health care system, I would say by all means we should be including them within a publicly provided, not for profit system.

As the originators of medicare in Saskatchewan maintained, we have to be able to support our social programs. We in the NDP believe that to this day. What is not acceptable is that under the Conservative government a change to patent legislation was initiated which has allowed the greatest increase in health care costs in this nation, if not everywhere and that is on pharmacare, on prescription drugs. The for profit companies, and I will say it, have literally colluded and ripped off Canadians. They have been fined for doing so.

The same companies are now arguing about not providing meds because of Internet services to the U.S. One of those companies was involved in a scandal that ripped off millions from consumers.

Yes, quite frankly, home care should be provided, ambulance services should be provided, pharmacare should be provided, if we can afford it. If that time comes we should be starting to move on those things. Certainly we should find a process to provide cheaper prescription drugs for seniors throughout this country. They fought for this country. Some paid with their lives. We are not promoting and supporting them and they did it for us.

[Translation]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I would also like to congratulate the Bloc Québécois for addressing the very important health issue. When we look at the facts, we find that health is definitely one of the top priorities of Canadians.

As I have often said in the House of Commons, you can go to the veterinary clinic today and not find a single dog or cat in the corridors. I have already told the story about the dog that had to have an operation. It is a story that appeared in the Quebec newspapers. Before operating on the dog, the vet phoned the owner to let him know that the dog was going into the operating room. He phoned him back during the operation to tell him that everything was going well, and he phoned him again after the operation to say that everything was OK.

In our health system, some people have been waiting four months to receive cancer treatments. That is what I learned last night while watching *Le Point*. This is ridiculous, unacceptable and inhuman.

I would now like to ask my colleague a question. What does she think of the fact that in the Speech from the Throne, the government did not even mention the Romanow report? The government paid a group of people to examine the issue of health, but the Prime Minister did not even bother talking about the report.

[English]

Mrs. Bev Desjarlais: Mr. Speaker, I want to thank my colleague for bringing that up. In the course of 10 minutes we cannot fit in everything we want to mention.

There is no question, the throne speech was only a verification of the government's failure to support a publicly funded, not for profit health care system. In the throne speech, the absolute commitment made by the Prime Minister was, "Corporations for profit, I am going to let them happen".

The former prime minister, Mr. Chrétien, failed to implement Romanow in any way, shape or form. The present Prime Minister is no different. He has not come out and said that we are going to make sure that for profit can exist. There is no difference.

• (1145)

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, it is a pleasure to give my comments on the motion before the House and to discuss it with some sort of intelligence, hopefully.

When looking at the problem with health care, we have to ask ourselves how we have found ourselves in such a mess. Health care is the number one priority of Canadians. There is no question about that.

The real challenge in health care is to look ahead at the next 40 years and discern very intelligently and soberly how we are going to sustain the system. In a few minutes I will talk about the kind of shape the system is in right now. In looking ahead, how are we going to sustain it over the next 40 years? A demographic bubble is about to hit the system. The population is aging and is crowding in on the 65 years of age range. We understand the difference in health care costs. The health care costs of someone between 40 and 65 years old are about \$4,000 or \$4,400 a year. When we compare that to the health care costs of someone between 75 and 85 years old, which are about \$14,000 a year, we understand that a massive problem is going to hit our system.

Consider the costs to our health care system in the next 30 or 40 years because of the demographics of our nation. One might ask when that is going to change. When we look at the numbers and do the math, we will see that the bubble does not start breaking until the year 2041. That is when it will really start to break, where there will be some sort of relief and we will start going down the other side of the bubble. It is a large bubble and it is going to be there for a long time. The intense pressure on our system will increase progressively over that 40 year period. We have to understand that in the context of this motion and where we are going in health care.

For a realistic look at where we are in Canada, we must couple that problem with the massive obesity problem in our youth right now. One-third of our youth are obese. We understand from the Heart and Stroke Foundation that those same individuals will have heart and stroke problems between the ages of 30 and 45 years instead of between the ages of 50 and 65 years. That problem will hit the system and double the problem created by demographics.

There is also the diabetes problem in first nations and right across the country. It is expected to double over the next decade.

We could go on and on and point to the problems in the health care system in Canada. I am trying to lay before the House an idea of what we are heading into in the next 40 years. I implore every member of the House to soberly look at how we can solve this problem. How can we sustain a publicly funded system where, regardless of ability to pay, we will have services for every man, woman and child in this country? That is the question. That is the problem. That is the challenge before the House. In light of that, let us look at where we are today and how we got here.

There are one million people on waitlists in this country. One million people cannot get in to have services. Many people die while on those waitlists. For many people, their muscles atrophy and degenerate to a state where they cannot have the operation or the service when the time comes.

There is a serious problem when we look at the number of doctors and nurses who are able to look after a society of 31 million people. A study within the last year revealed that 75% of general practitioners are not taking on any more patients. They are strapped and will not look after any more patients. In fact a survey within the last year said that 45% of those physicians are at an advanced burnout stage. They are burnt out to the point where not only are they not taking on any more patients, but they are ready to throw their hands in the air and walk away from their practice. There is emotional exhaustion within our health care system.

Supply

Those are just the doctors. Let us look at the nurses and see how they are doing. The stats indicate that we need 110,000 new nurses within the next decade to fulfill the needs of Canada. The sickest workplaces in our nation are within our hospitals. They are the ones who take the most amount of sick time. They take the most time off because of the emotional strains in their workplace and the amount of time they are stretched.

How did we get here? We got here because of a prime minister and a finance minister, who is now the Prime Minister. He was the finance minister in the early and mid-1990s. In the four year period 1994-95 to 1998-99, he sucked \$25 billion out of the health care system alone.

● (1150)

We see what that caused. At the time it caused massive reductions in the health care system. The provinces have the mandate to deliver health care. They have the actual obligation to deliver health care.

I know quite a bit about that because at that time I was chair of a hospital board and went on to sit on the regional health authority. I remember going to a round table where we sat for 30 hours discussing how we were going to be able to deliver on health care provincially. We had to remove \$900 million out of the budget in one single year and we were debating how we were going to do that and still sustain a system where 80% of the system was made up of human resources.

In Alberta at that time, which was unprecedented, the recommendation was to lower every salary within the system by 5%. That is what happened in Alberta during that period of time. We saved the system, we saved the budget on the backs of those health care workers.

It is a deplorable situation when we see where we are at and why we are there. It comes down to one individual. It comes down to a finance minister who is now the Prime Minister. Unilaterally, which means without discussion, without consultation with the provinces or any of the health care professionals, he decided to pull that money out of the health care system. We have wandered that way for a decade and here we are in a situation where the health care system is in crisis.

It is unprecedented when the premiers of the provinces get together and collectively pool their resources to put \$1.5 million into advertising that the federal government is not putting its fair share into the health care system. It is unprecedented that taxpayer dollars from one order of government have been used to advertise and push another level of government politically. I do not think we have ever seen that before in the history of Canada. That gives us an indication of how things are stretched.

Supply

Before the House gets the idea that all we need to do is add more money to the health care system and all things will be well, we should understand a little about how we compare with other nations. Of the 24 developed nations in the world, of which Canada is one, we rank third in the amount of money per capita we spend on health care. If we factor in the age of Canadians, which is actually quite young in comparison to some of the other countries, we rank number one as far as the number of dollars put into health care per capita.

If we think that we can just throw money into the health care system and we will solve all of its woes, we are fooling ourselves. That is not the case.

That is why I get so upset when I see things such as the last throne speech. There was not any reference to the Romanow report. Perhaps we can understand why that was not there. Studies were done over the last decade by the government. By the way, there was \$143 million worth of studying of health care in the last decade. It is not so important that we did the studies, but what is important is what came out of those studies. What did we really do?

A little over a year ago the premiers and the Prime Minister signed a health accord to deal with the problems that are plaguing our health care system and how to put it on a sustainable path. It is really interesting that what we hear right now from the provinces and the federal government is that it is all about the dollars, it is all about the money.

This motion is all about the money. It does not talk about all the failures in the health accord. I would like to look at some of the things that were talked about in the health accord because some of it was pretty good. It talked about restoring funding to the core health services, which we agree with. We should restore that. In fact, we fought the last election on adding a sixth principle to health care, which is stable funding.

• (1155)

Actually that should be deemed the former finance minister's principle and the present Prime Minister's accord. That is what it really should have been called, because that is who pulled the money out of health care and removed the stable funding so the provinces were not able to deal with their budgets. The money that goes to health care is now crowding in on 50% of their budgets. We wanted to restore that.

The second thing we wanted was flexibility for the provinces so they could implement the new services that were coming in with the health accord: catastrophic drug coverage, home care and palliative care. We have to understand that there is a lot of difference between home care in downtown Toronto and home care in the outback of Saskatchewan. Provinces need to have the flexibility within the system to be able to deal with those differences. We were able to achieve that in the health accord.

We had to deal with the flexibility of delivery within the public health care system. The system itself has to have enough flexibility within a public umbrella. If we are going to have a single payer system we must have the flexibility to be able to create competition within that system to make it sharp and accountable and to make sure we are getting the best bang for the dollar, because we are investing a tremendous number of dollars in health care, \$121 billion a year. We

have to somehow make sure that we are using those dollars, that we are policing those dollars, in the most efficient way that we possibly can.

We have to stop this nonsense of talking about who is giving what. We have to clear up the numbers on the dollars in health care. In the health accord, it was a dedicated health transfer rather than the CHST, which means health care and social services as well as education under that umbrella. Everyone was accusing the provinces of using different numbers for health care, social services and education. Let us clear up those numbers. We got that and we are really interested in seeing how it breaks down in next year's budget as we see the split between health care and social services and education.

Those are the things we asked for and got in the health accord, and with which we agree, but there are some other things they have missed in the health accord. It is really interesting that when the premiers sat down on the Friday just before the Monday of the throne speech, the discussion was all about the \$2 billion. It was not about the things that were promised in the health accord over the last year and were not accomplished. I would like us to consider some of those things because that should have been part of the discussion. That should be the discussion here now.

Why is it that one order of government sits down with another order of government and they agree on an accord, do not accomplish what they say they were going to do, and yet there is no debate and no discussion about it a year later? One of those things was a minimum basket of services for health care. That was supposed to be done by September of last year. We have to ask ourselves why we are not discussing that. Where is it? What happened to it? We still do not see it.

What happened to the common health services performance indicators that were promised for September of last year? How come that did not take place? There is no reporting of that out of discussions at the first ministers meeting with the Prime Minister here a few weeks ago. There was no discussion whatsoever about some of those failures.

There was no discussion about the Health Council that was supposed to be set up last May. It finally came to us in November, but two provinces are not entering into it so obviously we are not getting a lot of support for the council.

There was supposed to be some reporting on a health reporting framework for aboriginals. What we saw in this last week was a complete failure to discuss that. In fact, they pulled away from obtaining the reporting for aboriginals on their health care. We have to understand when we are looking at the aboriginals that this is 100% a federal jurisdiction. It is not that we have a problem between the provinces and the federal government on a clash about whose responsibility this is. This is 100% a federal responsibility, yet we are still not seeing that happen.

Supply

There is no progress on the catastrophic drug coverage, which was part of that health accord. In fact, if we really look at the words of the former minister of health, she said that they have not even started thinking about that whole idea of catastrophic drug coverage. That was back in November. Today there is a new Minister of Health and I am sure that has not progressed at all.

• (1200)

It is really interesting that we do not talk about some of those things, about the unfinished business. It really is something when we start looking at the whole dilemma in health care. When we look at the problems in health care and the challenge going ahead into the 21st century, we see how the debate is all wrapped around just the dollars and cents. We do not even get to how we have to change the paradigm in health care away from this health care system that we have almost made a sacred cow. We should be changing that focus and putting it on the patient. If we do not put the patients first and build a system around the patient's needs in the 21st century, we will fail to move forward in making the health care system sustainable.

It is very important that as we go ahead we understand some of the problems, some of the challenges and some of the opportunities we have. When we look at the motion, we see that really it just calls for more money. As has been described earlier, we need more money, and we need to have a working relationship with the provinces and the federal government. We have to make the federal government responsible for its part of the health care budget.

I am not 100% convinced that the motion is accurate when it states that we should just put in 50% of the surplus, because we do not know what the surplus is. People can manipulate dollars and cents and money in budgets very easily, so I am a little nervous when I see that this is the way we are supposed to proceed in the future with regard to health care funding. We believe in stable funding so that provinces know exactly what they are getting and why, and what we expect them to achieve with that money.

This is the other link that is not part of this motion and discussion. The discussion is just about how to throw more money at the system and that will fix it. That is an illusion. That will not happen. That will not solve the problems as we look ahead into the 21st century. When we look at some of the other problems with health care and the health of a nation, we have to look at some of the other solutions, not just money. We have to understand that there is a large, dark hole in health care and the more money we throw at it the more money will be consumed.

We have to put more onus on the individual patient, the individual Canadian citizen who is paying into health care. We have to look at more prevention. We have to understand that the health of a nation is wrapped up in more than just health services. A good job and the wealth of a nation are part of it, as is how we educate people on how to eat and exercise.

We need to look upstream, we might say. This has been talked about a lot in our health care debate. We need to look upstream so that we catch people before they become ill, so that we prevent them from becoming ill.

We have to look at natural food products. I am amazed when I see what is actually happening with the recent development that we will

allow marijuana for medicinal purposes in this country with no research, no validation or product of choice whatsoever, yet we will stop natural food products, just vitamins and minerals, from coming in from the United States.

I cannot for the life of me understand where this government is coming from on that issue. On the one side, we see the damage that is done by marijuana use in this country and how devastating that is to our society, while on the other side natural food products have never hurt anyone. They are only for health. We have individuals who are saying they absolutely must have those products, yet Canada is determined that it will not allow them to come in.

The other problem is that the highest and rising cost driver of health care is medication. Adverse reactions to medications in this country are at an all time high. It is unbelievable. Somewhere between 15,000 and 30,000 deaths a year in Canada are due to adverse drug reactions. It is a study that the House of Commons health committee has initiated. I have pushed this in health committee. We have worked hard at it. In fact, a couple of weeks ago the House actually passed my motion asking for 48 hours' notification for adverse drug reactions so that we can actually deal with the problem of drug reactions.

Just putting more money into more medications is not the answer. A study that came out last week said that alone our seniors consume \$1 billion more in medication than is necessary. They should not be using these drugs at all. That is \$1 billion a year for 31 million people, but when we talk about it being just the seniors, we get a picture of just how many drugs they are consuming that they should not be.

• (1205)

It is said that the largest user of pharmaceutical drugs in our country is the wastebasket. We have to really get a handle on where we are going. This is the number one driver of costs in our system, so we have to look at some of these ideas as solutions and not just at the idea of throwing money at a system to solve a problem. It is much deeper than that. If that were the problem, we would have solved it a long time ago. We cannot let either order of government off the hook by just saying "let us give them more money" so that politically they are safe. That is not the solution in the long run.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I talked a little while ago about the importance of the health care issue. I would like to make a comment on looking at the money and not the answers. Many times, money is the answer. I would like my colleague to remember that health care was doing much better before 1994 when all the cuts to EI were made. We did not have people waiting in the hallways then.

It is like taking a bicycle wheel and breaking some of the spokes. If we start to do that, would he agree with me that things will start to go bad? And then they get worse. That is where we are today. We missed it right from the beginning when we started to have the cuts to EI.

Supply

Let us look at governments around the world. Let us look at the United States, which can send machinery to Mars. There is money in the world. It depends on how we want to use it.

I really believe that if we had money we could do something. The problem happens when the money is there but the right priority is not set. Also, we do not want to give that money to the private sector so that it makes money on health care. I disagree with people making money on people's health, where children and poor people will have a hard time getting to the hospitals and all of that.

If the Conservative Party had a choice of spending money on star wars or spending it on health, what would it choose? I think my question is pretty straightforward. I do not believe in war. I would like to see what the Conservative Party believes in. Health care or star wars?

Mr. Rob Merrifield: Mr. Speaker, I thank my hon. colleague for his question, but really it is a no-brainer. When it comes to star wars or health care, health care gets the nod, but I do not believe the star wars program being proposed is really going to consume a lot of money. Probably we have spent more on the sponsorship scandal, but let us not get into the actual numbers on that.

I think the member brings up another point. He said that really the spokes did not fall off the wheel until the early 1990s, when the money came out of the system. We have to understand the ideology at that time, which was that the drivers of costs in health care were doctors. The ideology was to get rid of the doctors and get rid of the costs. That was false at that time and the doctors said so. They said that in a decade we would be running into big problems. Here we are, running into big problems.

At the same time, when we pulled those dollars out we lost a tremendous number of nurses and doctors to south of the border and to other countries, for two reasons: number one, because of the stress of the jobs, and number two, there were not the jobs because they were just shut down.

It was our youngest, brightest and best who went south of the border because of the seniority of the unions within our hospitals. Now we have the older nurses, who actually at the time were very good nurses but who are getting to the place where they are burned out. They have to leave. That multiplies the problem as far as human resources is concerned.

There are two fundamental problems in our health care system today that have to be addressed. They are the wait list and the human resources shortages. They are actually coupled together. Obviously more money will help, but not just more money for no reason. We have to put in more money for a reason and we have to be able to make sure that the provinces are not let off the hook, because they are also political animals, one might say. The easiest thing for them to do is to throw money at the problem so that all things will go away.

We have to put health care on a sustainable course, so we have to drill deeper into some of the problems and look at some of the solutions. We have to see where the money is actually going and make sure that we have enough accountability within the system to be able to drive it. If we fail in that, we will lose our system, and that is not what the Conservative Party wants at all.

● (1210)

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, I commend the member for Yellowhead for reminding us of a few facts. I think history will say that the approach of the current Prime Minister and past finance minister in dealing with fiscal matters was to take care of his friends and special interest groups. I think history will say how he used a slash and burn method of balancing the books by targeting things like health care, which we are paying a big price for today. People have to remember that.

I commend the member for bringing up the questions of sustainability and demographic issues. They are serious concerns.

I just read a report of the International Monetary Fund on the sustainability of our programs. It quantified and calculated every country's unfunded liabilities and added that to our existing debt level. Under its calculations, Canada moved from 40% of GDP to 400% of GDP. Look at all our unfunded liabilities: pensions, aboriginal commitments, health care commitments and so on. To me, this should be a major challenge in the forthcoming election. We should be discussing how we deal with those kinds of problems.

Has the member for Yellowhead seen any glimpse from this new Prime Minister that he is even aware of this problem, let alone proposing ways in which we can make our social programs sustainable with these huge challenges facing us, because I just do not—

The Acting Speaker (Mr. Bélair): Order, please. I think the hon. member has made his point.

The hon. member for Yellowhead.

Mr. Rob Merrifield: Mr. Speaker, I will use the present Prime Minister's own words in answering that question. He stated, "If you want to know where I am going, look at where I have been. My track record will prove to you where I am going". If we apply that to health care, it is a very scary thought when we look at the Prime Minister's health care record. He was the finance minister that unilaterally cut it, without any discussion. He was pulling money out of health care while at the same time giving out \$16 billion in grants and contributions. It was not a matter of not having the money. It was a matter of priorities not being set appropriately. That is the shame of our health care. That is a legacy of this Prime Minister.

We have had two prime ministers in the last year, the past prime minister who was looking for a legacy, which might end up being a scandal, and the present Prime Minister who has a legacy in health care, which is just as bad. People are dying because of health care decisions that were made in the House a decade ago. It is unfortunate.

Let us see if we can reverse it. Let us see if we can put our health care system on a sustainable path in the 21st century. To do that, we have to put the patient first and build a system of accountability around that patient.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I thank you for giving me the opportunity to speak to this important motion introduced by my colleague, the member for Joliette. It says:

That, as the federal government's 16% contribution to health care spending is clearly inadequate, this House urge the government to invest at least half the current year's surplus in health care, over and above the \$2 billion already promised, in order to achieve as rapidly as possible the stable 25% federal contribution called for by Quebec and the provinces.

This motion is one of the most important motions that we have had to deal with here in this House, for several reasons. The first reason is that, for the public, and this is true in Quebec as well as in Canada, health care is the number one concern and priority.

The worst thing about this whole saga is that, when cost-sharing programs were started in the 1970s, there was talk about a fair share between the provinces and the federal government. Indeed, before the establishment of the Canada social transfer, which came about because of cuts ordered by the former finance minister, who is now the Prime Minister, all programs that existed, whether the social assistance program, the health care program or the distinct education program, had been signed between the federal government and the provinces on a 50-50 cost-sharing basis.

However, in the 1970s, this proportion started to be reduced. When the three distinct programs were changed into one transfer, that being the Canada social transfer, the then finance minister, who is now the Prime Minister, started to make more cuts in social and health programs. Thus, today, despite the one-time payment of \$2 billion that will be made for health care, the federal government's contribution is only 16%.

It is not because the federal government does not have the means. It has had the means since 1995. The federal government is recording higher and higher surpluses each year. The federal government, through the former finance minister, now Prime Minister, and the current Minister of Finance, is like a broken record saying year after year that there is no surplus this year or a very small one and that times are tight. That has been the message since 1995. Since 1995, there has been no respect for the public. Since 1995, tales have been told both in and outside the House about the size of the surplus.

This year again, the surplus for fiscal year 2003-04 will be several billion dollars. For this year alone, there is talk of \$8 billion. If we subtract from this the \$2 billion promised as a one time payment for health, there is still a \$6 billion surplus.

What can we do with this \$6 billion? That is what we are proposing today. We should take half of this \$6 billion amount, or \$3 billion, and give it to Quebec and the provinces, so they can respond to the number one priority of Quebecers and Canadians.

The federal government cannot claim that health care is a priority and, at the same time, not pay its share, its fair share, of health care funding.

The federal government has abandoned the sick. If there are serious problems in health care across Canada, it is because of the federal government. A few days ago I read that 10,000 women in Quebec with breast cancer are suing the Quebec government because they were not treated in time.

The Quebec government is not to blame, but rather the federal government, which slashed transfer payments and did not allow Quebec or the provinces, which are responsible for providing health

Supply

care, to provide adequate health care to these 10,000 women with breast cancer. That is the reality. The federal government has abandoned the sick.

● (1215)

Even with the increase in the rate at which the federal government is raising the amount of its transfers for health care, we will never get to the 25% required by all provinces. The provinces are unanimous on this. The 25% level will never be reached unless some mechanism is put in place like the one in the Bloc Québécois motion, which would make it possible to pay half of the surplus year after year to Quebec and the provinces. It would take several years before the 25% level would be reached. Neither we nor the public are asking anything unreasonable.

The funds administered here belong to the public. Nearly all taxpayers feel that health care is the number one priority. If that is the case, there must be a system like this one put in place. There will be money, both this year and next. The federal taxation system is such that there will be a surplus year after year. One need only look at the taxation structure. Federal income tax, which is the major source of public funds, is where there is the highest growth year after year.

As far as Quebec is concerned, the bulk of individual taxes go to the federal government. The split is 60-40, so if 60% of something that is growing so rapidly goes into the federal coffers year after year, this means that the surplus is growing year after year. This is a structured system, and is the reason we say fiscal imbalance must be settled. This is not some sort of spirit vision; fiscal imbalance is not something virtual, but reality.

The fact that there is a fiscal imbalance is proof that the federal government has too much money compared to its responsibilities. The governments of Quebec and the provinces do not have enough compared to their fundamental responsibilities. These include health, education and income security for the disadvantaged. It does not require a PhD to understand this.

Yet we have been calling upon the Prime Minister since 1995, since he had the great idea to just push a button and create a system doing away with the need to come before the House of Commons every year to justify the slashing cuts made to federal transfers for health, education and social assistance. We have been saying this for years, and we are saying it to him here again today.

Now it is not just the Bloc Québécois who keep telling him this. All the provincial premiers are saying the same thing; it is unanimous. The public is dismayed and so are the 10,000 women with breast cancer who did not receive proper care because of the drastic cuts made by the former finance minister, the current Prime Minister.

Supply

At the rate things are going, with the aging population and health costs increasing by 5% to 7% a year, health spending is going to have a stranglehold on the finances of Quebec and the provinces. While surpluses are going to be accumulated and bragged about here, the provinces will have a terrible time providing quality care. This is going to get worse every year.

The federal government has abandoned the sick. We would not mind so much if the government had the courage to respond to the needs of the public, if it listened to the cries of distress from the sick in Quebec and Canada. We would not mind so much if the Prime Minister rose and said that he had made a mistake and that now we are going to rethink federal transfers and look at 25% or more because we made a mistake in the past. We have caused the health care system to deteriorate.

Having itself caused the health care system to deteriorate for years, the government is calling for universal health care. What fine principles. The provinces are being undercut and yet they are being asked to meet all the criteria of the Health Act. What we are going through right now is completely inhuman. This government is more than just deaf and blind; the pathology is much deeper than that. It does not know the first thing about the public's real needs.

Not only has it abandoned the sick. The federal government has abandoned everyone, all the stakeholders, all the sectors with the greatest need. The unemployed are one example.

● (1220)

Less than 40% of these people qualify for employment insurance benefits. Why? It is once again because of the drastic cuts in the employment insurance program and because the criteria set by the federal government were tightened up. This tightening up is the work of the former finance minister and current Prime Minister, who puts a hand on his heart when he is talking about the poor.

He should stop talking and start acting. He has the means to act, but he does not. In fact, he does act: over the past few years, \$45 billion have been stolen from the employment insurance fund. This is money that did not go to the unemployed. Is the government not abandoning the unemployed?

Also, we have been saying for years that seasonal workers are directly hit, that the federal government is destabilizing the regions with this employment insurance program, that the spring gap is creating havoc in rural communities across Quebec and Canada. But the government is still turning a deaf ear. It has abandoned the unemployed. Not only has the government abandoned them, it stole the money to which these people were entitled to cope with the loss of their job.

The government also abandoned our seniors. For a number of years, it did not tell them about the guaranteed income supplement. It made things so complicated for seniors to qualify for that program that several thousands of them did not benefit from it, and this situation lasted several years.

Fortunately, my colleague, the hon. member for Champlain, rose one day to condemn this situation. He toured Quebec to hold information sessions for seniors, tell them about the program and explain to them how to get the supplement. In fact, Bloc Quebecois

members from all over Quebec helped find those seniors who were not benefiting from the program but qualified for it.

In the riding of Saint-Hyacinthe—Bagot alone, there were 1,360 seniors who could have benefited from the guaranteed income supplement. The Bloc Quebecois, myself and my office staff did a blitz in that riding to find the poorest of those seniors who qualified for the guaranteed income supplement. We found about 70 of them who later received payments of \$4,000 or \$5,000. For these people, that money makes all the difference between extreme poverty and relative poverty or relative wealth.

Nobody had told them about these programs before we did. Nobody, except the Bloc Quebecois, had helped the most vulnerable seniors in our society get this guaranteed income supplement.

Things have changed since that time. Understandably, with all the scandals plaguing the government, it finally decided to do something. However, it took months if not years to make the government understand that some of the most disadvantaged seniors in our society are being shafted.

The other day, I was listening to Jean Lapierre who was saying that he remembered being wined and dined by Mr. Lafleur, from Lafleur Communications, who is involved in the sponsorship scandal after having received hundreds of thousands of dollars of taxpayer money for a job that was never done. I heard him say that he was served very good wine at Mr. Lafleur's, who will soon be accused of corruption. He talked about a Petrus or a Bordeaux Premier Grand Cru, at \$5,000 a bottle.

Do you know what I would have done in my riding of Saint-Hyacinthe—Bagot with \$5,000? I would have helped a senior who is now living in poverty by giving that person a chance to have a higher standard of living. But, in one evening, Mr. Lapierre drank that bottle offered by Léon Lafleur, a product of corruption.

The Prime Minister always sounds very sincere when he talks to us about poverty and the most disadvantaged in our society, with his chief organizer in Quebec, Jean Lapierre. Mr. Lapierre is having nice meals washed down with Petrus and Bordeaux Premier Grand Cru at \$5,000 a bottle while we are out there looking for some of the poorest seniors. Is that fairness and social justice? It is outrageous.

The federal government has abandoned seniors, but that is not all. It has also abandoned farmers throughout Quebec and Canada, including those from the ridings of Saint-Hyacinthe—Bagot, Drummond and Verchères—Les-Patriotes who come to our offices to tell us how desperate they are.

● (1225)

As former chief economist for the UPA, I am seeing for the first time such a widespread and profound crisis in all sectors of agriculture. This is the most important economic sector for Quebec, along with agri-food.

This is first time I have seen such a profound crisis. Grain prices for producers have bottomed out for the past five years. Why have they bottomed out? Because the Americans are heavily subsidizing grain exports around the world. They are pushing down international prices, and we are the ones suffering.

At the same time, the federal government is slashing subsidies to producers. This means that the agricultural industry is being destroyed, and we can no longer compete with American subsidies. That is the reality.

While we were taking the high road and saying, “We must respect WTO agreements, etc.”, the Americans were not and they are kicking us out of the market, with the federal government's help and our taxes.

The cattle industry is a victim of the mad cow crisis. The cull cow industry is another victim of mad cow. I do not know how many times I have heard the government tell us, “We are going to provide funding. A new program is coming”. Not one cent has gone to farm families since these announcements were made.

Since last year, the price of beef has dropped 74%. I invite members to find me an individual, producer or manufacturer in any other economic sector, capable of surviving a similar disaster. Prices have dropped 74%.

Now, the federal government is introducing programs. Not one cent has gone to farm families in Quebec or elsewhere in Canada. These people are in crisis. This is the first time there has been such a profound crisis since 1982, when interest rates climbed above 20%. This is the first time there has been such a serious crisis. At the same time, announcements are being made, not one penny has been paid, and families are the ones suffering.

Once again, the beef and dairy sectors in Quebec and the rest of Canada are being dismantled, because of the government's inertia. When one looks at the amounts being offered in the programs of the federal and provincial governments, it is clear that they cover barely 50% of the losses being suffered by producers selling beef cattle and cull cows.

With respect to cull cows, the latest federal program does not even take into account the rate of replacement in the dairy sector. They talk about a 16% replacement rate, while in reality it is 25%. There is a 25% turnover in the herds each year. There is no compensation for this. Not even half of the losses are covered by the new programs.

If we look at the entire agricultural sector, we see that there is no logic anymore. Since last year there has been a decrease of 54% in net farm income, which never was very high. That is net income, the income that remains after paying all the costs of production. That net income fell by 54%. Debt, on the other hand, keeps growing.

I know why. In a situation where prices are so low that there is no income, self-financing becomes necessary in order not to be outstripped by the competition, and farmers end up with a debt load that has been growing exponentially in the last four or five years.

And what is the federal government doing right now in the agricultural sector? It is trying to ram down Quebec's throat an agricultural policy framework that Quebec does not want. In

Supply

Quebec, we have income stabilization programs. We have funding programs.

We have—with La Financière agricole du Québec—redefined all types of intervention. And now the federal government comes in and throws its weight around, and because the farmers are in a state of disarray, it threatens them, “If you do not join the agricultural policy framework, if you refuse it, you will not have one cent of federal money”.

It is the taxpayers' money. The farmers have been abandoned and, moreover, this policy they do not want is being shoved down their throats.

In fact, and I will end with this, the only ones not abandoned—since the federal government has abandoned the sick, the jobless, the elderly, the farmers, the 10,000 women with breast cancer—were the ad agencies, the friends of the government, who received hundreds of millions in the sponsorship scandal. Likely a sizeable portion of that found its way back to the Liberal Party of Canada's slush fund.

People will remember that. They will remember. They will also remember that the Prime Minister maintained a tax treaty with Barbados, a shameful thing which has benefited the billionaires of this country, who transfer capital there in order to avoid paying taxes.

• (1230)

He himself transferred management of CSL International to Barbados in order to not pay a cent of tax, or very nearly, about 2%. People will remember that. They will remember that he himself introduced a bill in 1998, Bill C-28, which has saved him \$100 million in taxes since then. They will also remember that, during his watch, \$161 million in government contracts went to CSL, and they will realize what kind of government we have here. It is corrupt through and through.

While the public, the disadvantaged, the elderly, the sick, the jobless, those who are in desperate straits, have all been abandoned by the federal government, the agricultural sector is also in a desperate situation. We will fight until we drop to make the government see some sense and behave honestly. It is high time it did.

[*English*]

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, it is a pleasure to speak on the motion and outline some of the areas that we are addressing in health care.

I must say that the way the motion is put forward by the Bloc Québécois contains patently wrong information. By claiming that there is a 16% contribution, the Bloc perpetuates this misinformation by only speaking of the cash transfers to the provinces.

The fact of the matter is that health care transfers to the provinces are much more than cash transfers. They are tax point transfers as well as some of the other special programming that the Government of Canada put in place over the last number of years.

Supply

●(1235)

The motion fails to mention the tax points transferred. The motion fails to mention the health care budget. The motion fails to mention the health equalization expenditures and the new direction by the new Prime Minister. The motion as well fails to mention what the Prime Minister just announced recently, and that is the \$2 billion increase in health care moneys being transferred to the provinces, following up on the commitment made by the previous prime minister and the previous government.

Let me go back to some of the points that were carried through from the throne speech of the year 2000. When the government came into being, the Romanow report was just finishing up and it was done to try to find some of what was wrong with our health care system. Of the massive amount of dollars being spent federally and provincially across the country, health care was seen as a priority but we needed to do things better. Therefore, the government put in place the Romanow report, and of course there was Senator Kirby's report as well.

Coming out of that were some health reform packages which were announced in the 2000 budget. One of them was the comprehensive health accord with first ministers to renew Canada's health care system. That was done. Very positive things came out of that health care accord, and it was a very positive meeting with the first ministers. That has moved the country forward in doing a better job on health care.

There was the national summit on healthy living. There are compassionate care benefits for people caring for gravely ill family members. That also contributes to health care, but of course it is not mentioned in the numbers from the other side. They do not want to talk about good news stories. They want to perpetuate the misinformation out there, which is being fostered by the provinces. They tend to get into this federal-provincial debate of it being our fault. The provinces do not want to take responsibility for some of the financial matters. They want to blame the federal government.

An hon. member: You're blaming it on the provinces.

Hon. Wayne Easter: The member opposite says I am blaming it on the provinces. I am not. I am just outlining the facts. I know members in the Conservative Party, and I will get to some of their platform in a minute in my remarks, do not want to talk about the facts because when the facts are outlined, then this government comes through in shining colours. The other side does not want to hear that.

Relating to health reform, was the pesticide legislation. It also assists in health care, more from the preventive side. We have done a lot for children and families. In my previous responsibilities we had the national crime prevention strategy. When we deal with children at a young age, from the preventive side, we save the health care system all kinds of dollars. As a government, we have carried that out very extensively. We have been there and have put in place programs for children and families.

Let me get to some of the specifics on the dollar amounts so the opposition is reminded of the facts.

In the 2003 health accord, the Government of Canada committed \$34.8 billion in funding for health care over, five years beginning in 2003-04. This included: \$9.5 billion in increased cash transfers to the provinces and the territories; \$2.5 billion to immediately relieve existing pressures in the system; \$16 billion for health reform; and \$1.5 billion for a diagnostic and medical equipment fund, as well as funding for other initiatives to assist in approving access to health care services.

●(1240)

In December 2003 the National Health Council was established to improve accountability in the health care system by monitoring and making public reports on the health accord and its progress. That was a very important step. It only had its first meeting on January 29 of this year.

I congratulate the previous minister of health, Allan Rock, on his proposal for a report card. It absolutely amazes me, with the massive amount of dollars that we spend on health care, that no one can tell us specifically where those dollars have gone.

Yes, we admit we have a problem but we are working on it. We are not just complaining about it like those on the other side. However, when we have a problem, we have to figure out where that problem is. The report card and the accountability approach is all about that: finding out where those dollars are going. Are we making a better job of health care in urban Canada than we are in rural Canada? Is Prince Edward Island doing better or worse than say the province of Alberta in terms of its health care system and how it expends the dollars. It is important we know that so we can make the appropriate decisions. In part the National Health Council is all about that.

The government in budget 2003 created a \$1.5 billion medical diagnostic equipment fund for provinces and territories to acquire equipment. That was on top of the \$1 billion equipment fund set up in the year 2000. Almost all provinces have made announcements on their share of the fund. So far the money has gone toward the purchase of at least 20 MRI machines and 4 CT scanners. More than \$6 million has also been used to expand picture archives and communication systems which can improve access in rural and remote areas.

That point reminds me of when we travelled to a riding not far from Ottawa where there was an announcement on rural health care. They were using technology to do a scan of an individual in the north. There was a nurse in the north and the doctor and medical staff were here, not far out of Ottawa. It shows what can be done remotely to improve the health care system by using some of this technology and doing it more efficiently, which is a great step forward.

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I already mentioned the meeting with first ministers, which was held on February 2. Under the chairmanship of the Prime Minister, our government committed a further \$2 billion in health care funding for the provinces and territories. At that meeting, first ministers agreed they would report annually to Canadians, using comparable indicators on enhancements to diagnostic and medical equipment and services.

Clearly, the government is committed to health care. It is committed to increasing spending. It is committed to better prevention measures. It is committed through and through, and it is following through on what it has said it would do.

Let me go back to the opposition motion. It makes the claim that health expenditures by the federal government are not sufficient. The real story that Canadians want resolved is not how much money is spent, but more crucially, how it is determined where the money allocated for health care goes.

• (1245)

As I have already outlined, the record of the Government of Canada is clear. Transfers to the provinces in terms of health care and equalization have been increasing steadily over the past number of years.

In 1995 we had to come in with a very difficult budget which meant cutbacks in a number of areas. We made the hard decisions when they needed to be made, and that is why we could have a health care budget a while ago. That is why the Prime Minister was able to provide an additional \$2 billion in spending. Because of the hard decisions we made in 1995 to get the house in order, we were able to steadily increase spending in the health care area.

The decline in health care spending in the mid to late 1990s was necessary, as were all federal expenditure reductions in order to achieve what the previous Conservative government created, which was a massive mess and a massive crippling deficit. Every federal department was affected. All expenditure programs were hit severely with reductions at that time. We have made progress since then.

The deficit has been eliminated. The allocations have been more wisely spent. We have been able to increase those allocations. Nationally, health care transfers have and will continue to increase. In 2001-02 the CHST transfers were \$34.4 billion. In 2004-05 the transfers will be approximately \$40 billion. I know members on the other side have trouble with the math, but that is an increase of just about \$6 billion.

Let me speak for a moment of my own province of Prince Edward Island. On a per capita basis, Prince Edward Island benefits the most from all federal transfers. The amount per person is \$2,849. Transfers in terms of the CHST have been and will continue to increase. In 1999-2000 the CHST transfers to PEI were \$133 million. In 2004-05 they will have increased to \$175 million, an increase of almost \$40 million. That represents a substantial increase in expenditures under CHST in five years.

The premier and I had a dispute this week because the province wants to propose a health tax. PEI does not need a health tax. We need the government in PEI to manage its finances appropriately as we have done federally.

According to the federal Department of Finance, federal transfers to PEI represent 37% of the province's revenues. That is pretty substantial. I am pleased we have been able to do that.

For the benefit of the hon. member from Alberta who has been heckling now and then, the citizens of Prince Edward Island deserve a proper health care system every bit as much as the province of Alberta. That is the benefit of being in Canada. The federal government is trying to create equality for all Canadians. We have managed our finances and now we are able to do that.

Mr. Rob Merrifield: What kind of drugs are you on?

Hon. Wayne Easter: The member opposite is yelling, but where would he be in terms of a health care system? I turn to the new Conservative Party's policy. The Conservative Party of Canada believes that "all Canadians should have reasonable access to quality health care regardless of their ability to pay".

What does reasonable mean? That party does not talk about the Canada Health Act. It does not talk about having universal health care as we do. Those members play with words.

• (1250)

The Conservative Party of Canada believes spending decisions and setting priorities within the health care funding envelope should be left with the provinces. If that were to happen, I know what the problem would be in Prince Edward Island. We would not have the equivalent health care in our province as they do in the rest of the country. We do not happen to have the oil revenues that the province of Alberta has and which, of course, it can use.

However, thank goodness we have a federal government that believes in equality across this country and that manages its finances properly, because we are able to have similar health care as long as the province manages its finances appropriately.

Let us look for a moment to the future. I would think the hon. member from Edmonton would probably keep this good throne speech under her pillow at night so that she has good dreams. Let me turn to the throne speech for a minute and tell the House what we committed ourselves to.

The government's commitment to health care rests on one fundamental tenet: that all Canadians have timely access to quality care regardless of income or geography. Access when they need it sounds very different from the Conservative policy statement. The government is committed to this goal. The word is universal, not reasonable. We are talking about universal, high quality, publicly funded health care consistent with the principles of medicare as set out in the Canada Health Act.

The length of waiting times for the most important diagnoses and treatments is a litmus test of our health care system. These waiting lines, the Governor General went on to say, must be reduced.

Supply

The speech goes on. The Liberal government will work with its provincial and territorial partners on the necessary reforms and long term sustainability of the health system, and it will support the health council in the development of information on which waiting objectives can be set and by which Canadians can judge progress toward them.

In looking at the health council, the minister for public health was in P.E.I. last week and had a round table, a very good round table, not looking at just the dollars, but looking at a number of other areas; for example, looking at research and spending dollars in that area.

There were people from the Atlantic Veterinarian College, that good institution in Charlottetown, Prince Edward Island, that does such good work and is recognized around the world. We talked about how in the world we live now there is the hosting of diseases in animals and the veterinarian institutions need to come together with the general health institutions so that we can be ahead of the game in terms of preventing diseases. So we are looking at trying to make progress there.

A very important point was made by Ann Robertson, who works with C.H.A.N.C.E.S. Inc. in Charlottetown, on early childhood development, that the best places to make investments in health care is in early childhood and this government has been doing that for its full term in office because we are looking at prevention, as well as maintaining and expanding the health care system.

There was a good point, and I want to emphasize this because this is the way this government operates, that we need to look at the whole person, the body, the spirit, in terms of our health care strategy.

The bottom line is that we are there for Canadians and we will be there in the future. Health care is a priority for me, for all Prince Edward Islanders and it is certainly a priority for the Government of Canada.

The motion put forward is misinformation because we need to look at the whole system, the cash, the tax points and the other programs, because that is the way we are dealing with health care, in a responsible fashion.

• (1255)

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, it is interesting to listen to my colleague deliberate on such an important issue as health care and be so misleading or misinformed, or maybe he is on drugs, I am not sure. I would like to clear up some misconceptions on why the provinces are so upset at the federal Liberal government.

The provinces are upset because the government unilaterally pulled \$25 million out of health care in the middle of the 1990s and left health care to just float along on its own. The provinces were left to deal with the massive reductions in cash, leaving them with a situation where over a million people cannot get the services they need today.

Why are the provinces so upset? They are upset because the government did not put any money back into the system until just before the 2000 election when it announced \$23 billion. Not a nickel of that money hit the system until April 1 of the next year and then

for a five year period. What did the government do when it announced the health accord? It re-announced all of that funding again.

That fools the general public, the people who walk the streets, into thinking that \$34.8 billion will go into health care, but it does not fool the provinces because they know the dollars and they know the actual costs. That is why we are seeing the unprecedented act happening right now where the provinces collectively are putting out advertisements across the country to convince the general public of the failure of the Liberal government.

Why will the government not come clean with Canadians on their money and why the cover-up? Is the culture of corruption that we see in the government even in health care? It is absolutely appalling and I am just frustrated with what I hear coming from the other side.

Hon. Wayne Easter: Mr. Speaker, it is absolutely appalling. If the member wants to talk about misinformation, then he should look in the mirror because he is perpetuating that ad put forward by the provinces, which is really a negotiating strategy.

Will the member opposite not admit that the ads the provinces have put out, as well as the motion from the Bloc Quebecois, just deal with the cash portion of transfers? That is all they deal with. What about the tax points? How come he does not include them in the information? It is the tax points and the cash combined that really make the health transfer.

On top of that, as I have already said, there were some other areas where the federal government expended money, such as the equipment fund, the immediate infusion of money to lighten the existing pressures in the system, the diagnostic and medical equipment fund, and some of the expenditures I have already talked about in terms of children's programs. The list goes on.

The problem is that the members opposite do not want to deal with the reality. They should put the real information out there. We do not mind, on this side of the House. When there is bad news, we look at it and we deal with it, but we deal with it from a factual point of view, not the kind of juggling of figures that is coming forward from members opposite. That is not appropriate.

Those are the facts. We are doing our part. We want to work sincerely with the provinces to see that all citizens in the country have appropriate health care. In terms of my own province, we really would like to see it manage its finances appropriately as well.

Miss Deborah Grey (Edmonton North, CPC): Mr. Speaker, I am sure you could never imagine that I would be speechless, but after hearing that dissertation and exhortation, and the equivalent of a Rick Mercer rant on the provinces, it is just embarrassing. The provinces understand the cash flow, the tax points and everything else and they know they are hurting.

In his reference to my province of Alberta he mentioned how oil rich we are. I would like him to know, although I am sure he does know this but forgot to mention it, that although we are certainly grateful for the fact that God put the oil there, only two provinces in this entire country pay health premiums: my province of Alberta and the province of British Columbia. And he has the nerve to stand up and say that the federal government is guiltless when it comes to health care funding, that it is all the provinces' fault and what terrible things they did.

We need to look at the sleight of hand. The accord that was signed was a five year agreement. When the government made its grandiose announcement of putting \$2 billion more into the system, the agreement still had three years to go. He chastizes us for the math but I would like him to do the math on that. Why were those three years not agreed to? What it is doing is announcing \$2 billion on the timeframe that still had three years left on it.

If I were him I would be embarrassed to go home and crawl off the plane and meet his premier at some function after being ragged on when the premiers, bless them, are trying to make do with such a pitiful amount of money to make sure that health care continues. He says that they have universal access. What he should have said was that Canadians have universal access to the lineups that they are in month after month, looking desperately for health care.

Could he please address some of this?

• (1300)

Hon. Wayne Easter: Mr. Speaker, I would love to address some of the points from the member for Edmonton North.

As I indicated, the government, different from what I have read in the Conservative policy statement where it is just looking at reasonable access, we are looking at universal access. We are looking at keeping it that way. That is why we have managed the finances as appropriately as we have. Hard decisions had to be made.

The hon. member opposite, which is her want and her way, tries to portray that what I outlined here is a rant against the province. It is no such thing. It is in fact laying out the facts from a federal perspective, the facts that need to be seen in terms of what the actual expenditures from the federal government, as related to health care, really are. They include cash and tax points. Why do the opposition parties and the provinces not put that accurate information out there? That is the story that needs to be told.

As we indicated in the throne speech, even with all that, even with the health care accord, even with the \$2 billion extra spending announcement of the Prime Minister, we know more needs to be done but we need to look at the actual figures. We need accountability in the system. We need accountability from ourselves as a federal government and we need accountability from the provinces.

We need to understand whether there are enough people going through the medical training schools. Why do we have a shortage of doctors? Is it because of lack of federal spending or is it because the system itself let us down in terms of training doctors. We need to deal with accurate facts. That is what I am trying to put on the table and get away from the misconceptions that are coming forward from members of Parliament on the opposite side of the House.

Supply

The fact is that health care and the health system is a priority for us on the government side of the House, as I think it is for those on the other side as well. However, if we are going to move forward and ensure everyone has universal access to health care regardless of their status in life, then we have to work at it together, and we want to do that.

[*Translation*]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, with your permission, I will split my time with the hon. member for Terrebonne—Blainville.

It is of course with great pleasure that I am taking part in the debate on the motion tabled by the Bloc Québécois. This motion is based on facts that I will present and that can be objectively verified.

In the sixties and seventies, when the public health care program was being established, there was a set of cost-shared programs designed to allow the implementation of the hospitalization insurance program and various health care insurance initiatives which, over the years, were put in place by the various provinces. At the time, the federal government was paying 50% of the costs of these health care and hospitalization insurance programs.

Over the years, and particularly since the Liberals came to office in 1993, the federal government has been withdrawing its support, so much so that, as we are speaking, it is only contributing 16¢ for each dollar spent on health. The former solicitor general is himself a former union leader and it was said that he represents the left wing of the Liberal Party. Well, if his speech is a reflection of the Liberal Party's left wing, we are surely going to miss the hon. member for Hamilton West.

In any case, the important thing here is that we are asking the government to ensure, in the budget that it will table on March 23, that half of the surpluses, which will total between \$7 billion and \$8 billion, are allocated to health care. That money will of course have to be given to the provinces through transfer payments. This is the purpose of our motion.

The announcement made by the former Prime Minister and member for Saint-Maurice is not good enough. The additional amount of \$2 billion is not enough.

There is something that the hon. member who spoke before me did not mention. All the provinces across Canada, regardless of their political allegiance, whether they are run by Conservatives, Liberals or New Democrats, are so disappointed and saddened by the irresponsible attitude of the federal government regarding health that they felt compelled to run a national advertising campaign in the newspapers.

Supply

One just has to take a look at the major dailies, both in English Canada and in Quebec, to see that the provincial governments have formed a council. Following some decisions made after federal-provincial conferences, they are running ads in the newspapers to urge the federal government to raise its contribution. This is not an initiative taken by the Bloc Québécois or a campaign led by Quebec's separatists.

When you think that it is Bernard Lord, in New Brunswick, the New Democratic government in Manitoba, the Conservatives in Prince Edward Island and the Liberals in Ontario, this is quite significant. The Liberals, in Ontario, did not say they would not join this campaign because they were satisfied with the federal government's contribution. Since the Liberals have been in office, at least \$25 billion was cut in health care alone.

I hope government members will agree that, historically, when the various health insurance and hospital insurance programs were put in place in 1957, 1962 and 1966, the federal government was supposed to contribute on a 50-50 basis. These are objectively verifiable data. They are in accordance with the historical truth.

The reality is that the federal government, with an almost unprecedented sense of irresponsibility, has chosen to eliminate its own deficit by causing problems for the provinces.

● (1305)

In the Bloc Québécois, there is a task force chaired by the former minister Jacques Léonard, a former president of the Treasury Board, thus someone who has a good knowledge of the public accounting system. He has a good knowledge of the public health system.

The Léonard committee assessed the federal government's operating expenditures. Imagine that, while the federal government was asking the provinces to make efforts to balance their own budget, its operating expenditures increased by 39% over five years. Is that not terrible? Does it not make you sick to the stomach to see how this government has mismanaged public finances?

Members should know that all the provincial capitals are having to cope with the same reality, the same scenario. Today, we are not talking about the elderly; we are talking about the old elderly. Most people in this room, if they do not eat too much or smoke too much, and if they take care of their health, will live an average of 78 to 82 years. This is the reality.

As well as referring to the elderly, we refer to the old elderly. Since people live longer, more Canadians now live to be 100. It is not uncommon to meet constituents 100 years old or over. But because they live longer, they live with disabilities and debilitating illnesses for a longer time.

This puts pressure on the health system. Not only do people live longer, but they also rely more heavily on drugs.

When we look at the budget items for health, we realize that there is indeed a 7 or 8% increase on average in the provincial health budgets each year. This means that a province that allocated \$15 billion, for example, to its operating budget for health care last year would not only have to maintain that level this year, but also to increase it by 7 or 8%.

Let us look at the figures for each province. Take British Columbia for instance; 40% of its budget goes to health care. In Alberta, it is 34%; in Saskatchewan, 41%; in Manitoba, 43%; in Ontario, 46%; and in Quebec, 39%.

Obviously, if nothing is done to correct the fiscal imbalance, no government regardless of its ideological affiliation will be able to maintain a viable health care system. There is good reason to be concerned.

Public health systems, provincial health systems, are threatened. Provinces have trouble with their public health systems. Need I remind the House that the provinces have to provide front line services, hospital and home care services, as well as surgery-related services. On the other hand, the only direct health care the federal government is providing is to native Canadians and, of course, the Canadian armed forces. That is all it is doing besides raking in surpluses.

If we look at the figures, we see that, since 1997-98, the government has accumulated \$50 billion in surpluses. I think all members of Parliament would agree to say that the upcoming budget should provide for some kind of reinvestment. Regardless of how much the surplus is, we believe that half of it should be used to reduce the debt and the other half to restore transfer payments and achieve the 25% federal contribution even the Romanow Commission called for.

It is unfortunate that the Liberals have chosen to turn a deaf ear to such a non-partisan demand. The Bloc Québécois is not the only one making such a request. Health ministers from all across Canada, from Newfoundland to British Columbia, have urged the federal government to do the right thing.

I do hope the Bloc motion and the call for more funding it entails will be heeded.

● (1310)

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, I thank you for giving me the opportunity to speak to this motion. The main thrust of the motion is that, since the federal government's contribution to health care spending has fallen to 16%, which is considered clearly inadequate by the Premier of Quebec and ministers in the other provinces, it would be very important for the government to invest at least half the current year's surplus in health care in order to achieve as rapidly as possible stable funding at 25%.

I always try to find out why we are having debates in the House of Commons, because some of them are meaningless, especially when members of the Liberal government opposite turn a deaf ear to the demands of the provinces, particularly Quebec. I will keep trying to find out why these people say no to any request coming from the Bloc Québécois or from Quebec in this House.

Supply

I would like to remind members why we are having this debate today. Under certain provisions of the Constitution of 1867, health and social services are exclusive jurisdictions of Quebec and the other provinces. This worked well until about 1920, when the federal government tried to intrude in areas of provincial jurisdiction with regard to health. It succeeded somewhat.

The real intrusion, the real power grab on the part of the federal government was in 1942, when Ottawa used the war effort as an excuse to impose fiscal arrangements on the provinces. That is the idea it came up with to take control of the country's finances. At that time, taxation was supposed to be temporary. However, after the war, the federal government did not give this taxing power back to the provinces. It kept it. The provinces had to acquire their own taxing power.

The federal government took financial power away from the provinces, appropriated a good portion of their fiscal resources and unilaterally conferred upon itself a serious ability to interfere in every provincial jurisdiction.

What then happened? There has been duplication of services. That is how, in 1957, we ended up with the federal Hospital Insurance and Diagnostic Services Act. In Quebec, we had to counter with our own hospital insurance plan. In 1966, the Medical Care Act was implemented. In 1970, we had to have our own Health Insurance Act. And on it goes.

When the federal government saw that the provinces were making their own arrangements, it formally committed to pay 50% of costs related to the health care system in Quebec and the provinces. It made a formal commitment. In exchange for this funding, Quebec and the provinces had to agree to some minimal rules, namely universality, accessibility, comprehensiveness, portability and public management of the health insurance system. In the beginning, the federal government was to pay 50%.

Currently, according to the Conference Board and various studies, the federal government is paying only 16% of health costs. For its part, the federal government claims that it is paying 40% to 41%. We will look at whether in fact it is paying 40% to 41%.

• (1315)

First, it must be said that Quebec and the provinces are facing major challenges with respect to health care and it is important for the federal government to increase funding in this area.

It must also be said that health spending represents the biggest part of the budgets of each province and territory in Canada, and the costs continue to climb. The population, as we have been saying since this morning, is aging, the cost of drugs continues to increase and there is a growing demand for advanced medical technology, hospital care and home care, which contributes to the constant pressure the health care system is under.

At the same time, the federal government contribution to health care has not progressed at the same rate as the endlessly growing needs of the population.

For 2003-04, it is estimated that the federal surplus will be in the order of \$8 billion. If we subtract the \$2 billion already committed for health, based on a promise by the former member for Saint-

Maurice and prime minister of Canada, Jean Chrétien, that leaves \$6 billion.

The Bloc Québécois proposes taking this \$6 billion, dividing it in two and giving \$3 billion to Quebec and the provinces to provide additional health services.

Once again, as I said before, there is great disagreement between the federal government and the provinces as to the real size of the federal transfer. We estimate that if we could have access to the \$3 billion surplus, that would be of help to the provinces. It could raise the funding of health care in Canada from 16% to 25%.

Our colleagues on the government benches opposite believe they are already giving 40% because they include the equalization payments in the federal contribution for health, education and social programs. And they also include tax points.

Now, tax points are not part of the federal transfer payments for health. Looking at tax points, they are a historical tax balancing program of the federation and have absolutely nothing to do with the cash component of the Canada Health and Social Transfer. Moreover, the transfer happens just once and that is that. It is not calculated later.

And as for equalization payments, we can not count them either, since the equalization formula is independent of the other transfers and therefore cannot be associated with the Canada Health and Social Transfer. Moreover, with respect to equalization, there are two provinces that cannot receive payments, and they are Alberta and Ontario.

The CHST has been slashed, lowered and reduced in increasing amounts and it is block funding. This means that there are no amounts earmarked for the various programs the federal government helps fund.

In closing, I want to say that, currently, health, social services and education represent two-thirds of all program spending in Quebec. If we factor in inflation, the aging of the population and new technologies in health care, it is clear that program spending will increase significantly over the coming years. Program spending in health care will prevent Quebec and the provinces from investing elsewhere.

Currently, there is a power struggle. The federal government has the money and the provinces need the money. The federal government has taken a power it did not have initially and does not want to return it to the provinces. That is what is happening. At the same time, people in the provinces need health care.

• (1320)

It is unfortunate that this struggle for power and money—because money equals power—means that, “the provinces must all be the same and operate the same way everywhere”. This is a terrible vision to have, and this terrible power and terrible vision has terrible repercussions on health care services throughout Canada. It shows a lack of respect.

Supply

●(1325)

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, let me ask a question to my colleague; after all, she is the critic for social housing and there is obviously a link between health and social housing.

These days, we look at health with its various determinants. We take a more holistic approach. We do not consider sickness in isolation; we also want to see where people live. In fact, we want to take into account physical activity and a whole set of factors.

I was wondering if my colleague could tell us about the dismal, gloomy, dark, and extremely negative record of this government in the area of social housing.

As an inspiration for her, I will take 30 seconds to describe the situation in the Montreal area. As the member knows, Montreal has the largest rental housing stock, but it also has the lowest vacancy rate. I see the member for Rosemont—Petite-Patrie nodding. With a 1% vacancy rate, it is extremely difficult, if not downright impossible, to find a place to live.

I would therefore like to ask my colleague this question. How has the federal government handled the social housing file in recent years and, when she thinks about that totally intolerable situation, does she not sometimes feel sick to her stomach?

Ms. Diane Bourgeois: Mr. Speaker, I thank my colleague from Hochelaga—Maisonneuve for this question. Indeed, as far as health is concerned, an approach cannot be taken that focusses solely on physical health, chronic disease, or so on. There must be an overall approach.

If people are poor, they eat badly. They have substandard housing. They have psychological problems. It all goes together. What I find so disturbing at the present time is that, where physical and psychological health are concerned, as well as social housing and poverty, this government has withdrawn its support to a shocking degree. That government over there, the Liberal government, and it has been that way since 1990.

This is all because of the power struggles and the fact that there is no uniformity across the country. There is no uniformity throughout all the regions of Quebec and Canada. A uniform system cannot be implemented in all the provinces.

The government over there, because of its refusal to recognize the specific nature of Quebec, first of all, or to leave certain of our powers with us, because of its desire to hold on to our money for us, so as to have a Canada that is coast to coast, because it wants to have a high international profile, is not prepared to take the interests of Quebec and the provinces into account.

That is what is happening with social housing. Quebec needs social housing. Housing is needed for single mothers with two, three or four children. Social housing is needed for seniors.

At the present time, the trend in other provinces is toward a lesser need for social housing. So we have heard this week from the Canadian Homebuilders Association. They say the need is less, but is a bit greater in Quebec.

Because of that very power struggle, and the fact that they want to keep the money that ought to be coming to us through the social transfer, we are indeed short of social housing in Quebec.

We also lack help with health care, because the government wants to latch onto the power to decide what it is going to do with the money, basically, while we in Quebec know what needs to be done. We know where our needs lie. We know what areas of health care we want to develop, but this government does not recognize that.

●(1330)

[English]

Ms. Bonnie Brown (Oakville, Lib.): Mr. Speaker, it is my pleasure to join in this debate today because I want to discuss the historic first ministers accord on health care renewal that was reached on February 5, 2003. I also wish to discuss investments in the budget delivered on February 18, 2003, that confirmed the government's commitment to health care.

The commitments of first ministers set out an action plan that will ensure Canadians have timely access to quality health care on the basis of their need and not on the basis of their ability to pay. In support of this plan, the 2003 budget committed \$34.8 billion in additional investments over five years.

The plan reflects the views and fundamental values of Canadians and builds on the converging recommendations made by national and provincial studies of health care. They include the national report of the hon. Roy Romanow and the provincial reports done by Messrs. Mazankowski, Clair and Fyke. The priorities identified in the accord now figure highly on the agenda of both levels of government.

For Canadians, this plan will mean better access to front line providers, modernized coverage for home care and catastrophic drug expenditures. It will mean enhanced access to publicly funded diagnostic and medical equipment and better accountability from governments on how health care dollars are spent.

A health reform transfer of \$16 billion will provide resources to the provinces and territories to support primary health care, home care and catastrophic drug coverage. There is a broad consensus in Canada that this money must buy meaningful change to the system and not just more of the same.

Primary health care renewal was highlighted as a priority in the agreement on health reached by first ministers in 2000. At that time the Government of Canada agreed to provide funding through the primary health care transition fund to accelerate the development of provincial approaches to primary health care reform.

The 2003 accord builds on this foundation. To accelerate primary health care reform, first ministers agreed to ensure that all Canadians, wherever they live, have access to an appropriate health care provider 24 hours a day, 7 days a week.

Provinces and territories are now proceeding with primary health care renewal initiatives which will improve access, continuity and coordination of care. To enhance access to home and community care services, the ministers agreed that by 2006 all Canadians should have access based on assessed needs to first dollar coverage for a basket of short term acute home care services including acute community mental health care and end of life care.

First ministers also agreed that no Canadian should suffer undue financial hardship for needed drug therapy and they will take measures by the end of 2005-06 to ensure that all Canadians have reasonable access to catastrophic drug coverage.

They also committed to improve access to publicly funded diagnostic services. On March 31, 2003, the \$1.5 billion diagnostic medical equipment fund was established to provide support for the acquisition and installation of equipment and the training of specialized staff to operate this equipment.

Additional federal investments have also been provided to continue the development of secure personal electronic health records and to support innovation and research.

Our government is committed to collaboration with the provinces and territories to accelerate work on other key priorities identified in the accord such as health human resources, technology assessment and healthy living.

The accord also increases government's accountability to its citizens through a process of regular and comprehensive reporting to Canadians under the themes of quality, access, efficiency and effectiveness.

As well, first ministers agreed to establish a health council to monitor the implementation of the accord. The new health council and its chair, Mr. Michael Decter who is a highly respected health care policy commentator and administrator, held its first meetings in Toronto during January 29-30, 2004.

• (1335)

First ministers recognized that a national strategy for improving patient safety was critical. I am pleased to note that the Canadian Patient Safety Institute was created last December and that the first meeting of its founding board was held on February 6. Its mandate will be to collaborate with and to provide advice to governments and other health care stakeholders on effective strategies to improve patient safety, to coordinate information sharing and to promote best practices.

The Government of Canada has set out a long term framework to provide the provinces and territories with predictable, growing and sustainable support for health care and other social programs.

The Canada health and social transfer, known as the CHST, is the largest federal transfer to the provinces and territories, providing cash payments and tax transfers in support of health care, post-secondary education, social assistance and social services. The 2003 budget provided \$9.5 billion in increased cash transfers to the provinces and territories over five years, plus \$2.5 billion in an immediate investment to relieve existing pressures.

Supply

The Canada health transfer, a new separation of the health dollars from the education and social service dollars, has been established and is to be effective April 1, 2004. This will include the health component of the old CHST and will ensure predictable annual increases in 2008 and beyond. With the Canada health transfer, Canadians will have better information on federal support to the provinces and territories for health care. We hope that this clarification of the dollars will help to eliminate some of the wrangling that has gone on in the past.

In addition, the federal government also committed an additional \$60 million in transfers to the three territories to address their unique challenges in delivering health care. Following the first ministers meeting on January 30, 2004, the federal government committed to an additional one time injection of \$2 billion to the provinces and territories for health care. Further, we agreed that federal, provincial and territorial health and finance ministers would meet to discuss ways to make the health care system sustainable over the long term.

Our government will also continue to move ahead on other health commitments in areas under its responsibility, such as investments in drug approvals, consultations on the renewal of our health protection legislation, and measures to improve the health status of our aboriginal people.

The accord recognizes that addressing the serious challenges that face the health of aboriginal Canadians will require a dedicated effort. The government has committed \$1.3 billion in additional funding and to work collaboratively with other governments and aboriginal peoples to meet the objectives set out in the accord, including the priorities established in the health reform transfer.

In closing, I believe the action plan set out in the accord is a sound basis to ensure the future of Canada's most cherished social program. I will continue to work with my provincial and territorial counterparts, stakeholders and the Canadian public to ensure that we have a health care system that provides timely access to quality care.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I have been listening to my hon. colleague's remarks, and I am a bit surprised that the Liberals do not realize that the health care systems in Canada, which are the responsibility of the provinces, are collapsing, and that is not because the provinces are not doing their job properly. In the last 10 years, they have been looking for ways to make things work.

In the end, is it not true that one of the basic problems has been that, in the last 10 years, the federal contribution to health care has dropped significantly, something which has contributed to the real problems we are experiencing today? By way of an example, a class action was announced today by women with breast cancer who have to go to court to get compensation for delays in their treatment.

Supply

Also, many regions of Quebec and Canada are under-equipped to provide health care, and we are having a very hard time finding adequate staff.

When we look for the root causes of the current situation, is it not true that the basic problem is the lack of funding from the government? Is it not true that the Bloc Québécois is proposing today an interesting way to solve a big part of the problem in our health care network and to ensure adequate funding?

In a federal system, we have to live with the fact that part of the money comes from the federal government. For now, until Quebec becomes sovereign, should the federal government not take its responsibilities and announce as soon as possible a significantly higher contribution, along the lines of what the Bloc Québécois is asking for in its motion?

• (1340)

[English]

Ms. Bonnie Brown: Mr. Speaker, certainly the health care system over the last 10 years has faced many problems and issues. I think that the health transfers that have taken place, particularly in the early years, have been a bit short. However, the government has recognized and has listened to the premiers, finance ministers and health ministers of the provinces and territories and has responded.

Everyone will recall that we had a \$42 billion deficit when we took office. Every department of government and service to Canadians had to endure cutbacks. However, the minute we had a surplus, we began to increase the transfers to the provinces.

We also have to remember that health care itself has undergone changes in the last 10 years. We have an aging population. There have been changes in practice. New diagnostic equipment has been discovered, which is very expensive. Costs have gone up for a variety of reasons. We are trying to do our part to assist our colleagues in the provinces and territories so that they can deliver the best possible health care.

The large amount of dollars I talked about in my speech goes a long way to improving things, but dollars will not do everything. It is not only about providing money. It is also about delivering services efficiently and effectively. That is why we are trying to do more collaborative work, identifying best practices, sharing information and doing all the things that we can do with the advantage of a federal government working collaboratively with its colleagues in the provinces in order to share all the best information and the newest techniques so that Canadians have timely access to health care.

That is why the federal government showed leadership in creating a health council, because Canadian citizens themselves are concerned about where the money is going. They want the amount of money and how it has been used reported to them. The premiers have agreed to a reporting system. They will report annually to Canadians on the outcomes of the expenditures. It will include things like waiting lists. It will include success stories from across the country. As we begin to build this body of knowledge about the health care system as it exists today in Canada, I am sure it will lead to some of the efficiencies and effectiveness that we all seek together.

In any case, one could look at it from a pessimistic viewpoint and suggest that things are going downhill. Or one could be optimistic that the new dollars that are being put in based upon the 2003 budget, plus the \$2 billion that was promised in January of this year, which add up to \$36.8 billion, will certainly alleviate some of the struggles.

I do not want Canadians to think that the federal government is insensitive to the struggles faced by the provincial health ministers. We are not. We are trying to help them and to work with them so that all Canadian citizens benefit from the best possible collaboration between the federal and provincial governments.

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I thank the hon. member for participating in this important debate.

It is somewhat difficult to participate in a partnership when one of the partners refuses to recognize the contributions that the federal government makes. One of the obvious points of disagreement in this debate is whether a \$17 billion transfer in tax points is actually real money. It is certainly real money when the provinces receive it, but apparently it is not real money when the federal government sends it.

Does the hon. member think that possibly, in order to clarify this debate, we might convert all or some of those tax points back to cash and see whether this is in fact real money?

• (1345)

Ms. Bonnie Brown: Mr. Speaker, we have heard a lot of complaints about the reality, or lack thereof, of the tax point transfer.

To tell the honest truth, I do not think Canadian citizens really care whether it is cash or tax points. They just want to know that their health care system and the people responsible for delivering the care have enough money to do it. How the finance department works out how that transfer takes place is of little interest to Canadians. Canadians are more interested in knowing that their health care dollars, coming from both provincial tax sources and federal tax sources, are sufficient for their needs.

As I have said, we have to try to work collaboratively. I do not want to make statements about premiers or anybody else who seem to be complaining, because the best possible road for Canadians is that they believe and that it is true that we are doing our best to help one another.

The Romanow report goes a long way toward achieving that. Members will note that the health accord did not just quote from the federal report. It took the best ideas from the federal report and the three provincial reports that certain premiers had requested. Even in the health accord that the premiers signed with the Prime Minister, we have the best ideas that emanated from various studies across the country, whether they were sponsored by the federal government or a provincial government.

That is the way of the future. The funding will follow when this atmosphere of trust and mutual support continues to be built upon the foundation I described of the first ministers accord of 2003 and the large budgetary allocation which was part of that. It followed only a couple of weeks later in the 2003 budget.

When one considers that large amount of money has been enhanced this year by an extra \$2 billion to relieve pressures in the health care system, the provinces will begin to believe and understand that we are there to support their efforts. We want their cooperation in sharing information with Canadians so that Canadians are clear on where the money came from and where the money went. We want Canadians to know that their health care system is improving as the years go on.

[*Translation*]

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, as I begin, I would like to tell you that I will be sharing my time with the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

Today we are engaged in a debate of capital importance for all the provinces, Quebec in particular. We know that the biggest challenge for all provincial and territorial governments is to manage their spending and investments in health care. We know that the average amount invested in health is around 38 or 40% of all expenditures by each of these governments.

According to the Conference Board—who is not a group of nasty separatists—by 2005, nearly 45% of provincial and territorial spending will go to health investments.

The motion by my colleague, the hon. member for Joliette, says that the former Prime Minister, Mr. Chrétien, promised \$2 billion. Let the government give this \$2 billion to the provinces and let them divide the current year's surplus in half and invest it in health. For example, we in the Bloc Québécois believe that the federal government will have a surplus of \$8 billion this year.

I would like to remind the House of some history here, namely the estimates made by the Bloc Québécois since 1998, when I was a new member of this House, having been elected in 1997.

We will remember that in 1998-99 the government across the way estimated that it would have a surplus of \$3 billion. That was the same amount the Bloc Québécois estimated. In reality, it was \$3.1 billion. In 1999-2000, the government came in with the same estimate of \$3 billion. The hon. member for Saint-Hyacinthe—Bagot estimated it would be \$11.5 billion. What was it in fact? It was \$12.7 billion.

Remember that in 2000-2001, the people on the other side predicted a \$4 billion surplus. The Bloc Québécois estimated \$18.2 billion. The real number was \$18.1 billion. In 2001-2002, the folks across the way predicted \$1.5 billion while we predicted \$8.3 billion. The actual number was \$8.9 billion. In 2002-2003, the Liberals estimated \$3 billion and the Bloc \$7.5 billion; in reality it was \$7 billion. For 6 consecutive years, the Bloc Québécois has been on target in its estimate of the surplus.

Therefore, this year we firmly believe that the amount will be roughly \$8 billion. Last week, the Conference Board—another non-separatist institution—predicted that the Government of Canada would have a \$10 billion surplus this year.

Where does this \$8 billion come from? First and foremost, it comes from the change brought about in the transfers to provinces for health, social services and so on. That change was implemented

Supply

unilaterally. I remember when the present Prime Minister and former finance minister decided to change the formula for transfers to provinces. In doing so, he impoverished the provinces. He carried out the will of the former president of the Treasury Board, who used to say, "Let us starve the provinces; we will have the money and, thus, have a hold over them".

● (1350)

That is what this government is doing. Where did the \$8 billion surplus come from? The government keeps grabbing the surpluses in the employment insurance fund. It keeps dipping in union pension funds. It keeps clawing back the tax on school bus transportation, and so on.

This \$8 billion surplus could be even higher. It could be, if the government opposite managed its finances prudently and responsibly. It is not even able to estimate what the surplus will be for a given year. We in the Bloc Québécois have to tell the government.

My colleague, the member for Joliette, who is a financial expert, could tell the government that the real estimated amount for this year's surplus is \$8 billion. I am sure it would be a pleasure for my colleague, the member for Joliette, to help the finance minister—

An hon. member: Positively a pleasure.

Mr. Gilles-A. Perron: It would be positively a pleasure, as my colleague opposite said.

Would a government which manages responsibly have sunk billions in gun registration? What a scandal.

Yes, a gun registry is needed, but there is no need to spend billions of dollars on it. That means it could be billions of dollars. My colleague from Lac-Saint-Jean—Saguenay agrees with this statement since he is nodding his head. Could the government have saved hundreds of millions of dollars in the sponsorship program? There could have been a surplus in excess of \$8 billion.

What are we to think of this government that does not seek a fair share of taxes from some individuals or companies. I am talking about wealthy people and companies, such as the company owned by the Prime Minister of Canada, who invest their money in tax havens and pay roughly 2% to 2.5% tax in Barbados and not a cent here in Canada. What an insult.

What an insult to us Canadians when they save \$100 million a year. What an insult to us Canadians who pay our taxes. You too, Mr. Speaker, have paid handsomely in taxes.

I believe the government opposite must do what the Bloc is asking today and try to obtain funding for health in a long-term transfer, not just a band-aid solution for now. It has to be for the long term and the government has to focus on achieving the goal of 25% of stable funding, not 16% like it is now. That would be 25% for 2004-05. With the surplus the Conference Board has estimated until 2019-20, they will have enough surplus to properly fund health transfers to each province.

S. O. 31

• (1355)

The Deputy Speaker: We will now proceed to statements by members. Following oral question period, we will return to the debate on today's motion. There will be an opportunity for questions and comments following the speech by the hon. member for Rivière-des-Mille-Îles.

STATEMENTS BY MEMBERS

[English]

INTERNATIONAL WOMEN'S DAY

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, last Friday I hosted the seventh annual International Women's Day breakfast. International Women's Day is a celebration for every woman of every woman.

This year's theme, "She's on a Role", is a very fitting title for our amazing speakers. Kim McArthur is the president and publisher of McArthur & Company, a leading Canadian book publisher. Angela Mondou is a seasoned Canadian Forces veteran who has shown that whether it is deploying troops to Bosnia or working in the high tech sector, women are excelling. As she says, "Take away the shells and the weapons and we're still in the same frantic war". A true Canadian success story.

The Speech from the Throne reflects the priorities of women in Canada and there is much to do. Women owned businesses contribute more than \$18 billion each year to our economy. They are powerhouses in corporate Canada, yet they hold only 11.2% of corporate board positions. It is shameful. International—

The Deputy Speaker: The hon. member for Saskatoon—Wanuskewin.

* * *

AGRICULTURE

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Mr. Speaker, if a government is going to spend a billion dollars, it needs to make sure that the money is being spent wisely. It is shameful that the Liberals wasted a billion dollars on the Human Resources Development grants boondoggle, on an ill-conceived Liberal gun registry, and on a quarter-billion dollar Liberal slush fund where millions were paid out for a few minutes of work to Quebec ad agencies which in turn made large donations to the Liberal Party.

Unlike the Liberals, the Conservative Party of Canada would not fleece Canadian taxpayers through this kind of shameful waste and would instead direct money to where it is needed. A Conservative government would give the Liberals a lesson in how to spend a billion dollars that could actually be used to benefit a nation.

We would use a billion dollars to solve the farm income problem in Canada. We have released a specific Conservative Party action plan for agriculture. Family farms are in a crisis, and the food supply of Canadians is not something that a government should neglect. Canadians want their government to secure their food supply, pure and simple.

The Conservative Party understands how important agriculture is to this nation.

* * *

• (1400)

[Translation]

INTERNATIONAL WOMEN'S WEEK

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, during International Women's Week, I want to tell the House about a study published Monday by the Canadian Council on Social Development.

[English]

Ms. Ekuwa Smith's study, entitled "Nowhere to Turn", reveals the treatment that women in Canada's cultural communities face pertaining to domestic violence. It especially focuses on the effect of such abuse on immigrant and visible minority women.

I would like to take this opportunity to congratulate Ms. Smith and the Canadian Council on Social Development for this study. I hope it will help many women from across Canada in finding help when they face domestic violence.

* * *

[Translation]

REGIONAL ECONOMY

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, regional economies are based on forests, water and land, but these resources are slowly disappearing and there is a crying need for a solution.

According to various studies reported on by *Le Journal de Québec*, at least 67% of lumber harvested in the regions is processed in Montreal.

For example, the Caisse de dépôt et de placement du Québec gets \$20 million from Abitibi-Témiscamingue but invests nothing there, while the FTQ solidarity fund gets \$14 million in savings from Abitibi-Témiscamingue while investing less than one million in that region.

* * *

GLENDON COLLEGE

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, on February 28, I had the privilege, as an invited panellist, to attend the ninth international annual symposium organized by Toronto's Glendon College, the only bilingual university college in Ontario.

That symposium, whose theme was "India: The Challenges to an Emerging Power", was completely organized by students of the international studies program.

Given the huge success of this event, I would be remiss if I did not congratulate the organizing committee made up of Srimoyee Mitra, Shulamit Yemane, Brian Desrosiers-Tam, Zachary Fillingham and Louis-Étienne Vigneault-Dubois.

I also wish to congratulate the Department of Foreign Affairs for its very positive involvement. Congratulations to all.

* * *

[English]

VETERANS AFFAIRS

Mrs. Elsie Wayne (Saint John, CPC): Mr. Speaker, despite countless desperate pleas for help, Veterans Affairs refuses to change its policy on the veterans independence program, VIP. Because of a simple administrative decision, veterans' widows whose husbands died before September 1990 are excluded from this vital program.

That double standard creates two classes of widows: one group of widows that receives the full benefit of the VIP and another that is left with nothing. Worse still, this decision creates two classes of veterans: those whose families are cared for and those whose families are forgotten.

These brave women were the backbone of the war effort here at home. Many took care of their ailing husbands for 30 years or more. When these widows are denied the benefits they rightly deserve, the government dishonours the memory of their hero husbands.

When the government ties benefits to something as cruel as the date on which a loved one dies, it betrays the values for which those veterans fought. When the government stands to defend this kind of brutal injustice, it is a disgrace—

The Deputy Speaker: The hon. member for Nunavut.

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NUNAVUT SNOW CHALLENGE

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): Mr. Speaker, the Nunavut Snow Challenge will take place on March 27. The round trip Iqaluit to Kimmirut snowmobile race is a gruelling 320 kilometre race which attracts some of the most experienced northern snowmobile racers in Nunavut and from other parts of Canada.

Racing across the sea ice on Frobisher Bay, the participants then brave the mountain passes of Katannilik Park and the riverbeds of Soper River.

Promoting the City of Iqaluit, the Hamlet of Kimmirut and the Katannilik Territorial Park, the Nunavut Snow Challenge has seen a 300% sponsorship increase in the past three years.

During the national broadcast on TSN and OLN, tourism in Nunavut will be promoted, which will have an important economic impact on local communities. A concert with Canada's "The Northern Pikes" will take place the night prior to the event.

I ask members to watch for the Nunavut Snow Challenge, produced by Nunavut Productions, airing on TSN and OLN April 17 and 18.

S. O. 31

● (1405)

[Translation]

COMMUNITY ORGANIZATIONS

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, since the Prime Minister axed the sponsorship program, many community organizations have been crying foul, because their financial survival is in jeopardy in the aftermath of the Liberal government's scams.

Many organizations in our ridings need financial support to pursue various important initiatives that are critical to the development of Quebec's regions.

The sponsorship scandal is strictly a Liberal scandal created by Liberal ministers to accommodate friends of the Liberals. Once again, while the Liberals are trying to take cover, it is the innocent victims of these profiteers who are now paying the price.

Let us not forget that this same Liberal government voted against a motion proposing the establishment of a support fund for community initiatives. Now, we must find an honest way to support the efforts of event organizers in our regions, because they are currently being left to fend for themselves by a panicking Liberal government.

* * *

[English]

CRIME PREVENTION

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, on Thursday, March 4, 2004, the Minister of Human Resources and Skills Development, on behalf of the Deputy Prime Minister and the Minister of Public Safety and Emergency Preparedness, announced \$7.9 million in funding in support of 162 community based crime prevention initiatives in Ontario.

The announcement was made in my riding of Parkdale—High Park at the Ground Level Café, which was also a recipient of \$50,000. The Ground Level Café is operated by Ground Level Youth Ventures who provide job training, life skills and job search workshops to at-risk youth.

The funding will enable Ground Level Youth Ventures to expand their operations by re-opening a food bank at the Masaryk-Cowan Community Centre, by recruiting more prospective employers for mentoring, and by partnering with the Parkdale-Liberty Economic Development Corporation in the new Parkdale community market.

The funding which was announced comes from the federal government's national crime prevention strategy which is designed to support community based initiatives on combating the underlying causes of crime. The national crime prevention strategy was launched in 1998 and has funded over 4,000 projects nationally.

* * *

TERRORISM

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Mr. Speaker, Canadians are in shock at the horrifying news of the tragic and inhuman attacks on the good people of Spain today.

S. O. 31

All the adjectives of horror and revulsion which come to mind can never adequately express the sentiments of decent people everywhere as our hearts and prayers go out to the loved ones of those murdered and maimed in Madrid.

No cause on earth, political or otherwise, can even pretend to justify the mass terrorist murdering of innocent men, women and children. We must all unequivocally raise our voices and our collective resolve not to just utterly reject the use of terrorism, but also to work together unceasingly to see the perpetrators and supporters of terror stopped cold in their evil pursuits.

May the good people of Spain, and their friends and families in Canada know that we grieve with them today.

* * *

RESEARCH AND DEVELOPMENT

Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, I am pleased to extend my congratulations, and that of my colleagues, to Research in Motion on its 20th anniversary.

RIM is internationally recognized for its hand-held e-mail device, the BlackBerry, and is one of Waterloo region's and Canada's flagship high tech companies.

With a highly energized workforce of over 2,000 people, it looks as though RIM's success story is just beginning. Everyone uses the BlackBerry now, prime ministers, presidents, members of Parliament from all parties, senators, congressmen, businesspeople, academics and movie stars.

This local dream is a global success story and it is a testament to the partnership of Dr. Mike Lazaridis and James Balsillie, the University of Waterloo, Technology Partnerships Canada and, without a doubt, the employees of Research in Motion.

Congratulations to BlackBerry.

* * *

TERRORISM

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I rise today, on behalf of the NDP, to express my deep sympathy and sorrow at the horrible slaughter of innocent people in the heart of Madrid. This is yet again another cowardly and malicious act against humanity.

Terror is beyond discussion and rationality because the perpetrators have rejected humanity and the values that we all share. Whatever the country which they strike or the cause to which they claim allegiance, organized terrorists share the common goal of weakening freedom and destroying democracy, which was so costly to build.

Our challenge today, amidst the horror and grief, is to fight terror with resolve while refraining from falling into the malicious intent of terror, which is to divide, spread hatred and destroy.

No religion, race or people should be held responsible for these terrible acts. These crimes should be recognized for what they are: acts revealing the absolute madness of terrorist groups who only have the cause of death, chaos and blood to hope for.

We would like today to extend our deepest sympathy to the families of the people involved and the people of Spain.

* * *

•(1410)

[*Translation*]**TERRORISM**

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, the reaction to the horror of this morning's deadly attacks in Spain is outrage. More than 180 people are dead and one thousand injured. It is unbearable to see beautiful downtown Madrid rocked by a series of explosions.

Described as monstrous by the United Nations, the "worst act of terror in memory in any EU state" by the European Parliament, and barbaric by the Council of Europe, this morning's attacks in Madrid on the eve of an election have shocked the world.

The Bloc Québécois wants to express its sorrow and solidarity with the people of Spain and the families struggling with the tragic impact of this criminal act.

* * *

THE RÉSEAU AWARD

Mr. Raymond Simard (Saint Boniface, Lib.): Madam Speaker, every year, on International Women's Day, the organization Réseau action femmes gives the Réseau award to Franco-Manitoban women who have distinguished themselves by making an outstanding contribution to improving the status of women.

This organization educates the public about the realities faced by women and promotes social change to achieve equality and equity, access to education, economic independence and services in French.

We are surrounded by exceptional women who deserve our wholehearted recognition. The winners of this year's awards are Lynne Robert, for economics; Cécile Lesage, for health; Nathalie Bernardin, for young people; and Lucienne Boucher, for politics.

Driven by justice and the desire to help others, these women were selected for this award due to their active involvement in improving the lives of the women in their community. Congratulations to them all.

* * *

[*English*]**MEMBER FOR MACLEOD**

Mr. Bill Casey (Cumberland—Colchester, CPC): Mr. Speaker, no one can dispute that the merger of the Progressive Conservative Party and the Canadian Alliance Party has exceeded all expectations, as evidenced by the rise in the polls of the new Conservative Party, and in our ability to hold the Liberal government to account in a much more effective way.

Oral Questions

A great deal of the credit goes to our interim leader, the very distinguished member for Macleod, who has steered this ship through the fog and provided great leadership for every member of the caucus as we brought the two teams together.

His mild manner hides the determination with which he attacks the job. On many occasions in this House, he surprised the Liberal ministers across the way when that mild manner transformed into a very aggressive and focused attack. I can think of no one who could have performed this very important role any better for our team.

Every member of the new Conservative caucus congratulates him on a great job well done and is very grateful for his dedication, his skill, his leadership and his friendship.

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[Translation]

INTERNATIONAL WOMEN'S WEEK

Hon. Serge Marcil (Beauharnois—Salaberry, Lib.): Mr. Speaker, speaking to the theme of International Women's Week, "She's on a Role", I would like to pay tribute to women.

Women are present in their family, social and economic environments, and are the pioneers behind great social changes. While many receive the honour they deserve, many others work in the background of their communities.

Women participate fully in all social movements. They inspire those around them with their courage, their determination and their sense of duty.

Every day, they add a fresh breath of optimism to everything. They are examples and trailblazers for future generations.

I wish to thank all women for their devotion.

* * *

[English]

EMPLOYMENT INSURANCE

Mr. Brian Pallister (Portage—Lisgar, CPC): Mr. Speaker, lost in the fury of the \$100 million ad scandal is a much bigger scandal: the \$45 billion Liberal EI overcharge.

While the Prime Minister claims to be ignorant of the first, he is in fact the architect of the second larger scandal. As finance minister, he deliberately kept the rates artificially high and changed EI into his own personal piggy bank

Because EI contributions stop on income above \$39,000 a year, this practice is most punitive to low income Canadians. While the Prime Minister uses offshore tax havens, he is taking \$6,000 extra unnecessarily from working Canadian households in EI premiums. Employers and employees are getting fleeced and Liberals continue to play a shell game.

The Conservative Party believes that working Canadians deserve more money in their pockets and fewer Liberal hands.

●(1415)

AMYOTROPHIC LATERAL SCLEROSIS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I wonder if members of the House know what Michelle Wright, Murray McLauchlan, Ian Thomas, La Bottine Souriante, Michel Rivard, Nanette Workman, Marc Jordan and Cindy Church have in common.

What they have in common is that on April 1 they are coming to Ottawa to do an amazing concert for Elizabeth Grandbois. "Elizabeth's Concert of Hope" is part of an effort to raise money for ALS.

I invite all members of the House and everyone watching to come to the NAC, give their support to ALS, and recognize an amazing Canadian. Since 1997, after being diagnosed with ALS, Elizabeth has gone the distance and raised over \$1 million for research into ALS and support for people who are suffering from ALS.

In Ottawa the concert is in honour of Tim Noel, the former deputy governor of the Bank of Canada. I encourage everyone to please come out on April 1.

ORAL QUESTION PERIOD

[English]

SPONSORSHIP PROGRAM

Hon. Grant Hill (Leader of the Opposition, CPC): Mr. Speaker, back in 1994 this Prime Minister's right hand staffer, Terrie O'Leary, pushed to have Groupe Everest added to the list of approved companies for ad contracts, all done on behalf of this Prime Minister. Groupe Everest was knee deep in the Liberal ad scam.

Today brave testimony by Allan Cutler shines new light on the cozy relationship between Groupe Everest and this Prime Minister.

Will the Prime Minister finally admit that he knew about the genesis of the sponsorship scandal?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the Prime Minister and the government have been very clear that there was no knowledge at that time of anything having been done incorrectly, at the time of which we are speaking. The Prime Minister has been very clear that he is willing to go before the public accounts committee, the public inquiry or answer any other questions relevant to this matter.

Hon. Grant Hill (Leader of the Opposition, CPC): Mr. Speaker, the noose is tightening. Not surprisingly, Groupe Everest was awarded a contract for the finance department. That contract was later boosted by \$1 million. Guess what work it did for it? It did zip. It received \$170,000 to do no work.

This scam was a precursor to the sponsorship scandal, and it was going on in this Prime Minister's Office. Why was he so willingly complicit in this?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the hon. member is making accusations which are best put before the public accounts committee or the public inquiry.

Oral Questions

The Prime Minister and everyone else on this side have been very clear that they are willing to come forward and deal with any allegations or any issues put forward. I do not think we can be much more open than that.

Hon. Grant Hill (Leader of the Opposition, CPC): Mr. Speaker, these issues are being put before the Canadian public.

Allan Cutler today produced a memo written to Karl Littler, and this was the Prime Minister's left hand in the finance department. The memo spelled out how the contract to Groupe Everest was inflated. The memo also stated that the minister had been informed. Karl Littler is one of the Prime Minister's closest advisers to this day. He is probably on the road with him right now.

How can the Prime Minister claim to have no knowledge of this scandal when both his right hand and his left hand are up to their elbows in it?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the document that the hon. member is referring to simply relates to the business of the finance department in the normal course, and does not specify any particular agency or any particular value amount. It does refer to, in due course, providing information that is relevant to the Canadian public about issues dealing with finance and taxation. How could we possibly have a ministry of finance and a budget without giving information to the Canadian public?

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, we have a confidential 1994 memo by the Prime Minister's assistant, Terrie O'Leary, that Groupe Everest should do the ads for Canada savings bonds. That comes from, "myself and the minister". Today another memo to another assistant, Karl Littler, again about Everest doing CSB ads. It says, "We have discussed this initiative with the minister". The Everest contract broke the rules. It was retroactive. It paid commission for no work.

How can the Prime Minister plead innocence when his own senior staff say he was directly involved?

• (1420)

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the hon. member is speaking of issues that took place in 1994 and 1995 having to do with Canada savings bonds. Of course the minister of finance and the ministry of finance would want to provide information to Canadians about Canada savings bonds. What could be more natural?

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, we are talking about improper contracts for that work that Mr. Cutler refused to sign because they were wrong.

The role of the minister's staff is to do his legwork. We have two memos where two of his senior assistants said that the Prime Minister was directly involved in contracts to Everest, contracts which broke the rules.

The Prime Minister's story is that he was out of the loop, and it is getting harder to believe all the time. What else is the Prime Minister hiding over there?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker,

in some respects it is a little hard to follow the opposition in its rather loose reference to various documents.

I have one document in my possession, which was not from Mr. Littler to anyone, but was from a department official in finance to Mr. Littler. It has nothing to do with sponsorship. In fact, as the hon. Minister of Public Works has pointed out, this memo deals with a routine advertising campaign in relation to Canada savings bonds. This is an annual campaign that we know takes place every—

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

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Prime Minister has acknowledged the existence of the national unity fund in his own budget. This is a fund that is absolutely without a trace, however, in either the public accounts or the books of the Privy Council, even if this hidden fund was primarily used to fund the sponsorship scandal.

Out of a concern for transparency, might we be told under which item in the PM's budget the national unity fund is concealed?

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, the Prime Minister did indeed have an envelope available to him to be used to support projects throughout Canada. These were projects he deemed appropriate to strengthen national unity.

The present Prime Minister has asked the Clerk of the Privy Council to carry out a detailed examination of that envelope. Incidentally, no new project has been initiated by this government from that envelope since the government was formed on December 12.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, it is curious nevertheless that this fund cannot be found in the public accounts. Finance says it is not under that department, and so does Public Works. Alfonso Gagliano says the money for the sponsorships, used to support Canadian unity, came from that fund.

It is all very well to ask the clerk to look into it, but will the following be made known about this fund that has been around since 1993: how much in total was in it, all the projects that were supported, by whom, for whom, where the money went, what was done with it, and why it is not to be found in the public accounts?

[*English*]

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, I think everybody in the House is aware that the government has already provided all cabinet documents, including Treasury Board documents, in relation to sponsorship issues.

I understand there was a new motion from the public accounts committee this morning. I want to reassure all hon. members in the House that we are in the process of reviewing that motion, and we will respond to it in a timely fashion.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, it has just been confirmed that this fund was used for initiatives all over Canada. We know that in Quebec it was used as the basis for the sponsorship scandal. We would, of course, be interested and curious to know what it was used for in the rest of Canada.

I would like to ask the Deputy Prime Minister the following: if the government wants people to believe there has been a change in mentality, might we be told why this fund is a hidden fund, why no one can identify where it is in the budget, or what it was used for? We want to know what it was used for.

[English]

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, actually there are two things in response to the hon. member's question.

First, as my colleague, the Minister of Health, has pointed out, the Prime Minister has asked the Clerk of the Privy Council to review all issues surrounding that fund, its existence and so on. The Prime Minister has not used that fund in any way since becoming Prime Minister. Nor will he use that fund until reviews are completed by the Clerk of the Privy Council. No one wants to get to the bottom of this more than the Prime Minister.

Second, as I have already indicated, the government has provided all cabinet documents, at the request of the public accounts committee, in relation to—

• (1425)

The Speaker: The hon. member for Roberval.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, to be clear with the minister, we know that partisan polls were conducted by the government. Some \$4.6 million disappeared from Option Canada. No one ever knew where the money went during the Quebec referendum. There were all kinds of activities and sponsorships. These funds smack of illegality from start to finish.

My question is for the minister. Will she make sure that it is not just the Clerk, who is an officer of the Prime Minister, but also the members of this House and the public who know what this money is used for? What was it used for and how is it being used now?

[English]

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as I have already indicated, in response to a motion from the public accounts committee, we have provided all cabinet documents, including Treasury Board documents, in relation to the sponsorship situation.

As I say, there was another motion from the public accounts committee this morning requesting additional documents. The government will review that new motion, and we will respond in a timely fashion to it.

[Translation]

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, in Great Britain, it took only ten days before the Hutton

Oral Questions

Commission started its work. This is day 30 after Justice Gomery's appointment and the investigation into the sponsorship scandal still has not begun.

If the Prime Minister wanted to know the truth, why did he appoint Justice Gomery even though he knew he was going on vacation?

[English]

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, I want to reassure the hon. member that Mr. Justice Gomery has been very busy in relation to putting in place the preconditions to carry forward this inquiry.

Mr. Justice Gomery to date has named Sheila-Marie Cook as the executive director of the inquiry, Bernard Roy as counsel and Neil Finkelstein as co-counsel. They have already begun preparing for the inquiry's hearing.

I think anyone who understands how these public inquiries operate—

The Speaker: I was trying to get some order so I could hear the Deputy Prime Minister's answer, but I have given up. The hon. member for Winnipeg North Centre has a supplementary question I believe. I hope we will be able to hear her with all the noise down there.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, this is incredible. One hundred million dollars is gone and the judge finding out about it is on holidays. It is 10 days in Britain for a public inquiry. Here it is day 30. So much for the government getting to the bottom of it.

Today we heard the only whistleblower in this case was never contacted. For 10 years the Liberals have been rewarding their friends, and no one asked the guy willing to talk. Thank goodness the Prime Minister is not a cop. He would never bother talking to any of the eyewitnesses.

How can an entire government forget to ask the one person willing to tell the truth?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, again, as I have said on numerous other occasions, no one is more committed to getting to the bottom of this than this government. That is why we have a public inquiry headed up by Mr. Justice Gomery. I would hope that the hon. member is not attacking the reputation or integrity of Mr. Justice Gomery.

As I have indicated, if anyone understands the process of public inquiries in this country, there is considerable preliminary work that needs to be undertaken, including the appointment of counsel, co-counsel, the finding of office location—

The Speaker: The hon. member for Medicine Hat.

Oral Questions

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, in 1990 Claude Boulay of Groupe Everest fame was the director of communications for the Prime Minister's leadership campaign. In 1994 the Prime Minister's chief of staff, Terrie O'Leary, made sure that Boulay's company, Groupe Everest, got the contract to run a finance department ad campaign. That same ad campaign was augmented by over \$900,000 so that Groupe Everest could get a \$170,000 commission for not doing any work at all.

When will the Prime Minister admit that this scandal reaches right into his office?

• (1430)

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the hon. member seems to be speaking of government advertising through the ministry of finance to tell Canadians about Canada savings bonds. This is not only legitimate, but it is an essential feature of government advertising in keeping the public informed.

If there is anything improper that is being suggested, then put it before the public inquiry and the public accounts committee. That is where those documents should go. I invite the members to do so.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, that is exactly what happened today in the public accounts committee. Now we would like some answers from the Prime Minister.

The Prime Minister's chief of staff, Terrie O'Leary, was directly involved in ensuring that one of the dirtiest firms in this whole scandal, Groupe Everest, got a contract from the departments of finance and public works.

Allan Cutler told us today that Groupe Everest was getting a commission on the Canada savings bond advertising campaign without doing any work at all. That was the testimony today. Now we would like some answers.

How could the Prime Minister deny his involvement when his own staff were involved right up to their ears?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, we have already had a lengthy discussion of this memo from Terrie O'Leary. Members will recall that the hon. members opposite only tabled two pages of it. In fact it was a six page memo from Terrie O'Leary, outlining processes to expand competition and involve more companies in the bidding process. That was the subject of the memo.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, CPC): Mr. Speaker, the Prime Minister has indicated repeatedly that he knew nothing of the irregularities in spending practices and contracts in public works until 2002. Today a memo tabled at the public accounts committee draws a direct line to the Prime Minister.

Karl Littler, the legislative assistant to the Prime Minister when he was minister of finance, received a memo in 1995 specifically outlining the authorized breaking of the rules and the raising of a contract by almost \$1 million to Groupe Everest. That memo is direct evidence that the Prime Minister knew.

When is he going to come clean on what he knew about this dirty ad scandal?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as I said earlier, I do have in my possession a memo, not from Karl Littler but to Karl Littler from a finance department official. In fact, this memo deals with nothing more than the ordinary annual advertising in relation to Canada savings bonds.

I would think that it is hard to make the kinds of assertions or allegations that the hon. member is in relation to a matter that we know is an important annual advertising campaign to encourage Canadians to buy Canada savings bonds.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, CPC): Mr. Speaker, what that memo is, is direct evidence of the Prime Minister's knowledge of this rotten corruption in his government. His chief of staff knew, his legislative assistant knew and ministers in the government knew. The Prime Minister was clearly in the know on this ad scandal from the very beginning.

How can the Prime Minister continue to pretend that while his closest staff were in the know and ministers of his government were in the know, he had this feigned wide-eyed innocence about what was happening? If he was not in control of his staff, his budget and what was happening in government, who was?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I think I get the point now. The member for altered documents is referring to a memo from a justice lawyer to a staff member in the Prime Minister's department telling him that there would be a campaign to promote savings bonds. That is a pretty serious charge.

* * *

[Translation]

EQUALIZATION

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, the current Prime Minister, who was finance minister for nearly ten years, slashed federal funding to health so much that Quebec and the provinces are drowning under the costs they must bear to ensure health care. They are currently holding an ad campaign to this effect.

Will the Prime Minister admit that his only concrete action as Prime Minister has been to confirm the one-time payment of \$2 billion, which was already announced by the previous government, and that this is a pittance for someone who says that health care is a priority to him?

Oral Questions

•(1435)

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, this Prime Minister has admitted that it was essential to hold regular federal-provincial meetings. He has taken a different approach. He has admitted that cooperating with the provinces was the way to go.

The finance ministers and health ministers are determined to meet, with recommendations from our government leaders in hand, and to report back over the summer to ensure the long term sustainability of our health care system.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, this summer, after the election. Now is when we want to know what the government intends to do. Today, the Bloc Québécois brought before the House a motion calling on the government to commit to investing half of the surplus for this fiscal year, in addition to the \$2 billion already promised.

Does the Prime Minister not realize that, if it is true that health is a priority for him, investing this money would be a concrete, significant and absolutely essential gesture?

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, obviously, it is rather interesting to hear this from the Bloc Québécois, when it has just voted against equalization, 45% of which goes to Quebec. This is hypocritical to say the least.

Some hon. members: Oh, oh.

Hon. Pierre Pettigrew: What interests us on this side is realizing that the long term sustainability of health care depends on a commitment to both reform and funding.

Our government is determined to work with the provinces on the funding issue, naturally, which will help to achieve the necessary reforms.

However, I see that voting against equalization has pained them.

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GASOLINE PRICES

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the report by the Standing Committee on Industry, Science and Technology, tabled in November last year, recommended the creation of a petroleum monitoring agency. The government has until April 5 to respond.

Does the Minister of Industry intend to follow up on the committee's recommendation and will she make a commitment to announce her decision before an election is called?

Hon. Lucienne Robillard (Minister of Industry and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, Lib.): Mr. Speaker, at present, the government is thoroughly examining the recommendations made by the Standing Committee on Industry, Science and Technology. I am certain that the government's response will be forthcoming quite soon. My colleague, the Minister of Natural Resources, will be able to explain exactly what is happening in this matter.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the Prime Minister has denounced the democratic deficit many times and has said that he wanted to enhance the role of MPs. This is a fine occasion to do something about this.

Having swept aside the Competition Act, does the government intend to seize the opportunity presented by the committee and create this petroleum monitoring agency that would give consumers a tool to keep oil companies in line?

Hon. Lucienne Robillard (Minister of Industry and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, Lib.): Mr. Speaker, it is very clear that this is an important issue for the majority of Canada's consumers and businesses. It is also clear that, using the various mechanisms in place, our government has followed this situation very closely.

Now we have the report from the parliamentary committee; I can assure the members of this House that we are going to take the committee's recommendations very seriously and that the government will announce its response soon.

* * *

[English]

SPONSORSHIP PROGRAM

Mr. Vic Toews (Provencher, CPC): Mr. Speaker, the government has always said that the breaking of the advertising rules was in response to the results of the October 1995 Quebec sovereignty referendum.

Today public accounts heard that the authorization to break the rules happened in November 1994, a year before the referendum.

Will the Prime Minister now admit that the real reason for breaking all the contracting rules was to funnel taxpayer money into the Liberal Party?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, no, the government will certainly not admit that. What we have is a situation of some money that has gone astray and we have processes in place to track it, to hold people responsible and to recover the money where appropriate.

The processes are in place. It is coming out at public accounts. We have a public inquiry coming up. There are police investigations going on. Those hon. members are very welcome to take part in all of those processes.

Mr. Vic Toews (Provencher, CPC): Mr. Speaker, today public accounts heard that former Liberal minister, David Dingwall, now the president of Canada's Mint, authorized the breaking of advertising rules in 1994, that the normal rules and regulations did not apply to advertising contracts. We have heard that there was a direct pipeline between those who broke the rules and that former minister's office. First Gagliano and now Dingwall. Which other ministers had their hands in the dirt?

Oral Questions

●(1440)

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as the hon. member may be aware, Mr. Dingwall, the former minister of public works, has indicated that he will be happy to appear before the public accounts committee and answer any questions it may have.

It is my understanding that next week the public accounts committee will be calling a number of former ministers of public works and, it is my understanding, Mr. Dingwall is one of those former ministers.

Mr. Leon Benoit (Lakeland, CPC): Mr. Speaker, the list of scandals grows and here is yet another one. Allan Cutler testified today that he believes documents were cleansed before the 1996 external audit of ad scam.

Who tampered with these documents and what does this government have to hide?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the hon. member is referring to issues I assume are before the public accounts committee. The public accounts committee has not reported. It has not finished its deliberations. It is in place for a very serious purpose. Let it do its work and we will all be better informed.

Mr. Leon Benoit (Lakeland, CPC): Mr. Speaker, the government will hide behind anything it can to keep the truth from Canadians and that is not acceptable.

Tampering with documents is a very serious issue and Mr. Cutler was an honourable and respected public servant. This government has refused to listen to him for the past 10 years but it had to listen today. He indicated that either someone tampered with the documents used for the 1996 external audit of ad scam or the audit itself was fixed. Which was it?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I am sure the hon. member knows that this government only came into existence on December 12, 2003. Apart from that, I am sure that the—

Some hon. members: Oh, oh.

The Speaker: Order, please. I realize hon. members are trying to assist the minister in his answer but the minister seems to have in mind what he will say and we have to be able to hear it. He has the floor and I am sure he appreciates the assistance, but the Chair does not because the Chair cannot hear the answer. We have to be able to hear the answer. A little order, please.

The Minister of Public Works and Government Services.

Hon. Stephen Owen: Mr. Speaker, the hon. member is speaking of events before the public accounts committee and I am not sure if it is appropriate—and you, Mr. Speaker, are the expert on this of course—to make reference in the House to a parliamentary committee that is in process.

In any event, the process is underway. The government has given a clear indication that whistleblower legislation, which is about to be introduced in the House, will be retroactive, making it appropriate and possible for Mr. Cutler to come before the committee.

JUSTICE

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, known pedophile Robin Sharpe has stated publicly that Bill C-12 would actually be of benefit to him.

Now the opposition in response is intentionally putting up roadblocks to the passage of Bill C-12.

Would the Minister of Justice tell the House whether Sharpe is right? Would Bill C-12 benefit him?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, if Bill C-12 passes, we will have one of the strongest pieces of child protection legislation of any democracy in the world, which includes stronger child pornography provisions, a special category to protect against sexual exploitation, tougher sentencing provisions and measures to protect children.

I want to ask the opposition—

Some hon. members: Oh, oh.

The Speaker: Order, please. The Minister of Justice has the floor. We have to be able to hear the minister's answer. We do not know the answer yet.

Hon. Irwin Cotler: Mr. Speaker, if the opposition cares about the protecting of children, it will join us in the passage of this legislation.

* * *

●(1445)

FISHERIES AND OCEANS

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, the real scandal in the country is the government's treatment of our Coast Guard and our marine habitat.

The commissioner for aquaculture, Yves Bastien, has made recommendations to the minister that aquaculture be exempt from the habitat and pollution provisions of the Fisheries Act. This is simply outrageous.

We are asking the Minister of Fisheries and Oceans to categorically reject the recommendations of the commissioner of aquaculture and to ask for Mr. Yves Bastien's immediate resignation from the department.

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, a sustainable and properly regulated aquaculture industry will provide economic opportunities for our coastal communities.

Mr. Bastien's report to me, which I have made available for public comment, fulfills his mandate, which expires on March 31 of this year.

I would ask Canadians for comments on his report and will respond in the near future.

* * *

NATURAL RESOURCES

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Minister of Natural Resources.

Oral Questions

The panel appointed to review the lifting of the moratorium on oil and gas exploration off the west coast includes Roland Priddle, director of an oil and gas company doing offshore exploration overseas, and Don Scott, a former mayor who actively lobbied to lift the moratorium.

Last May the B.C. director general of Environment Canada warned that this panel would be seen as biased toward industry interests.

Why has the minister not fired this panel that is seen by British Columbians as totally biased and stacked in favour of lifting the moratorium and threatening our pristine B.C. waters?

Hon. R. John Efford (Minister of Natural Resources, Lib.): Mr. Speaker, I find it very unfavourable for the hon. member to stand in the House and make such derogatory comments about an individual with the capabilities of Mr. Priddle.

I have no intention of firing Mr. Priddle or removing him from his position. I have full confidence that he will do his job and bring back a report. He does not make the decisions. He will bring back a report to government and then we will make the decision.

* * *

NATIONAL DEFENCE

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, a scandal a day will certainly ensure there is no election in May.

As finance minister, the Prime Minister was on duty when at least \$160 million went missing from the Department of National Defence in phoney invoicing by Hewlett-Packard or its subcontractors. A money manager who does not notice that amount of cash disappearing gets fired. Clearly, Canadians cannot trust the Prime Minister to handle their money.

How is that the government spent \$160 million, got nothing in return and no one noticed?

Hon. David Pratt (Minister of National Defence, Lib.): Mr. Speaker, the attempt by the opposition to link this to the Prime Minister, in my view, is patently ridiculous.

There was a very deliberate and well-crafted strategy to hide the irregularities from the audit teams at both the Department of National Defence and PWGSC.

I think it is important to keep in mind as well that it was not a whistleblower who brought this to the attention of the government; it was not Hewlett-Packard; it was not the Auditor General. It was the internal management and audit processes of the Government of Canada.

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, it is important to keep in mind that there is a glaring contradiction.

The Minister of National Defence has stated that DND had nothing to do with Hewlett-Packard using subcontractors and therefore, DND was not responsible for anything that they did. However, Hewlett-Packard has stated it was instructed by DND to use specific subcontractors and could not question why, due to national security. The net result is that \$160 million went AWOL.

Why did the government use the cover of national security as an excuse for its incompetence?

Hon. David Pratt (Minister of National Defence, Lib.): Mr. Speaker, there is a very clear situation here where the facts are very much in dispute. I suspect that the forensic audit that is underway and the work that the RCMP is doing will uncover the truth in this matter.

We feel that we are in a very strong position. The obligation rests with Hewlett-Packard to provide us with information in terms of the value that it provided to the Government of Canada in connection with goods and services provided under the hardware and maintenance IT contracts.

Mrs. Elsie Wayne (Saint John, CPC): Mr. Speaker, when 10 soldiers were given \$50 for daily food allowances, the government was quick to pounce on them and get every nickel back. Let me say this. At the same time, \$160 million was walking right out the back door in a phony invoice scheme that reminds us all of the sponsorship scandal.

How could DND lose \$160 million without anyone on that side of the House noticing it?

● (1450)

Hon. David Pratt (Minister of National Defence, Lib.): Mr. Speaker, as soon as these irregularities became evident, we took immediate action in terms of firing an employee. We called in the RCMP. A forensic audit was conducted. There were payments in the amount of approximately \$50 million withheld from the company.

I think we acted with swiftness and responsibility in this matter.

Mrs. Elsie Wayne (Saint John, CPC): Mr. Speaker, in response to a question about the disappearance of the \$160 million from the DND budget, the Minister of National Defence said yesterday that an employee had already been fired.

Can the minister explain how a single individual could personally authorize the expenditure of \$160 million in departmental funds? Why were the necessary safeguards not in place in that department to ensure that this type of thing did not happen in the first place?

Hon. David Pratt (Minister of National Defence, Lib.): Mr. Speaker, I go back to the point that this was a very deliberate and well-crafted scheme to ensure that the auditors did not get the facts.

I should say as well that from the standpoint of the fact that this is likely going to be in the courts very shortly, I would ask the hon. members opposite to wait for the results of the RCMP's work, wait for the results of the forensic audit and we will all have the details.

* * *

[Translation]

FIRST NATIONS

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, this week the Regional Chief of the Assembly of First Nations of Quebec and Labrador, Ghislain Picard, sounded the alarm with respect to housing in aboriginal communities. He estimates that an additional \$1 billion is needed to fill the gap in construction.

Oral Questions

Does the Minister of Indian and Northern Affairs realize that a vast majority of aboriginals in Quebec and Canada live in unsanitary homes infested with mould and that a major investment must be announced immediately so that they can have decent living conditions?

[English]

Hon. Andy Mitchell (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I had the opportunity to meet this morning with the national chief and other aboriginal leaders.

We had an opportunity to discuss the issue of housing. We have committed to work together, to think outside the box, to develop solutions that will in fact result in additional housing for first nations communities and other aboriginal communities.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, according to the Assembly of First Nations of Quebec and Labrador, 8,700 homes need to be built this year to meet urgent needs, but only 414 will be built.

Will the minister commit to remedying this situation—which is almost unimaginable in 2004 in a developed country—and implement real measures to develop housing for first nations? Discussions and promises are all well and good, but promises have to be kept and things have to get done.

[English]

Hon. Andy Mitchell (Minister of Indian Affairs and Northern Development, Lib.): Yes, Mr. Speaker, we will be proceeding in exactly that manner. We will be working with first nations communities and with other aboriginal communities with the very clear objective of ensuring that there are additional housing units in our first nations and aboriginal communities.

* * *

SPONSORSHIP PROGRAM

Mr. Chuck Strahl (Fraser Valley, CPC): Mr. Speaker, when the sweetheart deal to top up the Groupe Everest contract was first proposed, Mr. Cutler wrote a memo recommending that the amendment not go forward for four reasons. First, it was a completely retroactive situation. Second, Groupe Everest was going to receive a commission for doing no work. Third, the amendment had to be approved first by the minister. Fourth, it had to have a cost analysis and legal approval before going ahead.

That was in the testimony today before public accounts. If that is the situation, why did Groupe Everest once again get a sweetheart deal from the government?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, shortly after the public accounts committee was created, I went before it and we offered immunity to whistleblowers.

Mr. Cutler came forward with a very detailed synopsis of testimony or his experience on this. He was interviewed at great length for a period of time. He is a very honourable man who gave very straight answers, and he did not implicate the Prime Minister.

Mr. Chuck Strahl (Fraser Valley, CPC): Mr. Speaker, here is how it worked. There was an amendment to the contract for

\$909,000. The person in charge of the amendment said it should not go ahead for the following reasons. For one, it was completely retroactive; the work had already been finished. Groupe Everest was going to get 17% of that, almost \$170,000, for doing no work. Third, it had to be approved by the minister, the minister who was sitting right over there.

Why is it that when Groupe Everest is involved, the Prime Minister is close by and it gets a special deal from the government?

• (1455)

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I do not think the evidence of Mr. Cutler suggests anything of the kind.

What we have before the public accounts committee is evidence from someone who has come forward with the assurance of protection. He was invited and encouraged to come forward. He is providing valuable information. It is being considered by the public accounts committee.

All members will be interested in their conclusions on this and other evidence, so we should not prejudge the conclusion.

* * *

RACIAL DISCRIMINATION

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, my question is for the Minister of State for Multiculturalism and the Status of Women.

Why is it important to celebrate March 21 as the International Day for the Elimination of Racial Discrimination? What is the multiculturalism program doing to highlight the importance of this day?

Hon. Jean Augustine (Minister of State (Multiculturalism and Status of Women), Lib.): Mr. Speaker, March 21 is indeed the International Day for the Elimination of Racial Discrimination.

We will continue the annual March 21 campaign which is entitled "Racism. Stop It!" We know, and we must acknowledge, that racism exists in our society. The ethnic diversity survey tells us that 35% of visible minorities experience some form of discrimination or unfair treatment.

Racism affects everyone. All Canadians must be encouraged to take action.

*Oral Questions***SPONSORSHIP PROGRAM**

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, all day we have been asking members of the government about a scam that was the result of them and they have no decency to take any responsibility for it. This is a scam that was perpetuated in the Prime Minister's office by his chief of staff and executive assistant. This is a scam that rewarded the PM's friend \$170,000 for doing nothing. How can the Prime Minister still stand in this place and say he knew nothing about this?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I can only repeat, to the numerous questions that have been raised today about this and other related issues, that the inquiry will look into these issues. The public accounts committee is in the process of doing so. We will all gain a better appreciation of what happened. The Prime Minister and any other members of the government will go forward and speak to these inquiries or commissions or the public accounts committee if they are asked to do so.

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, this is completely unacceptable. We are still not seeing the transparency that the Prime Minister promised in the House. He never stands up to answer the questions and we think Canadians want to see this.

The Prime Minister's two top staff were complicit in ensuring that Groupe Everest was able to skim \$170,000 for doing nothing. Memos show that the minister had been informed. How can the Prime Minister still stand in this place and claim ignorance?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the member for radio transparency stands up in the House and talks about ethics and transparency. I simply say to him that we have put in process the most transparent process possible. There are lots of opportunities to bring evidence forward and have it adjudicated by members in this chamber, by a judge, under testimony, under oath. That is what we are doing. Let them put some evidence on the table, please.

* * *

[Translation]

ALCAN

Mr. Sébastien Gagnon (Lac-Saint-Jean—Saguenay, BQ): Mr. Speaker, when she visited Alcan workers in the Saguenay—Lac-Saint-Jean region, the Minister of Industry was asked to invite the president of Alcan to come and explain his company's decision to prematurely close the potrooms at the Jonquière plant.

Could the Minister of Industry tell us if she has already taken steps in that regard and, if not, what is she waiting for to follow up on the request of Alcan workers?

Hon. Lucienne Robillard (Minister of Industry and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, Lib.): Mr. Speaker, last week, during my visit to Saguenay—Lac-Saint-Jean with the hon. member for Chicoutimi—Le Fjord, we met officials from various unions, including Alcan, who are going through difficult times.

Indeed, I pledged to meet with the president of Alcan, first to find out about the planned closure of the potrooms and, second, to urge him to invest more in aluminum processing in that region, as the Government of Canada is already doing.

* * *

• (1500)
[English]

WESTERN ECONOMIC DIVERSIFICATION

Mr. Raymond Simard (Saint Boniface, Lib.): Mr. Speaker, Western Economic Diversification Canada makes investments in innovation. In addition to support for university research, has the department ever supported colleges in the west?

Hon. Rey Pagtakhan (Minister of Western Economic Diversification, Lib.): Mr. Speaker, indeed my department has supported colleges for innovation. Today my department announced \$550,000 in support for the Olds College Centre for Innovation in central Alberta. This college provides support, both technological and scientific, to small and medium sized businesses in the agrifood sector. As well, this college certainly will develop newer technologies. A stronger food sector industry is good for all Canadians. This is about building a 21st century economy.

* * *

SPONSORSHIP PROGRAM

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, my question is for the Deputy Prime Minister.

Earlier in this question period, the Minister of Public Works declined to answer a question by noting that technically the government took office only on December 12, 2003. Is it the government's position that no one in the House is responsible for actions taken by the Liberal government in which the Minister of Public Works, the Deputy Prime Minister, the Prime Minister, the Minister of Finance and 13 other current ministers served?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, in fact the Prime Minister and this government have been very clear. We have put in place a comprehensive response to the Auditor General's report. We want to get to the bottom of this. We are taking responsibility. That is what we did. We took responsibility when we put a public inquiry in place, when we convened the public accounts committee early, when we in fact indicated there would be whistleblower legislation, when we in fact acted in relation to certain of those in relation to crown corporations. We in fact have taken responsibility. We have acted responsibly. We will continue to do so.

* * *

PRESENCE IN GALLERY

The Speaker: I would like to draw to the attention of all hon. members the presence in the gallery of the laureates of the Governor General's Awards in Visual and Media Arts: in the category of artistic achievement, Iain Baxter, Eric Cameron, Istvan Kantor, Garry Neill Kennedy, John Oswald and Ian Wallace, and in the category of exceptional contribution, Tom Hill.

Some hon. members: Hear, hear.

Privilege

The Speaker: I invite all hon. members to meet the laureates at a reception at 3:15 p.m. in Room 216-N.

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BUSINESS OF THE HOUSE

Mr. Loyola Hearn (St. John's West, CPC): Mr. Speaker, I would like to ask the government House leader what business he plans for the rest of today, tomorrow, and for the start of the week when we come back following the break week.

While he is at it, to prepare us all he might want to tell us when the election is so that we can all get a head start.

Hon. Jacques Saada (Leader of the Government in the House of Commons and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, the election date will be on the date that the Prime Minister chooses to declare it.

In the meantime, this afternoon we will continue with the debate on the opposition motion.

[*Translation*]

Tomorrow, if we reach an agreement, we will begin consideration of Bill C-21, an act to amend the Customs Tariff, and of the Parliament of Canada Act. This will be followed by Bill C-12, the protection of children legislation, Bill C-15, on the international transfer of persons found guilty of criminal offences, and Bill C-10, the marijuana legislation.

I am also announcing that I will try to get as soon as possible the consent of members from all parties to reduce the scheduled 72 hour waiting period, so that we can deal with report stage, second reading and third reading of Bill C-3 as early as tomorrow.

Next week, hon. members will be in their constituencies.

Monday, March 22, shall be an allotted day. On Tuesday, March 23, we will resume consideration of tomorrow's bills, this until 4 p. m., at which time the Minister of Finance will deliver his budget speech. The debate on the budget will continue on March 24 and 25.

* * *

• (1505)

POINTS OF ORDER

ORDER IN COUNCIL APPOINTMENTS

Hon. Jacques Saada (Leader of the Government in the House of Commons and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, I rise on a point of order. You will recall that the hon. member for Calgary Centre addressed a point of order yesterday, accusing me of having erased from *Hansard* certain words I had spoken in this House.

Not only did he make that allegation, but in addition he took it upon himself to send me a letter, a letter I am prepared to table, in which he writes the following:

[*English*]

“You may learn more caution as, and if, you continue in your sensitive duties”. He carries on, saying, “You...have an unusual obligation to treat your colleagues courteously, and to speak with care”.

[*Translation*]

These are expressions I do not accept.

[*English*]

The text that I delivered in the House which was at the origin of the complaint, simply, was delivered in French. I reviewed the tapes. I have never pronounced the words that my colleague attributed to me. The tape was very clear in the English version, which was a translation of my text. Therefore, instead of patronizing me, I would suggest to my hon. colleague to indeed do the same thing I have done, which is to seriously look at the file before making such statements which are totally—again—ridiculous and ludicrous.

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, certainly if I were at fault in the matter I would admit that to the House and withdraw any statements that are not borne out by the facts.

We have also reviewed the tapes. There is no question in our review of the tapes that in the English version the interpreter used the words “administrative error” and the voice of the government House leader was heard in the background as he said, en français, “erreur administrative”.

This, Sir, should not be a dispute between the two of us. I believe the Chair has undertaken to look at the televised version of the tape and come to a conclusion himself.

I would, however, repeat and stand beside my very friendly advice to the government House leader that if he wants to make this House of Commons work, which is his duty, he should be careful to show courtesy to other members of this place.

The Speaker: I thank both hon. members for their additional contributions on the point of order which I am in the midst of investigating, as suggested by the right hon. member for Calgary Centre. I will be returning to the House in due course with a decision in respect of this matter.

* * *

PRIVILEGE

DISCLOSURE OF ONTARIO LIBERAL CAUCUS MEETING

Mr. John O'Reilly (Haliburton—Victoria—Brock, Lib.): Mr. Speaker, this is a serious question of privilege. It affects all members of Parliament. This question of privilege arises from a meeting in Room 253-D on March 3, 2004. My position as chair of central Ontario caucus is to report to Ontario caucus and in turn to the Prime Minister at national caucus.

Sun Media received a tape from the broadcast service, by whatever means, which remains to me a mystery for sure. I want to know how it was made, why it was made, and how did the media receive it? I believe Parliament, and all members of Parliament, should have an answer to this.

I have no argument with the media. Of course, to quote Churchill, never make enemies of people who buy paper by the ton and ink by the barrel. My problem is, who made the tape and how was it obtained? The damage it caused me is incidental. Politicians love to have publicity; the only thing worse than bad publicity is no publicity. The damage to the manufacturers that I represent in my riding is reprehensible.

An auto parts manufacturer had to defend my statement in the Sun Media, and I am sure everyone here believes everything they read in the Sun Media. He had to explain the statement and that pitted them against their only customer. The damage is the basis of my intervention. I believe my rights of privacy in this precinct of Parliament have been violated.

I would like opposition members to think about it. If this incident happened to any opposition party, would they feel their right to privacy was violated? Would, for instance, the member for Laurier—Sainte-Marie, speaking to his caucus, feel aggrieved if in fact it had been taped and broadcast?

Section 193 of the Criminal Code of Canada clearly favours my point, and I ask you, Mr. Speaker, to consult it.

Who does a member of Parliament of this House of Commons turn to for justice in this matter? Do we go to the Sergeant-at-Arms, which I did? Do we go to you, Mr. Speaker, which I am doing? Do we go to the RCMP, who have no authority in this particular incident? Do we go to the House of Commons security? Do we go to the Senate security? Do we go to the six or seven security agencies that operate within this precinct? Do we go to the Ottawa police? Or do I go to a local crown prosecutor, which would be in fact in the Ottawa court system, which does not cover the House of Commons?

Mr. Speaker, there is damage. I want to be able to know that I can speak out in private on behalf of my constituents without the fear of their right to privacy being invaded, or my right to privacy.

These same facilities that I used are used by ministers of the crown at all levels. They are used for government briefings. They are used for opposition party members' meetings. Do they now feel secure that their meetings can be taped and sold to the press or obtained by the press? Do the opposition worry that they are being recorded in their private meetings?

Mr. Speaker, when we look for your guidance as the person with overall authority not only for the employees of Parliament Hill but with the responsibility for a secure environment for members of the House of Commons to carry out their parliamentary duties with confidence that their rights are not violated by criminal activity, we ask you, Mr. Speaker, to consider the rights of every member of the House of Commons. I would like you to consider their rights to privacy under section 193 of the Criminal Code. Was that violated?

I am sure other members would like to comment on this. When the chair of a caucus goes to a private meeting and reports to the chair of the next caucus up and the next caucus being recorded, I am sure, Mr. Speaker, that even you would want to ensure us that right of privacy, that right of being able to bring our constituents' problems forward without fear of being taped by someone. Was it taped? Was it broadcast? I have heard of four different ways as to how this happened.

Privilege

Mr. Speaker, I believe this was criminal activity and I would ask you to investigate it, to look into it, and to ensure me that my rights as a member of Parliament are secure in this environment.

● (1510)

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, on the same matter, apparently as the press would show it and as the House record will show, there was an Ontario regional Liberal caucus meeting which took place on February 25, 2004. On both February 29 and March 4, which followed that event, there were accounts, and verbatim accounts, of that meeting published in an Ottawa newspaper. I believe it was the *Ottawa Sun*. The *Ottawa Sun* also published that it had received an audio tape of that meeting and presumably relied on the audio tape in order to write, print and publish the story.

There are three aspects I would ask the Speaker to consider in relation to this event. The first involves the matter of privilege itself. I submit that this disclosure by the *Ottawa Sun* constitutes a breach of our privileges, the privileges of all of us in this House.

It is the disclosure that is the breach. I have not made reference explicitly to the taping or the broadcast. There are factual elements involved in what happened here that are not precisely known to me. It is quite possible that the taping, the switching, the broadcast, the transcription, all of those elements, may also constitute a breach of our privileges here, individually or collectively, but I will leave that matter to the Chair.

Suffice it to say, from my perspective, that the disclosure itself of something known to be private communication in camera in our Parliament by a person outside of it constitutes a breach of our privilege. I submit that work that happens in camera in this place, whether it is by ministers in camera, House committees sitting in camera, or caucus meetings in camera, is all the same in terms of the need to ensure that we have the ability to conduct some of our business in camera.

I do not have to point out to the Speaker or members that when this privilege, this privacy of these meetings, is breached, innocent individuals can be hurt, not just elected persons but individuals and their interests. In addition to injury to individuals, the process of governance itself is hurt.

The second aspect, which relates to the first aspect I have raised, is section 193 of the Criminal Code. As I read the facts, I come to the conclusion, and I speak really as a person just reading the code and looking at the facts, there appears to be the basis of a criminal offence. The words of the section state, and I will just take the relevant words:

Where a private communication has been intercepted by means of an electro-magnetic, acoustic...device without the consent...of the originator...every one who... wilfully...

(a) uses or discloses the private communication or any part thereof...or

Supply

(b) discloses the existence thereof,
is guilty of an indictable offence and [is punishable]—

I submit that based on what has happened here, a criminal offence has been committed. I will not suggest by whom; I will simply indicate that it is the disclosure that constitutes the Criminal Code offence and not the taping or the transcription or the broadcast. These may also constitute offences under sections 183 and 184 of the Criminal Code. I will leave that aside for now.

The third aspect which I want to bring to the Chair's attention is in relation to the conduct of media in and around Parliament. Media in the House are given special privileges by the House. They are the controllers of a press room right below us, where we speak now. They are given privileged access to this place way beyond what individuals of the public would normally expect.

• (1515)

It seems inconsistent to me that those who avail themselves of these privileges as media, both for service and for profit, would knowingly be able to violate our rules here about confidentiality of some of our meetings.

Certainly, the meetings in the House of Commons are not private but are quite public; however, we do have in camera private meetings.

For those who would knowingly violate those rules and flaunt our working privileges on the front pages of a newspaper, I find quite inconsistent with their use of the privileges they have. I would ask, Mr. Speaker, that you consider that as a matter of privilege as well.

I will leave the matter there. I will look to you, Mr. Speaker, to engineer, if possible, some form of resolution that will uphold both the public interest and the finest traditions of the House. I am prepared to move a motion if you find that this is a matter of prima facie privilege as I believe it to be.

I would also add that as a result of this being on the public record, and in the event that there is the basis for a criminal complaint, that the Royal Canadian Mounted Police take note thereof subject to any direction that you, Mr. Speaker, might wish to assist them with.

As one member, I would like to see a resolution from within the House rather than the criminal courts. This is not impossible and that would be a preferred resolution if that were possible.

• (1520)

The Speaker: The Chair appreciates very much the gravity of the allegations raised by the hon. member for Haliburton—Victoria—Brock and the hon. member for Scarborough—Rouge River.

As hon. members may have noted, I have ordered an inquiry into the leak of these proceedings in this particular room on that particular day. February 25, I believe, was the date that the hon. member for Scarborough—Rouge River mentioned. I have received a report that I have communicated to certain officials who requested the report. I am continuing to look into the matter as we speak.

In fact, I was doing it before the hon. members raised their questions of privilege today. I will continue to do that and I will get back to the House with a ruling on these questions very shortly.

I am sure that the House will have further opportunities to hear of the matter in due course. I certainly regard it as one of the utmost gravity and will certainly deal with the situation.

* * *

[Translation]

BUSINESS OF THE HOUSE

Hon. Mauril Bélanger (Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I rise on a point of order. If you were to seek it, I believe you would find consent to adopt the following motion:

That, notwithstanding any Standing Order or usual practice, when Government Orders are reached after the introduction of a bill entitled “An Act to Amend the Parliament of Canada Act” on March 12, 2004, the second reading stage of the said bill shall be taken into consideration, during which no more than one speaker from each party in the House may speak for no more than five minutes, after which the said bill shall be deemed to have been read a second time, referred to and reported without amendment from a committee, concurred in at the report stage and read a third time and passed.

The Speaker: Does the honourable Deputy Government House Leader have unanimous consent to move this motion?

Some hon. members: Agreed.

[English]

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

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS

[Translation]

SUPPLY

ALLOTTED DAY—HEALTH CARE FUNDING

The House resumed consideration of the motion.

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I listened carefully to the hon. member for Rivière-des-Mille-Îles and to all my colleagues who spoke so eloquently to the motion on health-care spending put forward by my friend and colleague the member for Joliette.

I told my colleague from Brome—Missisquoi earlier that his speech had saddened me. It is in this context that I wish to put a question to the hon. member for Rivière-des-Mille-Îles. I said I was saddened because I felt the member from Brome—Missisquoi was agreeing with what he was saying.

He read a text, probably written by Health Canada officials, but while reading it he said or gave the impression that he was agreeing with it. He told me afterwards that in fact he was. However, I am not sure he understood what it was all about. He was agreeing with what he was reading, but I am not sure he understood what it was that he was reading. I had forgotten to mention that and I wanted to do so.

The Romanow commission said “Health care transfers have to be increased from 16% to 25%”. The Provincial and Territorial Premiers Council also tells us that we should increase health care funding from 16% to 25%. Then, all the social and economic stakeholders tell us “We have to increase it from 16% to 25%”. How can the member for Rivière-des-Mille-Îles explain that, on the one hand, the Liberal Party is willing to negotiate, but on the other hand, it wants to start negotiating by saying that the federal government is already giving 40%?

How can it say on one hand that it wants to negotiate, claiming it is giving 40%, when on the other hand, all the stakeholders say that health care transfers amount to 16%?

I would like the member to explain this discrepancy.

• (1525)

Mr. Gilles-A. Perron: Mr. Speaker, I am very much attuned to the comments of my colleague from Repentigny, and will moreover be in his riding this coming Sunday, in Le Gardeur, for a special event, namely his nomination meeting. He can count on my being there.

What we are seeing is a real shame. A real shame, because ever since 1997, that is for as long as I have been in this House, we have been aware of this dictatorial side to the government, the despotic side which seems to be sending the message: “We are the true possessors of enlightenment, the possessors of all knowledge”.

To review a few events, all provincial health ministers in Canada say there is a fiscal imbalance. Everyone agrees on this except this famous Liberal government. Over there, they say “No, that is not true”, because they are the enlightened ones.

Let us hearken back to the young offender legislation. Everybody said there was something wrong with that bill, everyone but the people over there. It was not just us nasty separatists who were saying so, it was everyone involved in the justice system everywhere in Canada.

The folks over there think they know it all. Their attitude: “We are right, we are the enlightened ones, we have a direct line to the Almighty”.

I will give my colleague from the riding of Repentigny the best answer I can. Just remember the tax credits, the tax points, they are all mixed up in this. Let us remember how the provincial governments allowed the federal to encroach on their areas of jurisdiction, to collect taxes during the second world war.

We tried to restore things after the war. In 1964, the Liberal Premier of Quebec, Jean Lesage, managed to regain a few of what were called tax points. Let us remember that we managed to regain a few of those points in 1997.

In those days, Duplessis described the Supreme Court—since we took this as far as the Supreme Court—as being like the leaning tower of Pisa, always leaning to the same side.

Those words are just as apt today. Truth always leans toward the Liberals, with their lord-and-master mentality. Yet there are a lot of things they could stand to learn, things I have pointed out in my speech. As for their forecasted surplus, they are in the wrong every year.

Supply

My apologies if I have gone on overly long, and I thank the Chair for his indulgence.

• (1530)

The Deputy Speaker: This is nothing more than the usual generosity of the Speaker, regardless of who is in the Chair.

The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I am pleased to speak to the motion brought forward by the Bloc Québécois, acting as a spokesperson for Quebecers and Canadians who want the federal government to further invest in health-care.

The current government and the Prime Minister claim that health care is their top priority, however there is a disconnect between what they say and what they do. This is why, through the motion I will read for the record, as it did before in other areas, the Bloc is urging the federal government to commit to significantly raising its contribution to health care.

The motion put forward by the hon. member for Joliette reads as follows:

That, as the federal government's 16%-contribution to health-care spending is clearly inadequate, this House urge the government to invest at least half the current year's surplus in health care, over and above the two billion dollars already promised, in order to achieve as rapidly as possible the stable 25% federal contribution called for by Quebec and the provinces.

Each and every one of the words in this motion is important, but I want to draw the attention of the House to the fact that Quebec and the provinces are all asking for the same thing in this particular file. This is not a debate spearheaded by a sovereignist government in Quebec City who could be seen as not wanting to play the federalist game. Right now, there is a Liberal federalist government in Quebec City, and in the other provinces there are governments who are promoting Canada.

However, we are faced with a federal government who refuses to return a sizeable portion of the taxes it raises and would rather continue raking in huge surpluses. In the meantime, the provinces and regions do not have enough money to adequately fund the health care system.

To see if a system is failing, we may look for certain clues. The first one is that all these governments that have been providing health care are saying that the federal government's current contribution is clearly insufficient. That is the first reality. They even paid for a series of ads on television and in the other media to ask the question: what is Ottawa's share in health funding? Four answers are suggested: 50%, 33%, 25% and 16%. Unfortunately, the right answer is 16%. The federal government only provides 16% of the money required to fund health care, which is totally unacceptable.

Thus, the first real reason why our health care systems are failing and may not be able to meet the demand is the federal government underfunding, which Quebec and the provinces have criticized.

Supply

There is another major clue that we saw, unfortunately, in the news last night. Some people have to resort to a collective action to get compensation, because the health care system did not allow them to receive timely treatment for serious illnesses. Yesterday, they were talking about women who have breast cancer. It was very sad to hear this piece of news, that is that, in our country, in Canada, in Quebec, some people cannot receive medical treatment within a reasonable time frame because of underfunding.

It has been said for a long time that health care services have to be reorganized. Provincial governments of all stripes have made efforts to this effect. However, today, even after making these efforts, we realize that an unacceptable situation such as this still exists. We must absolutely receive the money we need.

This is why we are sure to get the support of the vast majority of people, whether in Quebec or in the rest of Canada, for the motion put forward by the Bloc Québécois. The only group we have not managed to convince yet is the federal government.

I hope the Liberal members who are here and who are aware of what is going on in their regions will understand that, instead of building an \$8 billion surplus this year and using it all to reduce the debt, they could spend it on major needs in our ridings. The money could be used much more wisely, especially if we were to do as the Bloc so reasonably suggests and reinvest half of this year's surplus in health care.

With an \$8 billion surplus, we could invest \$4 billion in health care and spend the other \$4 billion on planned expenditures. That would bring us back to the issue of balance which was raised before by the government during the election campaign when it talked about spending 50% of the surplus on debt reduction and 50% on other needs.

● (1535)

Unfortunately, there is a huge difference between what was promised to us during the election campaign and what we are faced with. Which is why our party, that wishes for adequate health care delivery, has made this call so that, at the end of the day, we can get the funding required to meet the needs of the health systems.

When the current Prime Minister was appointed finance minister in 1993-94, the federal contribution stood at 22%. It was that finance minister, our current Prime Minister, who slashed transfers to Quebec and the rest of the provinces. Cuts of \$21 billion were made, one-third of which were made in the province of Quebec even though it only represents one-quarter of the population.

When we talk about billions of dollars, we tend to lose sense of what it really means. One has to wonder what impact the Bloc motion would have if it were passed and all that additional money were invested in health care.

There are regions, such as the one I represent, where small hospitals are always looking for money to buy basic equipment in order to provide adequate service to the public. In addition to helping those hospitals buy equipment, the adoption of this motion would, in a sense, provide more room to manoeuvre and ensure that enough personnel is hired. This way, people who go the emergency room for treatment and seniors requiring home care would receive completely adequate service.

It is important to understand this issue. Last week, I met with people in my riding who work in home care for seniors. They came to tell me they are very concerned about impending cuts by the Quebec government, because they sense that the tap has been turned off and there is no funding available for them. They asked me to make representations, even though I am a federal MP.

The first thing I told them was that I understand full well what they are going through. We want seniors to be able to live at home as long as possible. That is the best option in terms of quality of life. It is also a good decision financially speaking. In order for the Government of Quebec to provide this service, it needs to have the necessary funds.

A person living in Quebec, whose government is the Government of Quebec, expects that government to answer these questions. Nonetheless, one has to realize that, in this system, a substantial part of the funding comes from the federal government, even if its share is currently only 16%, whereas it should be 25%.

This portion of the funding would help increase these services and obtain, at the end of the day, results that would allow us to invest in prevention and stop the cycle of systematically increasing costs. If we could invest more in prevention, we would eventually have fewer difficulties or problems funding major expenses such as hospitalization and the like.

The federal government says that it understands that priority should be given to health care, but it does not act accordingly. We are only a few weeks, or rather a few days away from the tabling of the budget and we will have to pass judgment on how the government is responding to the wishes of the population in this area.

Today, during question period, it was a little disappointing to hear the newly appointed Minister of Health tell us that meetings would be held in the summer of 2004 with the premiers and the health ministers of the provinces to address this issue. This does not augur well. It might mean that there will be no additional money in the upcoming budget, while at the end of the current fiscal year the federal government would have the dollars available to lend a helping hand and make sure the much needed funds make their way into the system in Quebec and all the other provinces in Canada.

We might see a repeat of a situation that was all too familiar when the current Prime Minister was the Minister of Finance. In the fall, we were told that there was not much extra money, but suddenly, a few months later, as the the fiscal year is drawing to a close, and things are more certain, we learn that there were important surpluses and that they were put against the debt.

Supply

• (1540)

Of course the federal government has a responsibility to pay down the debt. It is important to do so. However, the government also has a responsibility to provide adequate services to the population. People need the health care system at times when they are much more vulnerable and without proper financial means.

I think the Bloc's motion will help our fellow citizens to better understand this intricate system by which we have to pay taxes to two governments, one in Quebec and one in Ottawa. The one in Ottawa should give back to the provinces a substantial portion of this tax money, but it does not, and this is why the Bloc Québécois is now calling upon the public and the members of this House to urge the government to invest more in health care.

[*English*]

Mr. Loyola Hearn (St. John's West, CPC): Mr. Speaker, I listened with interest to the hon. member as he talked about some concerns relating to health care in his province, particularly in relation to the cutbacks of funding from the federal government. The same thing is happening in my province, particularly when we look at the fact that Newfoundland and Labrador and Quebec have such large rural areas.

When we talk about health care delivery and when we talk about the fact that money is delivered to the provinces based upon population, it does not cut it that way. We have an aging population in my province. More young people are leaving, which means we have a smaller population. In fact I believe we are the only province in the country where we have a declining population, which means we get even fewer dollars each year to maintain the same plan. We cannot take out a hospital bed every time somebody leaves.

The geography over which we have to distribute that amount of money puts an extra burden on such provinces as Newfoundland and Quebec. I agree totally with what the member has said. However, does he feel that the government, in allocating funding to provinces such as ours, should take into consideration the aging population, more particular, the geography and that consideration should not be based only on population? I would like the members views on that.

[*Translation*]

Mr. Paul Crête: Mr. Speaker, I thank our colleague for his comments and question. I am indeed very sensitive to the situation in Newfoundland. In the part of Quebec where my riding is, a maritime, rural and remote region, we have problems similar to those the member has mentioned.

Over the past several years the federal government has provided us with various tools to help us. However, the current federal government has made systematic cuts, particularly in equalization payments, but also in the whole education and health care funding system. What we are seeing today is the result of these cuts.

A third measure has been very detrimental, that is cuts to the employment insurance. This means the current federal government made a choice: regional development was not an option for it; it is simply relying, at the most, on the market forces that are at play. People will go where the jobs are. It does not seem to be of any major concern that people, communities have opened new territories,

lived in their natural environment, with their natural resources. That attitude has led to all kinds of actions and the cuts that were made.

The member says that young people are leaving his region, this is as a result of the government slashing funding for the provinces. Consequently, the provinces lack the necessary funds to support their health care system and they have to allocate an increasing part of their budget to health care, leaving less and less for the other expenses.

For example, it is said that health care expenses will increase from 38% of the provincial budgets in 2004-05 to 45% in 2019-20. Therefore, if the federal government keeps refusing to shoulder his share of the funding, the result will resemble what happened in Quebec at the last election. The party which was voted in said it would put energy and money in health care and education, but at the expense of the other areas.

That is what they said in their speeches, because it is important to make health care a priority, and they won the election on that platform. However, there is a financial reality. The current Quebec Minister of Finance, Mr. Séguin, says that the fiscal strangulation must stop because it is unacceptable to see seven out of ten provinces on the brink of deficit while the federal government shows accumulated surpluses of around \$8 billion.

That is why the Bloc Québécois is putting forward this motion today, requesting that half of these surpluses be invested in health care. I think this would address a very real and very definite public concern.

• (1545)

[*English*]

Hon. Maria Minna (Beaches—East York, Lib.): Mr. Speaker, the opposition motion of the hon. member talks about a federal contribution of 16% to health care. In my view this is obviously not true. I think the hon. member knew that when he put forward the motion.

With respect to his arguments about the federal and provincial governments, the Government of Canada has made it clear that it is serious about setting a new tone and establishing a new working relationship with the provinces and territories built on respect, consultation and dialogue. This is very important to note. We hope the provincial and territorial governments will reciprocate.

Canadians have clearly told us that they are tired of seeing their governments fighting. As we approach a budget, the ongoing ads, after we recently committed \$2 billion, are not in the spirit of what we are talking about here.

Canadians expect their governments to work together, not against one another, to address their pressing such as health care. The Prime Minister has said that he is committed to a new way of doing business. As prime minister designate, he met with premiers in Regina last November. Then as Prime Minister, he met with them again on January 30. At that meeting, all agreed that sustainability of the health care system was a top priority. The Prime Minister has committed to discuss this important issue at another federal-provincial ministers meeting this summer.

Supply

It is important that all governments focus on the desired outcome, a sustainable health care system. The meeting this summer will be about that. The Prime Minister has committed to that and we are moving toward that. We have been moving in that direction for some time.

The Government of Canada does not agree with the way the federal share of health care financing has been characterized. I think that is quite clear here today. A more accurate estimate of the current federal share of national public health spending is more than 40%, a share that will grow with the investments made under the 2003 health accord, which was not that long ago and for which \$2 billion was recently paid out.

The Government of Canada's support for health care is substantial and growing. Last year the government committed to a five year \$34.8 billion funding agreement. The Government of Canada has taken the necessary steps to ensure that an additional \$2 billion will be available to the provinces for health care.

Cash transfers to the provinces will grow from \$19.1 billion in 2002-03 to \$28.1 billion in 2007-08. In fact cash transfers for health care and other social programs will grow at 8% annually on average over the five year period covered by the 2003 accord. This is substantially higher than the expected growth of federal government revenues over the same period.

If we were to look at a summary of increases in federal investments on health for the near future, it would look somewhat like this. The investment by the Government of Canada over the next three years will be \$17.3 billion. Over the next four years, it will be \$25.3 billion investment. Over the next five years, it will be \$34.8 billion. Over the next eight years, the investment will be \$70.1 billion.

In addition to that, as part of the 2003 accord, the Government of Canada, with the provinces, recently established a National Health Council to bring more accountability and transparency in the health care system across the country. The health accord took ideas from the Romanow report as well as from three provincial reports. This shows that the government looked at various ideas, and it listened to the provinces.

Hopefully, the National Health Council will also be addressing the reform issues that deal with problems of human resources, technicians, nurses, doctors. These issues also have to do with provincial reform and changes. I can speak of one example in Ontario, for instance, where we have over a thousand doctors with foreign credentials who are not practising, yet we have a shortage of doctors. There are other professionals who are unable to practise. These are provincial issues as well as federal and we must work on these things together. Therefore, accountability will be part and parcel in moving forward.

• (1550)

To continue to speak about the issue of income financing, no one speaks very clearly about the tax points. There is a great deal of myth about the tax points and what they mean. They are real cash. The value of the Canada health and social transfer tax points cannot be ignored since half the cash under the cost sharing regime was converted into tax points in 1977 by mutual consent. The provinces

asked that they be given less cash and more space in tax points, which was done in 1977.

Now, of course, they want to forget that because they do not use that money, however they use it, and now increase the cash anyway, which we are doing absolutely. But at the same time we cannot leave out of the equation the whole tax point system and the amount of money that they represent because it is money that nonetheless goes from the government even if it is through tax points and deferred taxation.

The other is equalization payments the provinces received from the federal government. Again, this is not put into the equation very clearly. Equalization payments do not have a clear direction. They do not tell the provinces how to use the money but I would suspect a big chunk of that does go into health care. Again, that is an aspect of the finances that is not dealt with very clearly.

They also are not accounting for other federal contributions to the total public health spending, which is estimated at approximately \$5 billion in 2003-04. These areas can include things such as the first nations health, veterans' health, health protection services, disease prevention, health information and health related research.

As well, through the tax system, the federal government provides support worth about \$1 billion a year which includes such things as credits for medical expenses, disability, caregivers and infirmed dependants. This is not something that is very light. There are a lot of expenses beyond what is transferred directly to the provinces or in addition to that. Cash transfers to the provinces will grow from \$19.1 billion in 2002-03, as I said earlier.

There are other issues. The issue of health care reform is something that was also discussed at the last meeting of the Prime Minister and the provinces and will be discussed again. Health and finance ministers were tasked to meet and to look at issues surrounding the sustainability of the health system leading up to a first ministers meeting this summer. They have been asked to work on these issues.

All agree that sustainability is not just about money but about reforming the system as well, and this is very important to look at. I believe that reform is a fundamental piece of the puzzle in the sustainability of our health care system. The fee for service system we have now, for instance, is too costly and does not provide a holistic approach which includes preventive health care.

In Beaches—East York, I am proud to say that we have a very successful community health care centre where doctors are paid a salary. They are on call 24 hours a day, 7 days a week, helping to keep people out of our crowded hospital emergency rooms. The centre staff also includes a nurse practitioner and a nutritionist.

This rounded approach to the delivery of primary health care will mean a much healthier society and a more sustainable system in the long term. While delivery of health care falls within provincial jurisdiction, we must work together to ensure that reform takes place in order to guarantee a sustainable healthy public and a universally accessible system.

All agree that sustainability is not just money. It is important to look at all aspects of health care. If we do not do that, we will not be able to address the issues.

First ministers committed in the accord to reforms in the areas of primary health care, home care and catastrophic drug coverage. First ministers also committed to enhancing access to publicly funded diagnostic and medical equipment and to the development of an electronic health accord.

Those are areas that the ministers, when they met with the Prime Minister last time, agreed to work together on and to report next summer as part of the package that was agreed upon to reform the health care system in an overall context.

• (1555)

Let us talk about home care. If we are looking to the future we can clearly see that the demand for home care services will increase and not decrease. Many families will want to care for their loved ones at home to maintain their quality of life and dignity. Addressing these shortages of home care will go a long way to alleviating the stress in hospitals and emergency rooms, as well as the costs associated with long term acute and palliative care.

Equally important, the stress levels and demands experienced by caregivers themselves will soon be approaching critical levels and will create even more stress on the health care system as the existing caregivers grow older or develop health problems of their own. In effect, home care should not be seen as a separate category of care but as a key part of the health care system.

To gain the most from home care services, we need to ensure the natural continuum of care. We need to move ahead with concrete actions for a truly national program. This should include the recognition and appropriate compensation for our home care workers and support and incentives for families who provide the necessary care. This is a whole area of services on which, as we understand it, ministers are supposed to be meeting to discuss in order to prepare for the summit this summer.

First ministers directed health ministers to work on additional reform initiatives in such areas as patient safety, health human resources, technology assessment and innovation and research. These are very critical areas that we must look at.

Finally, the Government of Canada, in addition to spending in the various areas that I have just mentioned, has other programs in the area of public health. As we know, the Prime Minister recently appointed a minister responsible for public health, a position that did not exist before. She has been mandated to establish the Canada public health agency that will address public health risks and coordinate a national response to health crises. She has also been mandated to appoint the chief public health officer for Canada.

Supply

Other programs that the Government of Canada funds are tied to the issue of health care as well. Early learning was flagged by the prime minister's health forum of 1994-95 I think, and to the health cost of the future. If a child between the ages of zero to six receives proper nutrition, we will have a healthier child and a healthy child is a well adjusted child. The government and I fought very hard to increase the child tax benefit to ensure that child poverty would be eliminated in our country. We also wanted early learning for children, stimulation and well-adjusted children. This is an area that does go to assisting and bringing down the costs of the health care system, as well as looking at the whole issue of physical activity, which is part of the new public health minister's responsibility.

We have heard on the news lately of the problem of overweight children and society in general, the issue of physical activity and nutrition is very critical. It is part of our responsibility, together with the provinces, to ensure that we have a healthier society in the long term.

Funding for the national crime prevention program that the government funds also goes to the same long term savings in the health care system. Preventive care is very important. We cannot just look at primary care that is needed now and is very important, but also long term care.

The national pharmacare program is something that I understand the ministers will be looking at and discussing this summer when they get together to look at the sustainability of the health care system, the catastrophic cost of drugs and to assist Canadians with the cost of drugs. I believe the Canada Health Act, as such, should cover the cost of drugs, especially catastrophic drug costs.

When we look at all the various commitments and partnerships that exist between the provinces, the territories and the Government of Canada in all areas of public health, such as aboriginal health and all the various funding mechanisms that exist within our country, the picture is not as clear as everybody would like to make it.

We are talking about a very complex area, an area where we must work together to ensure that our system is sustainable. I strongly believe that our primary health care has to be reformed. We need to look at home care because that will free up a lot of space in hospitals and also ensure that people have dignity at times of need in their lives.

• (1600)

The provincial and territorial premiers, as well as the Prime Minister, have been mandated to discuss those things now to get ready for this summer.

The summit was held and two other meetings have been held since then. We have transferred \$2 billion. Yes, a budget is coming up but we have not addressed the reform issues which will be addressed this summer. Once that is done I presume we will have an additional accord that will take us the distance in the long term.

Supply

However we must address those issues before we start talking and, to some degree, being blackmailed by ads just because there is a budget coming up. Negotiations should not be done in that way. That is not the spirit in which the Prime Minister started his discussions with the premiers.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I listened carefully to what my hon. colleague had to say, but we are faced with quite a problem. On one hand, we have all the premiers, including the Premier of Quebec, the opposition parties and the provinces asking themselves in an ad campaign: what is Ottawa's contribution to health care? Is it 50%, 33%, 25% or 16%? The answer is 16%.

They also tell us that, despite a recent increase, the federal contribution stands at 16%, while it was initially at 50%, which means that the provinces and the territories must pay 84% of the costs.

Our constituents have to deal with two different versions of reality. On one hand, the premiers and the opposition parties all agree that the federal government is not doing its part to fund health care in Canada. This is warranted criticism since the Prime Minister of Canada did say that he would make health care his top priority. But increasing health care spending was not the first thing he did.

Why is it that the federal government has dropped from 50% to 16% of the funding? For the current government, that is enough, so much so that it is said negotiations will take place next summer. By then we will have had a budget and possibly an election, and they can start negotiations next year, although this year there will be a surplus of about \$8 billion.

Would it not be much more reasonable to agree with the Bloc's position and say that half of this surplus should go to health care? In that way we could stop the downward spiral of underfunding.

I will ask my question and I hope that the hon. member will not reply that federal government funding is about 40%. When she says that, she is neglecting to say that she is including in the system the transfer programs, the whole business of equalization, and the transfer of tax points. These are entirely different categories of expenditures. When an income tax point transfer is made, it is because of a particular, real situation. Nevertheless, since 1993, when the current Prime Minister became finance minister, there has been a draconian shrinkage in the federal government's funding for health care.

Would the hon. member not admit that it would be high time, in the next budget, to have a commitment on the table from the federal government to invest 50% of the surplus this year, and to renew this commitment in coming years? Would that not be the duty of the current government, rather than continuing the fiscal strangulation we are now suffering? Could we not take this to mean that if it continues in the same way, it is simply to try to take control over this area that is within provincial jurisdiction?

The provinces are doing their best. Could the federal government not make an effort, exceed the \$2 billion that was committed by Mr. Chrétien and then announced again? What is needed is new money to enable the provinces to satisfy their needs. Is it not the premiers

who are telling the truth in their ad? Is it not them that the Bloc Québécois is supporting today to ensure that adequate funding for health care will be coming from the federal government?

• (1605)

[*English*]

Hon. Maria Minna: Mr. Speaker, first of all, I would hope that we are here today to support Canadian citizens who need health care, not necessarily the premiers or any other individual government structure. The people of Canada need to be supported and assured that they get quality universally accessible health care, including Quebecers. That is number one.

Number two, yes, I have seen the ads from the premiers. Of course, they are everywhere. How could one possibly miss them? That does not mean to say that they are correct.

We had ads before from Ontario, specifically from Mr. Harris who had ads all the time. There are ads in Toronto, in case the hon. member has not noticed, from the board of trade which say to tape over everything that is broken and needs to be fixed in terms of infrastructure in Ontario because it is true, we have a major problem in areas such as transportation, affordable housing and so on.

We have lots of ads because we know there is a budget coming up and there is talk of an election. That does not mean that the ads are correct and it does not mean that the environment in which the premiers have chosen to negotiate with the Government of Canada is proper either.

As I said, the Prime Minister met twice with his provincial counterparts. There was an accord in 2003. It was agreed that an additional \$2 billion would flow this year and it has. The Government of Canada has committed the \$2 billion.

The other commitment made was for the premiers and the Prime Minister to meet to look at reforming the system. This would save additional dollars. In addition to that, I am sure that at that point there would be other money on the table.

Those kinds of things are happening as we speak and they should happen before we settle down to a long term allocation of funds, but at the same time we have not stood still. The Government of Canada has established a health council to look at accountability. There is a public health officer and so on, and a minister responsible for public health.

Again, preventive health is just as important. There is money being invested there.

When the hon. member tells me that the tax points have to do with other categories, with all due respect, that is not true. The tax points were part of the health and social transfers at the time for social services and health.

The provinces said that instead of all cash, they wanted the cash cut and more tax room. We have to count the tax points as part of the cash as well. Otherwise, if we keep making block transfers in tax points, as the provinces have already asked for in previous discussions, we will keep passing down the taxation powers but the provinces do not recognize the responsibility that comes with it.

They committed to spend their money on social programs and health care. They cannot have it both ways. The tax points and equalization dollars are block funded, and they are part of the equation.

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, it is good to hear that part of the debate is talking about prevention because when we look at our dollars, the investment in certain practices can certainly lead to the reduction in health care costs and the wellness of our society.

One of the problems we have with the government is the lack of action on things that do not even cost money but set an example that could improve people's health.

I have a question for the hon. member. How does she reconcile the duplicity in the government by not getting these types of things off the books and one of them is the Canada pension plan? It has invested in big tobacco.

We know that the tobacco industry and the cancer issue costs us a lot of money in our health care system and at the same time we profit through our pension plan. How does the government reconcile that? How does it reconcile the fact that it has not acted with anything on trans fats? We know the cost of that. It could ban that and work on legislation that would remove that from our system for the wellness of people, or it could have labelling.

We cannot understand why we still cannot get labelling on alcohol products for women who are pregnant to warn them that the consumption of it could lead to some health impacts during their pregnancy and could impact also on their child. These are preventive things that do not cost money.

Also, providing consumers with choice for genetically altered foods, and allowing people to see what they are consuming and making educated decisions, these are things that do not cost a lot of money but could have a benefit for human health. How does the member reconcile the duplicity?

• (1610)

Hon. Maria Minna: Mr. Speaker, the hon. member will recognize that on this side of the House we have many different views. We work together and come to the same thing at times; however, as the hon. member knows, when his party put forward the motion with respect to the Canada pension plan and ethical investments, I voted with him because I thought it made eminent sense.

A good many of my colleagues on this side of the House voted for that motion. That was a message we sent to the government, and to the Canada pension plan, that this was an issue that needed to be addressed.

I do not think that the member will get any argument from me on that one. When it comes to other issues like trans fats and whatever, I

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would ban the trans fats, quite frankly, if I could, never mind labelling them.

The hon. member will receive no argument from me with respect to public health and preventive health care. I was talking about that earlier and it is why we now have a minister responsible for those things.

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Thank you, Mr. Speaker. First, I would like to ask a question to the hon. member, then I will move on to my remarks.

The hon. member is suggesting that the federal share of health care costs is 40% and not 16%. Let us assume we are wrong and the Liberals are right. The Romanow report says that the federal government's share should increase from 16% to 25%. If the federal contribution is 40%, as she suggests, why is the Liberal government's position not to cut health transfers by 15%? It is paying way too much.

It is obvious that nothing in the Liberal government's position can be taken seriously.

One hon. member: There are the tax points.

Mr. Benoît Sauvageau: An hon. member opposite is shouting that there are the tax points. If my daughter were to ask me for money to go out and I told her, "I have already given you money. I bought you a sweater and a pair of jeans, and glasses and other things", she still would not have any money to go out.

It is obvious that they have been spouting nonsense all day long. Enough with this nonsense. I will leave this to members opposite.

The motion reads:

That, as the federal government's 16% contribution to health care spending is clearly inadequate, this House urge the government to invest—

Some hon. members: Oh, oh.

The Deputy Speaker: Order, please. I realize that the House is dealing with a very important issue. As usual, there are differences of view. However, since there is not much time left—approximately an hour—to deal with such an important issue, perhaps we could focus on the speeches and remarks that will be made during the next hour, always through the Chair, of course.

The hon. member for Repentigny.

Mr. Benoît Sauvageau: Mr. Speaker, I thank you for having brought the House to order. I remind you that I will be splitting my time with the member for Argenteuil—Papineau—Mirabel.

The motion reads as follows:

That, as the federal government's 16% contribution to health care spending is clearly inadequate, this House urge the government to invest at least half the current year's surplus in health care, over and above the \$2 billion already promised, in order to achieve as rapidly as possible the stable 25%—

This was one of the recommendations made by the Romanow commission and the provincial premiers, while the Liberals claim they currently contribute 40%.

—federal contribution called for by Quebec and the provinces.

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We will try to explain a little what the motion means in financial and fiscal terms.

The motion demands that at least half of the federal surplus, in addition to the \$2 billion already promised, be invested in health. For 2003-04, we estimate that there will be an \$8 billion surplus. From this amount, we must subtract the \$2 billion already promised—so far, so good—, leaving \$6 billion. Of this, \$3 billion will go to health and \$3 billion to paying down the debt, as the federal government likes to do with the surplus.

If it is true that health is the priority of this Liberal government, now is the time to prove it. It need only take part of the surplus. The Liberals do not have to cut into already existing programs or the sponsorship programs or the national unity fund or the CIO or the Canadian Unity Council or the Prime Minister's discretionary budget. They can use half the surplus to increase the federal contribution to health.

Some people could say that the Bloc's motion proposes a one-time injection of funds into health care. Despite everything, this is not what we are proposing, but it is a first step to ensuring a stable federal contribution of 25% of program spending for Quebec and the provinces.

What have the premiers of Quebec and the provinces said about this? We have said this many times, but the Bloc Quebecois is not alone. The premiers of the provinces and territories are saying the same thing. I quote from the press release that was issued after the council of the federation met in Vancouver on February 23 and 24, 2004:

Provinces currently pay 84% of the costs of health care in this country, while Ottawa only pays 16%. This is clearly not enough. Canadians agree with the Premiers that the federal cash share of funding must rise over time to total at least 25% of provincial expenditures.

This is an excerpt from a press release by the provincial and territorial premiers.

Later, they published an ad asking what Ottawa's contribution to health care funding is. The Premiers' Council is teaching Canadians about health, and it reaches the same conclusion: the federal government pays 16%.

We are told that it is not 16% because we have to add all the other numbers. It is as if I allocated money to offset a budget item in my office, but took the total budget into account to say that, with this total budget, I will be able to offset that item. The government is mixing apples and oranges. It is mixing all sorts of things.

The federal government is telling us that there is equalization. If it were true that equalization is a transfer for health care, a proposal we could make to the government would be to call it by the right name. Take out this word and say that it is a complement to the health transfer and that it will be higher. If it is not called a health transfer, it is because it is not one. Equalization is equalization.

First, let us remind the House that the purpose of the equalization program is to reduce economic inequalities between the provinces by increasing the revenues of the poorer provinces. Thus, federal payments are to allow these provinces to provide public services that are relatively comparable, without them having to considerably increase their taxes. Therefore, this is clearly not a health transfer.

We are also told about tax points. If tax points are a health transfer, why are they not called a health transfer? A chair is called a chair. A cat is called a cat. A health transfer should be called a health transfer.

Tax points are not a federal government expenditure. Indeed, they are not listed in Canada's public accounts. Incidentally, the Canadian unity fund is not there either. Indeed, this is a transfer that was made in 1977. The federal government transferred tax points at that time. It does not do so every year. If tax points were a federal expenditure, we would find the item "tax points" in the section relating to provincial transfers. However, it is not the case.

● (1615)

So, one cannot argue that it is tax points. One cannot argue that it is equalization. Nor can one argue that these are transfers for social services. Everyone recognizes that the federal contribution is at 16%.

We are told that the government is acting in good faith and that there is a change of tone. Earlier, when he replied to the hon. member for Joliette, the Minister of Health repeated that there is a change of tone. It is true that there is a change of tone. When the former Prime Minister would ignore us, he did so bluntly. The Minister of Health is doing it politely. However, when we are being ignored, whether it is politely or not, we are still being ignored. The change of tone is only at that level.

We are told that there is a problem and that everyone recognizes that. The government wants to negotiate. It wants to do so by claiming that it is already contributing 40% and by asking us to prove that it is only giving 16%.

The Liberal Party says that it wants to negotiate and set up a negotiating committee. The people who are lying on stretchers and those whose names are on waiting lists do not want a committee. This reminds me of an article written in *Le Devoir* by Jean Dion, whom I really like. He said that God created the universe in six days. Then he set up a committee and five billion years later a man and a woman appeared. We can set up a committee, but when will we get its response? In 5, 10 or 25 years, since we are told that it will be after the election.

The Romanow report told us that the federal contribution should be 25%, but that it is currently 16%. The surpluses do exist.

I will conclude by urging Liberal members to show some openness and to look at the real figures on health transfer. If they are with it and if they are serious when they say that their government is giving 40%, while the recommendation is 25%, they might as well tell us in the same breath that they want to cut us off and that everyone else is wrong.

Supply

• (1620)

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, I want to commend my hon. colleague from Repentigny for his speech. He managed to clearly explain the difference between health transfers, equalization payments and tax points, and we now understand that they are three very different things.

I wonder why, each time we talk about the needs in health care, we have to remind people that the government is only funding 16% of health care even though our federal tax rate is much higher.

Why is it always so long and painful for the provinces to get money for health care? We heard about the \$2 billion for more than a year before we finally got it. We knew there would be surpluses. We always know in advance when a surplus is to be expected. They could have helped the provinces a lot sooner. They chose not to do so, although the help was long overdue.

They now say that they will set up committees and sit down with the provinces. Our motion is quite clear and simple. We urge the government to fund 25% of the costs the provinces are faced with. We need to act now.

I only have to look at the situation in the Saint-Jérôme hospital, in my area. Last week, the emergency room was so crowded that, for at least 48 hours, patients were turned away and redirected to Joliette of all places. We are faced with a serious problem. We do not have the time to sit on a committee to look for solutions we already have.

It is a way for the government to buy time, to make us waste time, and to avoid spending the surpluses on things that are really worth it. It is our top priority.

I would like the hon. member to maybe elaborate a bit further on this issue.

Mr. Benoît Sauvageau: Mr. Speaker, I thank my colleague for her question. I was looking for the table with the federal government's five points for health.

My colleague is perfectly correct. The federal government is saying, "Health care is our priority". However, what are its health care responsibilities? It administers veterans' hospitals. There are perhaps a dozen of them in Canada; I do not know the number by heart. It also administers hospitals on reserves and that is all.

Health Canada has 5,000, 6,000 or 10,000 employees—I do not know exactly—and it only is responsible for 22 hospitals. However, the federal government says, "Health is our priority".

Other than ensuring the universality of care and the five national principles of health care, the federal government has a responsibility with regard to the Canadian Food Inspection Agency and public health in general.

Yet, when we are told in a trembling voice that we are "sensitive to the reality facing Canadians", as the Prime Minister would say, and that "health is our priority", we could politely respond, "give us our money and mind your own business. Your priority is collecting taxes and you should give this money back to us".

Who administers the waiting rooms? Who administers the hospitals? Who administers long term care? It is not the federal

government; it is the provinces. Now we are told that there will be discussions with the provinces to resolve the problem in health care.

The only thing that the federal government needs to discuss is transferring money for health care, that is all. It should stop making speeches and saying, "We will ensure shorter hospital wait times". This is none of its business. I say this very politely. In more parliamentary terms, this is not part of its jurisdiction. This is an area of provincial jurisdiction.

Consequently, to respond to my colleague, we want to create committees. We want discussions but about what? Waiting lists? Operating rooms? The number of doctors in the regions? I am sorry. The federal government should mind its own business. What we are asking the government to do is re-establish adequate funding to allow the provinces and territories to provide adequate health care to the public.

I think that this is not very hard to understand.

• (1625)

The Deputy Speaker: Before we continue, it is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Pictou—Antigonish—Guysborough, Terrorism; the hon. member for Renfrew—Nipissing—Pembroke, The Sponsorship Program.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, you will understand that it is a pleasure for me to speak to the Bloc Québécois motion calling upon the federal government to follow up on the provinces' request.

The motion is simple and I am not going to read it. It is echoed by the question that Canadians and Quebecers often hear in the media these days as to the level to which the federal government is contributing to health care spending and the objective that the provinces would like the federal government to reach. The government is currently contributing 16%; I think this is what the Romanow report says.

We will recall that in Quebec, the current Liberal provincial Minister of Finance, Yves Séguin, had been hired by the Parti Québécois government to prepare the well-known Séguin report. I do not think that the Parti Québécois can be accused of being biased in this regard. Mr. Séguin was hired to analyze the famous fiscal imbalance and he is the one who found the figures which were corroborated by the Romanow report.

Except for the Liberal government, nobody in civil society is denying that the federal government is paying only 16% of the bill. The goal is 25%. Incidentally, I would like to stress the fact that the health care issue is part of the Canadian federation problem.

Why? Because the federal government does not provide any direct service to the general public. Other than for aboriginals and, obviously, veterans, no health service is provided by the federal government. The provinces and other entities, under the Constitution, have well-defined responsibilities.

Supply

It is not the federal government that incurs the costs. I would say that is for the best. When we look at the gun registry program that was supposed to cost \$2 million, but cost \$2 billion, if the federal government had to take care of health we would have a serious problem on our hands. The Constitution defined the responsibilities very well and every province is responsible for health.

The problem with the Canadian federation is that the government collects 60% in taxes and pays only 16% of health costs, which, in Quebec, account for 40% of the entire budget for the province.

There is a problem. I can appreciate that people want us to change our tone, but the Parti Québécois government was the first to run ads in the media.

Consequently, the Liberal Party of Quebec must join the other provinces today to do the same thing the Parti Québécois government and the Harris government in Ontario did when they published similar ads telling people to stop being lulled by the federal government.

That is the problem with the federation. The federal government, which writes a cheque and pays only 16% of the bill, can dictate the standard to the provinces, yet the provinces are responsible and have to suffer the wrath of the people using the system. When users have a problem they take it out on those who provide the service. They take it out on the provinces, which is normal.

In Quebec, the Government of Quebec is blamed and held responsible. During the last provincial election, the Liberal government made health an issue and promised to reduce overcrowding in emergency rooms once it came to power. Almost a year has gone by and nothing has changed. Mr. Couillard, the Minister of Health and Social Services, had to confess this week that it would be another two or three years before anything could be done about overcrowded emergency rooms.

Why? Because he does not have the money. There is nothing tricky about it. Health is a question of money and the money is in federal pockets. What we are saying today is that there will be a surplus of around \$8 billion, give or take. We are near the end of the fiscal year. All sorts of experts are making pronouncements. Still, in recent years, the Bloc Québécois has only been off by 4% in its predictions. So, it will be close to \$8 billion.

The government has already pledged that \$2 billion of this surplus will be given to the provinces. It has already done that, and is doing so this one time, even though it knew very well when it met with the provincial premiers and health ministers that, quarter after quarter, it would be having billion-dollar surpluses. It effectively said, "I promise you \$2 billion but it is just for this one year only".

How can the provincial health ministers manage the problem of emergency rooms if they cannot count on stable funding?

• (1630)

They cannot hire any staff. Quebec's Minister of Health and Social Services, Mr. Couillard, openly announced that he would buy equipment with the \$2 billion because he cannot invest in personnel, not knowing if the funding will be ongoing.

Of course, I wish for the sake of all Quebeckers that in the next federal budget that will be brought down in a week or so, all provinces will be told that the \$2 billion already promised will be recurring funding. That is how the Liberal government operates. It is simple. They announce something and then announce it again and again. It is that simple.

Therefore the sum of \$2 billion has been announced on a one time only basis, and probably the second time, they will announce that this amount will be recurring. They want to remind the public, the people who work hard to pay their taxes, the people who do not always have the time to follow all this, that they have just announced another \$2 billion. No, it is still the same \$2 billion that they promised for one year and it will probably continue. They will promise the provincial premiers and health ministers that they will be giving it regularly in coming years. I hope so.

What would be even more terrible is if, each year, the federal government were to announce to provincial premiers, to health ministers, to people, to Quebeckers, that, now it depends, it does not know, it may provide them with some money this year. Imagine how we could manage such a system. We cannot manage our personal savings if we are not sure about our income. So I have difficulty seeing how we can manage or develop health systems if we cannot have guaranteed revenues.

The Bloc Québécois motion, supported by all parties in this House, except the Liberal Party, is simple. It says that, out of this year's \$8 billion surplus, \$2 billion is going to health care. There is \$6 billion remaining. Half of it would be returned to health care in order to achieve as rapidly as possible the objective established by all the provincial premiers. Let us be clear that it is not the Bloc Québécois that established this objective. It is each of the provincial premiers, following the Romanow report, following the Séguin report in Quebec. They said they had to achieve as rapidly as possible the 25% federal contribution in the health system.

I think that it is reasonable for the Bloc Québécois to propose this solution, since there is a surplus. Of course, in our proposal, we say that, each year, half of the surplus would go to health care. I say half because, year in year out, 40% of provincial government spending goes to health. The health budget will increase by 5% each year. This is the reality, and it is supported by all the experts.

Of course, you will have understood that we do not want Canada to have a deficit and we do not want to put anyone in trouble and in dire straits. All we want is for half of the federal government surplus to go to health care, in order to achieve the 25% federal contribution as rapidly as possible, as called for by the health ministers and the premiers of each of the provinces.

Supply

What bothers us particularly is to hear today from the Liberal members that it is not 16%. According to them, Romanow, Séguin and the premiers are all wrong. The Liberal member told us earlier that what the premiers were saying was not true. She said, "Harris also lied during his last election campaign". That is what she said. She argued that it was not so, it was not true.

Leaving the premiers out of it, not one analyst or expert in Canada questioned the 16%. It is incredible. The Liberals seem to believe they are the only ones in this House to know about such things and they maintain that they are funding 40% of health care. Now, I have to agree with my hon. colleague here. If they are paying 40%, they are 15 percentage points over and above the 25% contribution Romanow called for.

Do you see how unbelievable this is? Why can they not spend the money on health care on the eve of an election? Because, with a \$6 billion surplus, they can make a lot of announcements and hand out a lot of gifts. I think we are now at the point where Quebeckers and Canadians alike want the government to stop handing out gifts. They have heard about the gifts handed out these last few years. They just want the money to be spent on health care. This is the top priority of our constituents.

I hope the members of this House will realize that the Bloc motion is aimed at improving the health care system across Quebec and Canada.

• (1635)

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I had an idea while listening to my colleague, the member for Argenteuil—Papineau—Mirabel, and I would like to know what he thinks about it.

The ads published by the Premiers' Council on Canadian Health Awareness cover all the provinces. I would like the Liberal member who gave a speech earlier and who wanted to be the first member of our fan club to listen carefully to what is going on.

She said that Mike Harris told lies during the election campaign. I am not a sharp political analyst, but I think that in February 2004, last month, Mike Harris was no longer the Premier of Ontario. I think that the Premier of Ontario is now a Liberal. If I remember well, the Premier of Quebec is no longer Bernard Landry. The Premier is not a péquiste any more. As far as I know, and for your information, the Premier of Quebec is also a Liberal.

In the two most populated provinces, it was Liberals who signed the press release saying that more money was needed to reach 25%. It was not Mike Harris or Bernard Landry.

Now that I have confirmed that reality for the member who spoke earlier, could my colleague, the member for Argenteuil—Papineau—Mirabel, tell us if that idea is only a creation of the minds of separatists and Tories in Canada or if it is shared by almost everybody except one political party?

Mr. Mario Laframboise: Mr. Speaker, I thank the hon. member for Repentigny for his question.

What my colleague mentioned is very important. At the beginning of my speech I said that health is a major problem in the Canadian federation, and I would go so far as to say that attitudes such as that

of the Liberals right now are what will destroy that federation. If the federal Liberals keep denying the obvious, which is recognized by all of civil and economic society, because they are fully aware that the federal government is not paying its fair share in health, the Liberals themselves will destroy the Canadian federation. This is the reality.

There is a reason why a number of Quebeckers would rather manage their taxes by themselves. Why? Because they want to be able to solve health-related issues. It is simple and easy to understand.

The more federal Liberals deny that there is a fiscal imbalance, or the more they deny the statement made by the provincial premiers to the effect that, as the hon. member pointed out, the federal government is only investing 16% in health when it should contribute 25%, the more they themselves will undermine the Canadian federation.

They are well on their way to achieving that result. I would encourage them to keep working at it. However, in the meantime, there are Quebeckers who are suffering and who never get treated in emergency wards. And the Bloc Québécois can never accept that.

Hon. David Kilgour (Edmonton Southeast, Lib.): Mr. Speaker, I must begin with an apology to my colleagues in the Bloc who are greatly interested in this matter, but I am going to speak in English. My sources for the figures come from the Department of Finance. If they do not agree with my numbers, I trust that my colleagues, the Bloc included, will correct me.

• (1640)

[English]

Let me speak first to the repeated provincial claims that the federal share of health spending is in the 14¢ to 16¢ range. To arrive at this figure the provinces, and I believe the Bloc, divide the cash portion of the Canada health and social transfer, the CHST, by all of their social spending in the social domain, not just their health care spending. They include also social services and primary, secondary and post-secondary education in their calculation.

It seems to me that it is misleading to use the total amount of provincial social spending to calculate the federal share of provincial health care spending. Total provincial health spending is actually \$77 billion compared to \$143 billion for social spending.

It is also misleading for the provinces to ignore the \$17 billion in CHST tax points provided by the federal government and the more than \$10 billion transferred to provinces through the equalization programs. These amounts are available for health care spending and the choice is up to the provinces.

The CHST is a block fund which provides flexibility to the provinces to allocate the funding according to their own priorities. In short, they can spend as much of the CHST on health as they choose. Under the CHST there is no share of federal transfers earmarked for health care, none. Provinces have full flexibility to spend all or any part of the CHST and equalization on health care.

Supply

It was by mutual agreement that cost sharing of specific provincial expenditures on health and post-secondary education were changed to block funding. This gave all of the provinces much greater flexibility on how they would allocate federal transfers.

The provinces have complained that cost sharing distorted provincial spending decisions and favoured better off provinces since they could afford to spend more and so attract more federal dollars than the less well off provinces. Effective April 1 of this year the federal government will create a new Canada health transfer to improve transparency and accountability of federal transfer support for health.

What exactly is the federal contribution to health spending? We have all asked ourselves that question. The federal government contributes to provincial health spending through the CHST, both cash and tax points, and equalization and makes substantial and direct contributions to health care and health research.

Let us look for a moment at the CHST, that is, cash and tax points, which amount to almost \$38 billion in 2003-04 including the \$1 billion CHST supplement. The current CHST supports health, post-secondary education, social assistance, social services including early childhood development and early learning and child care services. I wonder how many members of the House accept this.

Since health spending represents about 62% of the total that the provinces spend in these attended areas, it is reasonable to assume that they spend 62% of the CHST, on average, on health annually. That is more than \$23 billion of the annual CHST transfer. Adding the \$1 billion in support from the new health reform fund increases the amount to over \$24 billion. This total of over \$24 billion is an amount equal to 32% of provincial health care spending of \$77 billion.

What is the additional federal contribution to provincial health spending through equalization? The federal government provides eight of the ten provinces with equalization and they are free to allocate as much of that money as they choose to health. On average, provinces are spending about 38% of their program budgets on health care. I thought it was higher than that, but the finance department insists that it is only 38%.

•(1645)

It is reasonable to assume that 38% of the annual equalization goes to health, which means that more than \$3 billion a year for health care. Added to the more than \$24 billion in federal support through the CHST, the health reform fund which I mentioned, this brings the federal contribution to approximately \$28 billion or 36%. I would suggest that we are getting a long way from 16% of provincial health care funding.

Finally, what about direct federal contributions to total public health spending? The federal government's direct spending for health care is estimated at approximately \$5 billion in 2003-04 and that is for first nations health, veterans health, health protection, disease prevention, health information and health related research. As well, through the tax system, the federal government provides support worth about \$1 billion a year. That includes credits for medical expenses, disability caregivers and infirm dependents.

It is not much of a secret where I am going. When we add the over \$6 billion in direct spending and tax credits to the \$28 billion in transfers to the provinces, the federal government is currently providing about \$34 billion a year, or more than 40% of all national public spending on health care in Canada. We all hope this amount will continue to grow, and of course following recent investments outlined in the budget of 2003.

In summary, health care makes up 62% on average of what the provinces spend on social programs covered by the CHST. As I have said, that makes it reasonable to infer that probably 62% of the CHST is spent on health. If we add the federal support to the health reform fund, and that came to \$24 billion, I do not think I need to repeat what I have just said.

In short, the federal government's contributions would strongly appear to be more than 40% of all national public spending on health care in our country.

The Deputy Speaker: Before proceeding to questions or comments, could the hon. member for Edmonton Southeast assist the Chair as to whether he might have been splitting his time with a colleague?

Hon. David Kilgour: Mr. Speaker, that was the arrangement with the parliamentary secretary.

The Deputy Speaker: In terms of the length of questions or comments, we will have five minutes of questions or comments.

[*Translation*]

The hon. member for Argenteuil—Papineau—Mirabel.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, I would just like to get one thing across to my colleague, the Liberal member for Edmonton Southeast.

In Alberta, the province is responsible for health care. He must be aware of what the province invests in health care, year in and year out. I am sure he also understands that the people of Alberta very much prefer the province to be responsible for health care, rather than the federal government, since they have had the opportunity to see how the feds handled the firearm registry, which had \$2 million allocated to it and will end up costing \$2 billion—

Ms. Monique Guay: And still counting.

Mr. Mario Laframboise: And still counting. My colleague from Laurentides is absolutely right. There is no doubt that the people in Alberta are perfectly okay with the province being the one to invest in health care, rather than the federal government.

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My question will be a simple one. We are not the ones who came up with that 16% figure; it is in all the ads running in Quebec and in the rest of Canada. As for the provinces who financed those ads, I can see on the one I have in front of me that Alberta is listed on the far left, as the first one to have funded it. It states that the federal share is 16%, and that the objective is 25%, as established by the Romanow commission. The province of Alberta no doubt has its own figures.

So when the member says that the numbers are wrong, that it is 40%, that is tantamount to saying that Alberta Premier Ralph Klein is lying to the people of his province.

So that is my question. Is Mr. Klein lying to the people of his province when he says—

• (1650)

The Deputy Speaker: Order. I hesitated before when the word “lie” was used. I am not comfortable with that word. I will not ask that it be withdrawn, but, if I may, for the rest of this debate, I will ask that members find other words that I would consider more appropriate in the parliamentary context.

The hon. member for Argenteuil—Papineau—Mirabel.

Mr. Mario Laframboise: Mr. Speaker, I will try to do better.

Is the Premier of Alberta, Mr. Klein, telling the truth to his people when he says that the federal government is only paying 16% of health costs?

Hon. David Kilgour: Mr. Speaker, I have no trouble accepting, as my colleague said earlier, that Quebec residents prefer that the provincial government be the one spending health money.

However, in my province, Alberta, opinion is divided. I have seen surveys showing that Albertans distrust both levels of government.

[*English*]

Miss Deborah Grey: Hear, hear.

[*Translation*]

Hon. David Kilgour: I thank the member; she is too kind.

[*English*]

The Deputy Speaker: I know this subject matter is important to every Canadian in each and every province, and I know there might be a certain consensus among Albertans, but I know the member for Edmonton Southeast will want to continue his intervention through the Chair.

[*Translation*]

Hon. David Kilgour: Mr. Speaker, it seems that it is working well. Things are not perfect of course, but, for the time being, it works well when expenses are split between the two levels of government.

If the present situation means that the federal government is paying 40% of health expenses, of course the other 60% are paid by the provinces. It seems that everything is working reasonably well.

I imagine my colleagues will rise to their feet and tell me that this is not the case for Quebec residents, but I will wait for them to speak later.

The Deputy Speaker: I am sorry but the member's time has expired. The Parliamentary Secretary to the Minister of Finance.

[*English*]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I am sure those who have been watching the debate thus far have been somewhat overwhelmed by the flurry of numbers that have been going back and forth in this debate. As you rightly point out, Mr. Speaker, this is an important issue to Canadians, but it is important that Canadians also have the facts in front of them in order to adequately assess this issue.

The debate springs from the motion of the hon. member for Joliette who says that the contribution by the federal government is inadequate. He sort of leaves that word inadequate hanging out there, and he gets to a point of inadequacy by apparently ignoring a lot of money.

I thought I would first start off with the issues around the so-called fiscal imbalance which underlies this debate. I would bring to the attention of the House that in the fiscal year 2002-03, which really is the only one for which the final numbers are available, the revenue of the federal government was about \$177 billion. Interestingly, for the same year, the revenue for the provincial governments, as a collective, was about \$166 billion.

Therefore, on the first question of fiscal imbalance of an \$11 billion difference between the two levels of government, the national and the sub-national governments, that hardly strikes one as an imbalance, especially given the numerous own-source revenues of the provinces to tax their citizens as they see fit and to set tax rates as they see fit.

That so-called fiscal imbalance of \$11 billion though gets somewhat redressed by federal transfers to the provinces. In that year the transfer amounted to about \$34 billion. That has two effects on the so-called imbalance. It reduces the federal moneys available for its programs, its debt servicing and transfers to persons, et cetera, by that \$34 billion. Therefore, what is available for the federal government's issues and needs is about \$143 billion.

Not only do we take away that \$34 billion from the federal revenues, we add \$34 billion to the provincial revenues. Therefore, at the end of the day, after those transfers are done, the provinces have just a slight touch over \$200 billion to address their needs, which we would even argue are legitimate needs, including health care, but the federal government only has \$143 billion to address its jurisdictional areas. That is the first thing.

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I would put it to the House that this does not look like much of a fiscal imbalance to me. When we add those two numbers up, the provinces have way more money than they are letting on to the rest of us. They would have us all believe that the needs are there and the money is here. The needs may well be there, but the needs are also here. The money is also there, but not as much money is here.

The second point is this. Over the course of several generations, the federal governments ran up quite a debt. Even after all the hard work that we put in to reducing the debt, we are still at \$510 billion, give or take. The provinces do not run nearly the debt level that the federal government does. At one point we were up to \$568 billion, and I think that is about as high as it got.

• (1655)

After a great deal of hard work, we are down to just over \$500 billion after running seven years of surpluses, after running a very tight ship. So here we are, running a debt of about \$500 billion, while the provinces, on the other hand, are running at quite substantially less dollars in terms of debt.

The federal government started out at about 28¢ out of every dollar going just toward the debt. Now we are down to 21¢ out of every dollar going just toward the debt. Meanwhile, the provinces only pay 11¢ out of their revenues to service their debt.

Where is the fiscal imbalance there? It seems to me that the fiscal imbalance is somewhat on the other side, is it not? Maybe a little light is going on over on the other side there: that maybe the fiscal imbalance is on the other side of the equation rather than on this side of the equation.

I know that the hon. member for Edmonton North is not particularly good with figures, but nevertheless, we have a government to run over here and we have to balance our books. We have done that for six years. I hope that we possibly might even do it for a seventh year. But we still have that enormous debt.

So where is the fiscal imbalance? I dare say that a fair-minded analysis might put the fiscal imbalance on the other side of the equation rather than on this side of the equation.

The second thing I want to talk about in terms of the exercise of fun with figures is the repeated insistence on the part of members opposite to ignore the tax points as part of money that apparently does not exist. Apparently \$17 billion simply does not exist. The provinces say, "It is ours, it always has been ours, and we are not going to count it as ever having been the federal government's".

That makes the federal government ask itself why it should create room in its tax system for the provinces to take money out of it in order to claim it as their own and simply ignore it as a contribution by the Government of Canada to the people of Canada. We have to ignore that.

We repeatedly hear the argument from members on the other side that the \$10 billion in equalization money, which apparently is not real money, is somehow or other money that they should keep and ignore. Half of that goes to the hon. member's province. Members on the other side get into some really interesting arguments. One is that somehow or other not only should this money not count, but they object that it flows in a per capita way.

Let us think about that. The argument on the other side, then, is that money should go to where the people are not and money should not go to where the people are. Thus, we should ignore the 2001 census and send money to where there are no people and not send money to where there are people. So where the needs are, we do not send money. That is an interesting basis for formulating a government policy. I thought that was a particularly strange argument coming out of the equalization argument.

Of course the third argument they choose to ignore has to do with moneys that are directly spent by the federal government on health. Again, either this money exists or it does not. Either the health care needs of certain subsets of Canadians are being covered by the federal government or they are not being covered. To simply ignore this makes it very difficult to enter into forms of partnership and understanding.

• (1700)

I would hope that part of the meeting of the first ministers and the finance ministers would be some basis for understanding that the federal government actually does flow a great deal of money into the coffers of the provincial governments and that this so-called fiscal imbalance and these needs on the part of the federal government for debt servicing just simply cannot be ignored. Let us think about this. Every 21 cents that comes into the federal government's hands has to service the debt.

The good news part of the whole thing is that our debt to GDP ratio is actually declining from a fairly high figure of around 68% down to 44% and possibly, in terms of actual money that we pay out, to 38% of GDP. The federal government has made significant progress and I appreciate that we have worked very hard on that.

I wanted to address some of the other issues that came up in the course of the debate, if I may in the one minute that I have. I will point out that the 2003 budget confirmed \$34.8 billion in increased funding to meet those goals. I wonder where members opposite were when that budget was passed. As a result, total cash transfers—and I am emphasizing cash, I am not even arguing tax points—to the provinces will rise from \$19.1 billion in 2002-03 to something in the order of \$28 billion in 2007-08. This is faster than the rise in the projected GDP. It is faster than the government's revenues will appreciate.

The Government of Canada has committed itself to cash transfers where it will have to sacrifice other priorities in order to meet those cash needs, which is a recognition, frankly, of the health care needs of Canadians that we actually heard about on our cross-country travels.

• (1705)

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I came close to falling off my chair when I heard that the provinces rather than Ottawa might be behind the fiscal imbalance.

At the end of a long day when a lot of figures have been tossed around, I think it would be pertinent to question my colleague on this. Are we not in a situation where the federal government is going to have an \$8 billion surplus, while in the same fiscal year, seven of the ten provinces are close to a deficit? Is that not an inescapable fact?

In his own argument, he gave us an answer which, I think, is meaningful and pertinent. He said that our debt to GDP ratio has declined from 68% to 44%. In fact, the consequence is that this government has to make the choice, now that its ratio is at an acceptable level, to direct more money to the debt or to adopt the motion before us and put one half of the surplus into health care and the other half on the rest.

Did the hon. member not use, in his own speech, an argument that should convince him that the Bloc's position, supported by all the opposition parties and the provinces, is the right one? Should he not remember, in particular, that the progress made in debt to GDP ratio is the result of the cuts the federal government imposed on the provinces, on the backs of the unemployed? When he says that hard work was done, I say to him that the federal government made other people work very hard.

The current federal government has arranged things so that many provinces have had to make cuts in health care. That has repercussions as far as the home care provided to seniors and basic services in emergency rooms. These are the people who have worked very hard so the federal government can get its ratio down to a reasonable level. Is it not time for the hon. member and the government over there to get beyond the idea of the ratio and ensure that the government does its part to finance health care, as all of Quebec and all of Canada expect of it?

[English]

Hon. John McKay: Mr. Speaker, we would have another health care need if the hon. member fell off his chair. I would not want to have to carry him out of here. I would not want to see his health impaired by this debate.

I am not quite sure where he gets this business of an \$8 billion surplus. I hope it is true, but it is what I call *The Globe and Mail* surplus, because the numbers that are available in the public domain project a much smaller surplus.

I would remind the hon. member that the Province of Ontario in particular had a serious meltdown in its GDP. Because the Province of Ontario is the most significant province in terms of contributing to federal revenues, when that province has a meltdown in its GDP it affects our revenues. Our GDP fell from 3.5% to 1.7%. When it did that, we actually had to cut into contingency money in order to be able to cover the bills.

This speaks to the point of why we build contingency into our budget: so that in the bad times we have covered off the bills. In the good times if those moneys are not needed, then we use those moneys to pay down the bills. It is a strange concept to the member opposite, but on this side we try to live within our means.

We have succeeded in going from 68% to 44% in terms of percentage of GDP. Frankly I think that is good news. I do not know why the hon. member wants to spend his brains out. We are on the

Supply

right track. We are the only G-7 nation that is actually going to balance its budget this year. We are the only one in the OECD that is going to carry a modest surplus. I think that is good news and good fiscal management. It addresses the issue of why we can actually contemplate spending \$2 billion specifically on health care, Canadians' number one priority.

• (1710)

[Translation]

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, first, I want to read the motion again, since I will be the last speaker today. Our motion reads as follows:

That, as the federal government's 16% contribution to health care spending is clearly inadequate, this House urge the government to invest at least half the current year's surplus in health care, over and above the \$2 billion already promised, in order to achieve as rapidly as possible the stable 25% federal contribution called for by Quebec and the provinces.

We are not the ones saying that the federal government is contributing only 16%; the experts and provincial representatives are saying this. The message of the provinces' big ad campaign is that the federal contribution to health care should be no less than 25%.

It is totally unacceptable to see people in every province pay such high federal taxes when there is no return in health.

We know that the top priority is health care. Health is our top priority in Quebec, among others. I said earlier, when I asked a question, that in my area, a Montréal suburb, during a 48-hour period, people had to be transferred to hospitals such as the one in Joliette or elsewhere, because emergency care could not be provided. This is unacceptable.

That is the problem. The transfer payments are not enough. The \$2 billion amount was agreed upon. As my colleagues also pointed out, I could not say how many times it was announced, since it was done so often. It is now a done deal. We know that this \$2 billion was given to the provinces. But they need more.

We know that there will be a very large surplus. In any case, each time there is talk of a surplus, the federal government always underestimates and then ends up with a much higher amount. Annual surpluses should go to the provinces. We are only asking for a part of the surplus to go to the provinces.

It is true that the debt has to be paid down. We agree with that. This is not the question. Of course it has to be paid down. However, the urgent and pressing health care needs of the provinces also have to be taken into consideration.

The Quebec government is spending most of its budget on health care, and this expenditure is increasing every year because we can never see the light at the end of the tunnel. The Quebec Minister of Health announced this week that he would not be able to solve the problem in the next two or three years because he did not have enough money. And money does not grow on trees.

Private Members' Business

I would like people to realize that the government has nevertheless accumulated considerable surpluses. It also cut the employment insurance fund. Let us face it. This is the reality people are confronted to every day. Appropriate measures have to be taken, especially for health care. Health is a priority. It is a vital priority. Without health, we are going nowhere. Health should be the priority. The next time government runs a surplus, it will have to be invested where it is needed.

According to our motion, all provinces should be getting at least 25% in transfers. Then, we can start thinking about a way to overcome our current problems.

The Deputy Speaker: It being 5:15 p.m., pursuant to order made earlier today, all questions necessary to dispose of the business of supply are deemed put, a recorded division is deemed demanded and deferred to the end of the period provided for government orders on Monday March 22, 2004.

Would the House agree to see the clock as 5:30 p.m.?

Some hon. members: Agreed.

The Deputy Speaker: It being 5:30 p.m., the House will now proceed to consideration of private members' business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

• (1715)

[*Translation*]

INCOME TAX ACT

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ) moved that Bill C-303, An Act to amend the Income Tax Act (travel expenses for a motor vehicle used by a forestry worker) be read the second time and referred to committee.

He said: Mr. Speaker, it is a great pleasure to be able to deal with this bill in the House a few days before the budget is tabled. This is the third time I have raised this issue. For the information of the hon. members, I would like to explain once more the situation of forestry workers in Quebec and Canada.

Here is a concrete example from my place. In my riding, some people have to go to work for a week at a time at the other end of the province. I live in the Lower St. Lawrence area, and people there go to work in the forestry industry in Abitibi, on the North Shore, or some place else. Their vehicle is essential to their job. They use it to get to the area concerned and for their work once they get there.

We have realized that, in the present situation, with no income tax deduction for these workers, there is not an incentive to go to work. In the situation we have now, with the lumber crisis and enormous pressure to drive down the cost of labour, a worker does not have much left at the end of the year.

The situation is the same for everybody, for those who work in the forest and for those who work in plants. All those involved in the forestry industry at this time in Canada are having a hard time,

particularly with the softwood lumber crisis. There is less and less money to support families.

In 2000 I wrote to the then finance minister, who is now the Prime Minister, to ask him to consider the possibility of restoring tax fairness for those people. I met with people from my riding, but I realized that similar situations existed throughout Quebec, particularly in the forestry regions. There are people in these regions who work in forest management territories. These territories have shrunk because there is less cutting going on. This forces workers to travel further to find work. In so doing, they have to assume heavy costs that are not tax deductible.

In February 2000, I wrote the Minister of Finance, who is now the Prime Minister. This is what he said in his response:

What constitutes a reasonable level of expenses for motor vehicles is a complex issue that requires a thorough study. The review of this issue and of other components of the tax system concerning motor vehicles is still going on. We will inform you of the results as soon as it is completed.

This letter was dated June 2, 2000. At the time I expected a response in the subsequent months and that the situation could be corrected in the next budget if the government decided to follow up on my request. Moreover, the bill I introduced at the time would have improved matters. I had hoped the government would support it in order to help forestry workers.

Unfortunately, the then finance minister, the new Prime Minister, never deigned to follow up on the response he had given before. When he said, "We will inform you of the results as soon as it is completed", I would have expected to receive information, but it never came. We never received it. I had to do additional research.

The Income Tax Act is very clear in the interpretation:

At any time, the distance admissible as an employment expense is the distance between the employer's office and the forest camp office and the cutting site, provided the forestry worker received instructions at the office or the camp. At no time is the distance from the worker's home to the stump admissible.

So people are put in the position of having to use a motorized vehicle, something essential to their work and required of them by their employer. They have to use it to get to their job, which is often hundreds of kilometres away, but get no tax deduction for this. The cost of this vehicle, one that is often hard on gas, is quite high because a person needs a powerful vehicle for that kind of terrain.

So all the expenses to get to the work site weekly, once calculated from the mathematical and economic point of view, may convince them that it is not worth going to the job. So society ends up with people on its hands who would rather be working but are instead remaining unemployed and sometimes end up on welfare because they are in an area where there are no jobs or opportunities to make use of their skills.

Private Members' Business

• (1720)

For that reason, I hope that Bill C-303 which we are discussing today will gain the support of most of the members of this House. The other times it has been debated here, some were in favour and some were not. Unfortunately then we did not have the outcome of the studies undertaken by the Department of Finance available to us.

Today we have a budget coming very shortly. As hon. members know, there are forestry workers who have to sweat to earn a living. Yet they see the federal government once again with an \$8 billion surplus. They have to cope with a very restrictive employment insurance program, and often are unable to get enough weeks of benefits on top of the weeks they have worked to ensure them of some income all year.

In the cases that I am talking about, forestry workers who often work away from home find that it is unacceptable that a government that has such a huge surplus does not encourage them to work when they want to do their job and, indeed, this job must be done. There may be a manpower shortage. This is absurd. There are people who would be available to do this work, but they cannot, because the financial bottom line will be negative if they have to go to work and pay for all the costs.

It is this situation that the current bill is designed to correct. I hope that it will be passed and that the tax laws will be changed accordingly. There must also be a different interpretation of the regulations, so that workers who want to work, who want to make a living and who are forced to travel long distances do not have to support a portion of the cost, which is unacceptable.

In conclusion, I would like to say that I expect members of this House to be particularly sensitive in these times where, because of the softwood lumber crisis, people are going through very tough situations. The financial survival of families is on the line. Often, this situation, this imbalance, this lack of acknowledgment of the tax expense means the difference between maintaining the independent small business, self-employment and quitting the job.

This is why I would like forestry workers to get the acknowledgment they deserve. I would also like them to be given the satisfaction of being able to work, of bringing an income home and of supporting their family. They have developed skills in this sector, and employers are waiting for them to do the work that must be done.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, I am pleased to acknowledge the efforts of my colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, who has the interests of his constituents at heart. This bill does not concern only his riding, but all the ridings where the forest is harvested.

First, it is important that the Liberal government understand one important thing about the softwood lumber crisis. The Liberals have been telling us repeatedly in this House that negotiations are ongoing with the Americans, that we are making progress, that an agreement will be reached, that it is forthcoming. Naturally, it is never their fault when things do not work out. The Liberal Party could buy-in to this type of agreement that is acceptable and feasible. We in this House

can support the hon. member's bill and give a tax credit to forestry workers who use their vehicles for work.

We have to understand that forestry workers travel great distances. They need good vehicles, often four wheel drive vehicles, to be able to reach their work place. We have to understand how it is for them. Road conditions in the forest, particularly in bad weather, have to be taken into account. When travelling, these vehicles are put to the test.

I cannot conceive that members of this House could deny a tax credit to workers using their own vehicle as a tool. I would hope that, at a time when these workers are going through a crisis, we can show some sensitivity. It would be a good opportunity for all the members in this House to support the forest industry by approving the tax credit requested by my colleague. I would like my colleague to tell us what he thinks about that.

• (1725)

Mr. Paul Crête: Mr. Speaker, my answer will be brief. I thank my colleague for his support.

Let me remind the hon. members that we went through a similar process in the case of mechanics' toolboxes. That bill was put forward by the hon. member who is now the whip for the Bloc Québécois. He had to put it forward twice, but he finally won his point.

That is what encouraged me to be persistent, so that the same result can be achieved in this case. I hope that all members who need information on the issue will come to see me before we vote, to get a clear understanding of the reality.

However, I hope most of all that the next budget will follow the example of this bill and that this inequity will be rectified as soon as possible.

[*English*]

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I am pleased to address the House today on the private member's bill introduced by the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

Bill C-303 proposes to amend our Income Tax Act to provide a tax deduction for automobile expenses that forestry workers incur when they travel to work sites that are far away from their homes. Let me recognize right off the bat that the hon. member is attempting to address the needs of that particular workforce. He clearly will have a large number of individuals working in that field in his constituency.

The proposed bill would cover three kinds of expenses. First, it would cover daily out of pocket expenses for operating a motor vehicle. Examples of such costs are maintenance, gasoline and insurance. It would also cover interest charges on borrowing money to acquire a vehicle. Finally, it would cover depreciation costs. At the core, the bill gives a special package of tax benefits to a narrow group of employees.

We are all parliamentarians and Canadians here. It is incumbent on all of us to make sure that we uphold the fundamental principles of fairness and equity in public policy matters and in taxation matters.

Private Members' Business

I want to try and do my part here recognizing the hon. member's bill, the principles embedded in it and these other principles of fairness and equity.

The bill provides tax relief for only one kind of employment expense, that is, long distance commuting, and only when it is incurred by one kind of employee, that is, a forestry worker. Providing tax relief on this type of isolated, arguably ad hoc basis is problematic from the public policy point of view. Let me raise some concerns about that approach and which may have been overlooked in this bill as it was drafted.

For starters, we know that other groups of employees incur exactly the same kind of commuting costs as forestry workers do. People who work in construction or in the oil and gas sector are obvious examples. They often travel large distances to work sites. I am sure there are other examples as well.

We know that all employees no matter where they work incur some form of a mandatory employment related expense. I could give some examples. There are tools that are purchased by tradespeople: saws for carpenters, paint brushes for painters, hair dryers for hairstylists, some very expensive knives for those really good cooks. There are computers which are purchased by employees for working at home, monitors, hardware for the computer's hard drive and software and there are costs associated with that. Last, a common expenditure is safety clothing purchased by construction workers.

Clearly, employment expenses such as these ones can vary in their nature and their amounts. What strikes me is that there seems to be no reason that one group would be more deserving than any of the others in access to an employment expense deduction.

There is no doubt that employees who incur such expenses would be justified in asking for comparable tax treatment. However, if we were to introduce a general \$500 deduction to recognize the broad array of potential employment expenses out in Canadian society, that would mean \$1.3 billion per year in revenue forgone in the tax system. Recognizing all the employment expenses beyond the \$500 would cost much more in lost tax revenue.

● (1730)

In addition, once we have opened up the door to this type of employment expense, we might not, in fairness, be able to stop just there. For example, there are various types of volunteers in Canadian society who have requested tax relief for their out of pocket expenses. These would include, for example, people who volunteer to provide emergency services and who incur vehicle expenses when they travel to an emergency site or when they go for training. Others include volunteer coaches for sports teams who might drive to practices and volunteers who deliver food and other materials to shut-ins.

Volunteers contribute substantially to our society and their efforts are valuable to all of us. However, extending tax relief to all volunteers and employees in a like fashion would be a very significant undertaking. Statistics Canada reports that there were some 6.5 million volunteers in Canada in the year 2000. Giving each of them a \$500 tax credit would cost hundreds of millions of dollars in forgone tax revenues.

In closing, I am concerned about the apparent inequities that the bill would create. I am equally worried that it would place us on a slippery slope of providing unaffordable tax relief across a broad range of as yet unidentified workers.

In light of these shortcomings, I personally will not be supporting the bill. I do commend the hon. member for attempting to address a perceived need in the tax system and while I personally have not found a way to address it, I appreciate his efforts on behalf of his constituents in trying to do it with the bill.

Mr. Chuck Strahl (Fraser Valley, CPC): Mr. Speaker, it is my pleasure to speak to Bill C-303 which I believe is a nice gesture, a nice thought toward helping forestry workers. I was once a forestry worker. I was a logging contractor for many years before I got into this business.

I know exactly what it means to try to help a forestry worker in his travelling duties. In my case, on a typical day I would spend three and a half or four hours in a pickup truck to get to and from work besides whatever I drove at work. Travelling in the forestry business is an expensive part of the job and there is just no getting around that.

Unfortunately, the problem with the bill is that it addresses one aspect of employee expense. It does not recognize that other employees have similar expenses. For example, construction workers in my area might live in Chilliwack but they have to drive to Vancouver for their daily work. They drive two and a half to three hours a day as well. The bill does not address that. As soon as we start making laws for one group of workers, we have to make it across the board.

The bill tries to address an obvious problem facing the forestry industry. We have to talk about the root of the problem. What are the big problems for forestry workers?

In my neck of the woods there are three or four things that affect them directly. One is the failure to resolve the softwood lumber issue. In British Columbia that issue has caused more dislocation, more unemployment and more problems especially in our rural communities than any other issue. It needs to be resolved. It needs to be resolved at the highest level.

It needs to be a priority for the government or any government to fix and repair our damaged relations with the Americans. We have to get the softwood lumber agreement fixed. I would add that there are several of these agreements, whether it is the problem with BSE, the problem with durum wheat, and now the possible problems with the trading of pork. Many of these are north-south problems with the Americans. We simply have to find a better way of sitting down with our American partners and talking these things through before they become a crisis. Right now we seem to have a crisis management system and it is not helping forestry workers or anyone else.

The government recognized this issue a long time ago. It can be found on the Industry Canada website, the implementation of the softwood industry community economic adjustment initiative. It is a long term for saying there is supposed to be some cash for the communities that are particularly hard hit.

Private Members' Business

My riding has a new part, and I hope to be the member of Parliament after the next election, but the new riding boundaries go up the valley, up the canyon into Boston Bar and over to Pemberton. I met with officials in those towns. They cannot get any money through the community futures program and through the softwood industry adjustment initiative to the communities that are most affected.

In some cases there is a 70% to 80% unemployment rate. If they could get some money they could start these community forest programs, something which the provincial government is in favour of, but they need some help. The softwood industry adjustment program is supposed to help them and the money is simply not getting through to them.

I refer to an article in the *Vancouver Sun* of March 6, regarding \$55 million of the federal program to assist B.C.'s hardest hit communities, forestry communities, small communities such as the ones in my riding. It states:

But a series of bureaucratic mistakes, changes in rules, turf wars and a confusing array of approval processes all combined to delay the program so much that it was only this week—a month before all the money was supposed to be handed out—that the first small amount approved for programs has trickled out of the government.

• (1735)

In other words, half of all the money in the federal government's softwood lumber initiative was supposed to go to British Columbia, which was the hardest hit. The money would help the smaller communities, such as Boston Bar, Hope, Pemberton, Lillooet and so on, which have already been hit hard for a bunch of reasons. However the government has not been able to design that program for a variety of reasons to get the money into the hands of the people who need it, which is a travesty.

The people have firm proposals. They showed me those proposals again last week when I was up in Boston Bar. Their programs are detailed and firm and have the approval of the bank, the community, their elected official and the province but they cannot get the money from the federal government.

The money was targeted especially to help those communities and it is just a shame when nothing happens. It is not acceptable, especially when it targets one region in the country that needs a little bit of help. The program is on the website but my people back home are saying that they cannot get access to it. Those funds, more so than a travelling allowance, is what these people need.

I would suggest that the other thing we should consider here is the whole employment insurance program. Not only does the employment insurance program consistently overtax people who are in the forest industry, but when they are laid off due to softwood taxation and tariffs and so on, it sometimes takes months and months to get their first EI cheque.

No one wants to live on EI. It is tough enough to live on EI when one is raising a family and so on but when people are paying into that program they expect and have the right to get that money back from the EI program, to quote the Deputy Prime Minister, in a "timely fashion". When they apply they should not have to wait two to three months to get their first cheque. In our neck of the woods when workers are laid off for winter or because the mill shut down or

whatever, there is no question that they are laid off. There is no other work in Boston Bar. It is a one industry town.

When workers who are laid off make their application, they sometimes wait for two to three months before they get a cheque in the mail. That is unacceptable. Not only are employers and employees overtaxed on the EI contributions, but when the workers try to draw from the fund, which is supposed to be for a temporary loss of job, they sometimes do not receive the money for a couple of months.

I have had people come to my office who are at wits end. They do not know what to do. They thought the program would tide them through the winter or maybe put some groceries on the table, and even if they could not pay their mortgage they thought they could somehow survive, but all of a sudden they find they have to wait two or three months for a cheque.

When people are living paycheque to paycheque in an industry that is open and closed, like the forestry industry, two months without any income in a one industry town, is cruel and unusual punishment. It is just not acceptable. I suggest the government look at its management of the EI system as well.

Is there a better way to help forestry workers overall? I do not believe we can just target one group of people and help with their travel expenses. If we are considering that, then we must include the forestry workers, the construction workers, the people who have to follow the jobs like my dad, who passed away, used to do. We would have to do the same thing for those in the oil patch and many different occupations. It is not like working at an auto plant in Oshawa where one knows the plant is right there and it is not moving anywhere. It is a different kettle of fish.

I believe we have to address this thing holistically. It means broadly based tax relief for all Canadians who are looking for some help. We want to specifically help people on their personal income tax, allowing them to reduce the amount of taxes paid. We need to stop the gouging in the EI system. We need to ensure that the money goes to the people who need it in a way that helps them out properly.

We want to restore proper relations with the Americans on these important tariff related border issues. By all means we can get tough when we are talking to the Americans but let us not get silly with the bad mouthing that I hear all too often in Canada toward our American friends and people who buy our goods and so on. Let us fix that.

• (1740)

Finally, we need to make sure that the funds that are supposed to get to the workers and these communities through the WED, through the community futures program that administers it, actually get to them. It is not good enough to say that the funds should have come, that we wish they had not been held up in the pipeline. These people need the help they were promised by the federal government. The program is in place. Let us make sure the money gets through to the workers who really need it today.

Private Members' Business

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I want to acknowledge that we in the New Democratic Party fully support the initiative of this bill and we will be voting in favour of it when it comes up for a vote.

However I do want to agree with the tail end of the speech by my colleague from British Columbia concerning the problems in the forestry industry. We believe the government should be attacking the softwood lumber crisis in a three-pronged attack.

First is the stabilization of the forestry workers in their communities by ensuring that those funds get to where they have to be. To delay it through bureaucratic means is simple nonsense, and that needs to stop right away.

Second, the government needs to go into the United States and, with their allies in the U.S. who are supportive of our initiatives, work toward changing the minds of those congressmen and senators.

Third, the government needs to continue the attack through the legal challenges of NAFTA and the WTO.

I have a very simple question for the member. When it comes to business deductions and expense deductions, what is the difference between a toolbox and a laptop? A business person with a laptop can travel across the country for his or her business and deduct those expenses, but a worker with a toolbox cannot. That has to change.

Although we do know what the member from the Conservative Party is saying, that this just targets one specific section of one specific set of workers, the fact is that we have to start somewhere. I am sure the hon. member from the Bloc would love to have included all kinds of people, like carpenters, metal workers, name it.

We have a tremendous amount of people who leave Atlantic Canada and move to the oil patch but they cannot write off their traveling and meal expenses, et cetera. However if they were accountants or lawyers they could write off those expenses. All we are asking is that there be a little fairness in the taxation system.

The Bloc member has done it very strategically. He has taken one section of the occupational workforce and one aspect of the tax deduction in the motor vehicle. We know this is a start, and no, it does not include all other workers at this time, but in opposition, sometimes we have to throw the Liberals a bone. Hopefully they will chew on it a bit, like the taste of the marrow and run with it, which is really what is required. We want them to say that it actually makes sense. We want them to ask what the difference is between a toolbox and a laptop.

My colleague from Yukon knows how many people travel up and down the Dempster highway, the Alaska highway and the Campbell highway to and from their jobs. If they are business people they can write off their mileage as an expense, but if they are forestry workers they cannot. We fully support the initiative of the Bloc member in this particular regard.

However, at the same time, we would like to see the government move fairly quickly in terms of including many other workers who come from here. We have workers from Nova Scotia, in the building trades for example, who have been asking for quite some time to be included in budgets, to be given the opportunity to deduct their meal

expenses, their vehicle transportation costs and their lodging expenses. They do not want to sit at home and collect EI or welfare. They want to be able to follow a job somewhere else in the country in their trade because they have pride. However, if it is extremely cost prohibitive, if they cannot afford to get to a particular place, then they are behind the eight ball and that is unacceptable.

We need to allow these workers who wish to move to another part of the country, where they will have an opportunity for employment, to do so. We should be congratulating these people. We should be honouring the fact that they are willing to leave their homes in order to find work in other jurisdictions in Canada. We should be assisting them through the tax system so they are not prohibited from making that decision.

I do not want to be critical of the business community. If they are willing to move across the country and assist other businesses in their endeavours, that is great, but if they get to write off their expenses, then surely forestry workers should be allowed to do the same when it comes to their motor vehicles. When we as members of Parliament travel across the country to follow our critic areas, our expenses are covered.

● (1745)

We are just saying that if we are doing our job in terms of our constituents and the Canadian people, then we ourselves should apply those same types of principles to the workers of our country, especially to those forestry workers.

We thank the hon. member from the Bloc Quebecois for bringing this very worthy bill to the floor of the House of Commons where the debate should take place. We encourage the government and all opposition members to seriously look at this type of initiative to see where we can go forward on this to make it easier, especially financially, for workers who are transient in following their workplace.

Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I welcome the opportunity to join the debate on Bill C-303, sponsored by the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques. I congratulate the member for the bill, which is an effort to help out certain workers, who must travel far distances for work, with their expenses.

I first want to comment on a couple of items that were mentioned by the previous two speakers, the first being the softwood lumber issue. I basically agree with those speakers on the efforts that Canada is and should be taking on that file. I agree with the items they suggested and commend them to all members in the House. We have had several take note debates on that and numerous meetings with our opponents and friends in the United States to try to resolve the problem that is being caused by a special interest group. We are more determined than ever to do that.

The member of Her Majesty's loyal opposition mentioned EI. I just wanted to put on the record that the Canadian Federation of Labour has presented some very creative ways of using the EI fund for training, over 55 programs and other methods to make it more effective. I encourage the Minister of Human Resources to look at those.

Finally, in response to previous speakers, I also agree that the United States is our greatest trading partner. By geography it is right beside us and it has the disposable income. We can ship there cheaper than anywhere else in the world and we sell the largest number of products. It is therefore important to ensure a smooth relationship for our workers and our families in Canada.

On this particular bill, it appears the intention is to give a tax deduction to forestry workers. It would be a deduction for motor vehicle expenses that they incur for travel between their home and distant work sites. I understand why the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques would want to do something special for forestry workers. Forestry workers are the backbone of the forestry sector, a sector that contributes significantly to our economy. In 2002 alone, for example, forestry exports contributed more than \$32 billion to our economy and our trade surplus. That is an important contribution indeed.

As I said, forestry workers are the backbone of this sector. Today, more than 350,000 hardworking Canadians are directly employed in this sector. In forestry and logging alone there are more than 75,000 jobs. This number is much higher when we count the people working in the wood and paper products industry or related industries.

Employment in the forestry sector is a major source of income that helps sustain many communities across this vast nation: communities such as Prince George, British Columbia; Le Pas, Manitoba; and Port Hawkesbury, Nova Scotia. Of course, I cannot forget that forestry is important to a number of communities in Quebec represented by the hon. member.

I also want to mention, for those who do not know, that we have a good forestry resource in Yukon. We have some tremendous white spruce and lodge pole pine trees. The grade on those trees is so fine, because some of them take 300 or 400 years to grow, that they are highly prized by the Japanese and other markets for their high quality and strong wood.

As the member mentioned, we do have workers who travel back and forth on the Dempster highway at great costs to get to their jobs. However there are no trees at the top of the Dempster highway, which points to what the government was saying, which was that there are all sorts of workers, who incur tremendous expenses to travel long distances, who would not be covered by the bill.

I also agree with the hon. member who just spoke, a former Yukoner I might add, that people should be congratulated for moving and should be helped out when they move for employment. In Yukon, to once again make the government's point, our economy is at a low ebb and a lot of people are temporarily moving right now. I congratulate them for leaving their homes to be positive contributors to our economy. However they are not moving to go into the forestry industry. Most of them are moving to go into mining and into the oil and gas sectors near us. Once again, this points out the government's point about fairness for these other sectors.

• (1755)

A strong forestry sector is an important element of Canada's future prosperity. That is why in May 2002 the federal government announced a five year \$35 million Canada wood export program.

Private Members' Business

This program brings together partners, the wood product associations, provinces, territories and the industry to work together to expand offshore export opportunities for Canadian wood products in traditional and emerging markets. Doing so will strengthen exports, increase economic growth and create jobs for forestry workers.

Therefore, I can understand the hon. member's desire to support forestry workers, but the bill is not the best way to do it. I might add that some of the items that the members in the debate have brought forward on how we can help them I fully support. I thought they were good suggestions.

However, as I said earlier, the bill proposes to give an income tax deduction for motor vehicles expenses that forestry workers incur to travel between home and distant work sites. Deductible costs would include the day to day, out of pocket expenses required to operate the vehicle. These would be things like gasoline, repairs and maintenance costs, insurance and licence fees. Forestry workers would also be allowed to claim depreciation on the original cost of the vehicle and they could claim interest costs associated with any loan taken out to acquire that vehicle.

The first issue I have with the bill is one of fairness. Tax rules should be fair not only to the taxpayers directly affected by change but also to other Canadians.

The bill would introduce special relief on commuting costs incurred by forestry workers. Most employees have to commute to work and incur costs in doing so. Some even have to travel relatively long distances to remote locations. As I said previously, forestry workers are not the only workers in this category. There are workers in the construction, oil and gas and the mining sectors and farmers who often work far from home as well.

I am not talking about moving expenses. I congratulate the previous member who spoke. He said that there should be support for moving expenses. There is a moving tax deduction in the Income Tax Act if one moves for employment.

However, despite the good intentions, the bill overlooks all these other employees whom I just mentioned; people who face the same kind of travel requirements as forestry workers. How can we justify providing a special tax concession that would only be good for one category of worker? In good conscience I do not think we could.

Private Members' Business

It is also worthy to note that the bill is unclear about who is included in the definition of forestry worker. Are cooks at logging camps considered to be forestry workers? Would a secretary working at a remote logging site be eligible? Why would we deny these workers tax relief when they incur exactly the same costs? It is a difficult situation, to be sure. Would a cook in another business who travels to work be eligible?

How could we expect to limit tax relief only to long distance commuting costs and ignore the fact that most workers incur costs connected in one way or another to their jobs? In addition to getting to and from work, different kinds of employees face special expenses related to their work. There was some adjustment for that in the standard personal deduction.

For example, many professionals have to buy computers if they often have to take work home. Maybe they need to be connected to the office to handle after hours urgencies. Of course, there could be many work related reasons for needing a computer at home. Other kinds of employees need other things. Most trades people for instance need to provide their own tools. These employees include carpenters, electricians and plumbers to name a few. In other cases employees may be required to provide their own uniforms or safety clothing.

It is safe to say that all the employees I mentioned, and many more I could have mentioned if time allowed, are incurring out of pocket expenses to perform their jobs.

This is precisely the problem with the bill at hand. How can we give forestry workers some special privilege under the tax system, a deduction for their long distance commuting costs, which we all agree is difficult, while ignoring the equally necessary and equally important expenses that other employees incur.

This leads me to my second concern with the bill. We must ask ourselves what would happen if we were to recognize the employment expenses of all the workers in all categories? The answer we would run into a major problem of affordability. Just to illustrate the enormity of the cost, we can look at the impact of reintroducing the \$500 tax deduction for employment related expenses.

In closing, I congratulate the member, but we must have a fairer system for helping the workers in this industry.

● (1800)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I want to first congratulate the member for bringing this issue forward. I have brought my own private members' bills forward in the past and I know how difficult these things sometimes are. I regret to say, however, that I will not be supporting his bill.

The bill proposes to amend the Income Tax Act and provide a tax deduction for automobile expenses for forestry workers. We have already heard from previous speakers that they want to cover out of pocket costs in operating a vehicle, interest charges which might be incurred in the purchase of a vehicle and depreciation costs which are necessarily incurred both in driving to and from work and to

other areas as well. There would immediately be some sort of a record keeping problem as to how to allocate depreciation among the various categories of what one would use the vehicle.

I fully appreciate that everybody who works has to get to and from home. There is probably not one member in the House who has held down a job outside this place and has not had to commute one way or another to work. Some of us have had shorter commutes than others. When I was practising law, I recollect that I spent a fair bit of time fighting GTA traffic to get to and from work.

The cost of getting to and from work is one of a range of costs that employees incur. Like virtually all employment related expenses, there is no specific income tax deduction. Instead, there is a general tax recognition which is by way of the basic exemption. The basic exemption is one that applies to all employees, indeed all taxpayers.

Some members of the House may recall that there was a \$500 deduction for employment expenses available prior to the 1988 tax reform. The general deduction recognized that all employees incurred some work related expenses, even buying clothes. My wife is in television and clothing is a significant expense for her.

During the tax reform, the employment expense deduction was integrated into the basic personal amount. The basic personal amount has steadily increased since 1988 and now stands at just slightly over \$8,000 for the taxation year 2004. This amount is deducted from all income sources in calculating taxable income. It does not much matter whether one earned income from employment or from other forms of generation of wealth. Regardless, one gets that tax deduction and that acts as kind of a leveller, and the government is then treating everyone equally.

The bill proposes tax relief for specific expenses, which is long distance transportation incurred by a specific group of employees, namely, forestry workers. We have to ask ourselves whether it is in fact fair to single out a specific type of expense in a specific occupation group when there are employees in other occupations in similar situations. For example, as other members have mentioned, what about construction workers? What is the argument there? Why would a forestry worker be preferred over a construction worker?

My hon. colleague from Yukon said that at some point or another as one is driving north on the Dawson highway, the trees run out and the only thing a person drives for is to do some mining or some oil and gas work. Why would the mythical forestry worker be able to deduct his or her expenses going to cut trees, but the expenses of the person driving further up the highway to mine something or extract oil and gas would not be deducted? That does not appear to be fair to other taxpayers and other employees. It is not uncommon for these workers to be employed at work sites that are quite a distance from their homes.

Private Members' Business

• (1805)

Many other types of employees have asked for tax assistance. This is budget season after all. I am personally aware of quite a number of people who feel that they are entitled to tax assistance or tax relief in some form or other.

I must confess that I have difficulty saying that some of these employment expenses are more worthy of tax relief than others. I find it even more difficult to say that one group of workers is more worthy than the next, when both groups incur the same kind of expenses.

While a tax system must treat all people fairly, all hon. members must understand that tax relief for all employment related expenses would come with a very heavy price tag.

To illustrate, we will say that there is a flat \$500 tax deduction for all employees. That calculates very quickly into \$1.3 billion per annum which would be removed from the federal treasury. Hon. members opposite may think that is a wonderful idea. However, I point out that we are running a very small surplus this year, and I do not know why that category of employees would be entitled to eat into that surplus.

Instead of granting piecemeal and arbitrary tax concessions, the government has chosen to deliver major tax relief to all Canadians. Members will recollect that we are well into our five year tax reduction plan of \$100 billion which was announced in the year 2000. We have cut taxes further in the 2003 budget. Therefore, \$100 billion for all taxpayers is probably a better way to go. Then the government is not in the position of preferring of one category of taxpayer over another.

The tax deductions themselves were three-quarters personal and one-quarter business related. These tax reductions are providing a significant relief, particularly to low and modest income families with children, which is what the package targeted.

Federal personal income taxes are falling by more than 21% for the average taxpayer. The savings are even greater for families with children, as they come in at a 27% average. For instance, before the five year plan, the basic personal amount stood at \$7,131. As a direct result of the \$2,000 tax reduction plan, it is now up to just a touch over \$8,000, probably with schedules to go higher. The higher basic amount benefits all taxpayers.

In the overall tax reduction package, we restored full indexation so the system itself would not eat into people's income. We lowered personal income tax for all taxpayers. We eliminated the deficit reduction surtax.

The child tax benefit, which has become basically a \$10 billion program, is probably the most significant social initiative of this government. It is targeted to low and middle income families.

We provided additional tax assistance for those most in need of it, particularly those with disability. We substantially increased tax support measures to our students in post-secondary education.

I know that my hon. member's colleagues are enthusiastically awaiting what I might say next.

The 2003 budget also established a new child disability benefit for low and modest income families and for a child with a disability. That is something in the order of about \$1600. I know my colleagues opposite are very enthusiastic and supportive of that initiative on the part of the government.

The bottom line impact on taxpayers for all these tax cuts is very impressive. For example, compared to what taxes would have been in 2004, a typical two-earner family of four earning \$60,000 will save about 35%, and a typical one-earner family earning \$40,000 will save about 60%. I know all hon. members will join me in applauding that initiative on the part of the government.

• (1810)

That is the government's way of trying to address, in a fair and balanced way, issues such as the one the hon. member has raised. I congratulate the hon. member on his initiative, but we will not be supporting this bill.

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, I too would like to congratulate the member who has presented his private member's bill for the House's consideration.

As my colleagues have pointed out, the government's intent with respect to the reform of the tax system is to make the system a progressive system, one that is equitable and treats taxpayers the same regardless of what regions they live in and what employment they are involved in. Generally speaking, there should not be any hyphenated taxpayers in this country. They should all be respected and treated as Canadians fully committed to an equitable tax system.

I remember talking about provisions in the tax regime that would look at mechanics, particularly apprentice mechanics. I remember that for a great deal of time the industry was asking for a particular tax regime that would recognize tools used by mechanics, especially during their apprenticeship, as being tax deductible and viewed as educational components.

At that time other arguments were put forward by tradespeople, arguments that had just as much legitimacy as the arguments relating to apprentice mechanics. The government struggled with that and worked toward finding an equitable treatment before it could go ahead and give a tax dispensation to people in a specific trade. I think the ultimate solution was welcomed by industries right across the country.

The forestry workers are obviously a very large, substantial and respected part of the economic life of Canada. If it were at all possible to provide, within that regime of progressive and equitable treatment, a dispensation or compensation for necessary moves, then obviously the government would like to try to do that.

However, the implications have been pointed out. I think it is important that when exemptions are made they should, generally speaking, fit into a category that is available to all Canadians. If individuals who are involved in the construction trades, those who are heavy equipment workers and operators, those who are involved in the steel industry or the mining industry or whatever it may be, need to go to another region of the country, then the amendments should be equitable and as of right to all Canadians.

Adjournment

In my humble estimation, the way to achieve that would be to have a moving allowance which would be deductible for the purposes of individuals relocating to another region in order to avail themselves of the opportunity to work in that region. That is the kind of mechanism that is available to workers, as I understand it, whether they are in the forestry sector or other sectors, and even students have particular access to the tax regime that allows them to deduct the costs of moving.

• (1815)

That is the way the tax system responds, equitably and right across the board to Canadians as of right. For that reason, while we laud the objectives of our colleague who has moved the private member's bill, we cannot support it because it really does treat Canadians as different classes and makes them either more or less equal before the tax regime. That is not the objective of the tax system.

[Translation]

The Deputy Speaker: The hour provided for the consideration of private members' business has now expired and the order is dropped to the bottom of the order of precedence on the Order Paper.

* * *

MESSAGE FROM THE SENATE

The Deputy Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed certain bills, to which the concurrence of this House is desired.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[Translation]

TERRORISM

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, CPC): Mr. Speaker, it is always a pleasure to see you in the Chair.
[English]

I am here to respond to a question that was placed before the House and put to the Minister of Public Security and Emergency Preparedness.

When I first put this issue to the minister, I was under the impression that the government wanted to respond in a substantive way to this issue of terrorism. I was referring specifically to a report that came to the attention of Canadians some time ago, a U.S. state department report that was prepared by the Library of Congress, which alleged that in fact there was substantial and significant terrorist activity going on within Canada and that Canada was in essence being named as a safe haven for terrorists and for criminals.

The highlights of that report underlined that Canada was becoming a transit point, a place for raising funds for terrorist organizations, for criminal groups, and that Canada has provided safe routes for trafficking of humans and various illegal commodities into the United States.

The report went on to talk about some of the legislative action that had been taken. However, the report deemed that to have been an insufficient response and said that enforcement and full implementation would be the keys.

I asked a substantive question to the minister at that time, hoping that there would be a plan placed before the Canadian people, hoping that in fact the government would reflect a clear understanding of the serious nature of this problem. In fact, to highlight this further, in February of this year before a Board of Trade dinner in Toronto, United States Ambassador Paul Cellucci told the crowd there were still numerous hurdles to overcome with respect to the Canadian border. The ambassador cited marijuana legislation proposed by the Liberal government as a real problem. He said:

For us, marijuana is not really a policy issue, it's a border issue...the perception is that it will be easier to get marijuana in Canada. It may not be accurate, but that's what it is...it creates problems at the border.

What it tells us and what it tells Canadians, sadly, is that the government does not appear to understand the implications for some of its legislative action, some of its lack of policy in the area of responding to terrorism, both at home and abroad. This is but one of the examples creating this atmosphere of fear and concern.

I would say that these very legitimate concerns held by the Americans have further broad-reaching implications as they relate to trade. My point is that the government does not and has not put forward a blueprint in response to these problems, both at the border with respect to terrorism and with respect to a proposal that I and others in the Conservative Party have brought forward surrounding a North American security perimeter. We know that ports police were disbanded by the government, creating further vulnerabilities at our many ports in Canada.

We need an aggressive plan to address these shortcomings. We need an active border security protection against terrorism. The public safety minister should not disregard out of hand that Library of Congress report which outlines the shortcomings and calls upon the government and our country to act decisively. Unfortunately, this cavalier attitude, these platitudes, the rhetoric that it is all being addressed and is in hand, do little to satisfy our largest and most important trading partner and little to allay the fears of Canadians generally.

Canada's lax laws need to be corrected. Legislation must be put in place. Most importantly, there has to be a plan laid out with resources to back up this plan and to put the process in place right away.

• (1820)

Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I always enjoy debating with that member for whom I have a great deal of respect. This will be fun.

First, I will reply to the point on marijuana. The United States will be very happy that we are increasing the penalties for the producers and pushers of marijuana. Also during that debate, I mentioned that a number of states had already done what we were proposing to do, and that was having lower penalties for the usage of small amounts of marijuana.

Adjournment

In relation to the border, the government takes the border quite seriously. Subsequent to September 11 that was one of the success stories between Canada and the United States. The good working relationship and the improvements that we had made to the border was loudly applauded by members from various parties in the House.

The member had a question about increasing our intelligence ability abroad. I want to deal with that question until I run out of time.

The mandate of the Canadian Security Intelligence Agency is to investigate and report on threats of security to Canada wherever they may occur in the world. This is an objective it pursues while respecting the law and protecting human rights.

Section 12 of the CSIS Act, which establishes the operational mandate of the service, does not impose any territorial restrictions on investigations dealing with threats to national security, such as terrorism.

I am sure the member across is fully aware that in response to the increasingly international nature of threats to national security, CSIS has increased its security intelligence gathering activities overseas. Given this trend, CSIS has also increased its exchange of intelligence with security intelligence organizations of friendly nations supporting Canada's commitment to fighting international terrorism.

In regard to the evolution and internationalization of the threat, the Government of Canada has made new resources available to CSIS following the events of September 11, 2001, to ensure that it has the means to meet current challenges, including increased security intelligence gathering overseas.

Section 17 of the CSIS Act allows the service to enter into cooperative arrangements for the purpose of performing its duties and functions, including the exchange of information. Section 17 also allows for the service to enter into joint operations with allied agencies abroad because no one country can do all the intelligence gathering.

That said, strict standards and guidelines are in place at CSIS to govern international cooperation and the sharing of intelligence, especially if it involves information about Canadians. All foreign arrangements made by CSIS must have the prior approval of the Ministers of Foreign Affairs and Public Safety.

Currently, CSIS has relationships with a number of services around the world, both security intelligence services and foreign intelligence services, and in some cases signals intelligence services. After this debate, I will give the member opposite a bit more information on that if he would like. Those relationships are often important in specific cases, in terms of being able to check information, obtain information or seek some other assistance.

CSIS also maintains liaison offices in certain countries. Liaison officers are involved in the exchange of security intelligence information and carry out a security screening role in dealing with cases of concern in national security. Liaison officers posted in foreign countries are not involved in overseas operations.

Section 16 of the CSIS Act defines the service's role in the collection of foreign intelligence.

In summary, let me reiterate that CSIS has both the mandate and the capacity to operate abroad and has done so in the past, in support of its section 12 mandate, and will continue to do so as circumstances dictate.

Mr. Peter MacKay: Mr. Speaker, I thank the parliamentary secretary for his response. I too enjoy the thoroughness and the relish which he brings to his position.

I still am very concerned that the government does not appear prepared to respond in a substantive way to the allegations made in this report. It talks of the backlog in the refugee applicants, the fact that there are war criminals currently at large in Canada and that there are a number of individuals who have been identified as a threat but who cannot seem to be located.

Yes, there may be some capacity, I would underline some limited capacity, on the part of CSIS for intelligence gathering abroad. However, it has not clear mandate to do so. This is an issue that has been raised repeatedly at the justice committee by myself and other members.

The government has been lax in this area and too slow and weak in its response. There does not appear to be a long term plan or a commitment of resources necessary to address the threat, certainly not at the level on which the United States has been pleading for greater attention.

• (1825)

Hon. Larry Bagnell: Mr. Speaker, I definitely agree with the suggestion to improve the system. I know some of our new ministers are working on that.

However I did explain that CSIS has a mandate overseas and that we are collecting more intelligence since September 11. We have given it more resources to do so. Everything CSIS does is subject to review by the Security Intelligence Review Committee. The independent external review body reports to the Parliament of Canada on its operations.

CSIS is also subject to review by the Office of the Inspector General which serves as the Solicitor General's internal auditor ensuring that it is complying with the law, ministerial direction and operational policy.

CSIS activity, whether it is done inside or outside the country, is subject to review. All activities including joint operations are reviewable by SIRC and the Office of the Inspector General. That is very important considering that we have now given it more resources. Wherever security threats are around the world, CSIS is now funded to provide this country with a good watchdog function.

SPONSORSHIP PROGRAM

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Mr. Speaker, it is with considerable disappointment that I find it necessary to rise during the adjournment proceedings as a consequence of the response that I received regarding the Liberal slush fund known as the sponsorship program.

Adjournment

What was truly remarkable about the reply that was made on behalf of the Prime Minister was that it was even made. The President of the Treasury Board was being truly deceptive when he suggested that the \$3,000, for example, that was asked for from the local fair in an opposition riding was somehow equivalent to the hundreds of thousands of dollars and in some cases millions of dollars that were funnelled into the ridings of Liberal Party members, with the appropriate commissions skimmed off of course.

What has truly amazed Canadians is the shameless gall of the Liberal Party in this scandal. How low can one go in stealing from children? People in my riding of Renfrew—Nipissing—Pembroke were shocked to hear how a Liberal ad firm pocketed \$350,000 in commission from the Boy Scouts of Canada. Out of \$600,000 that was supposed to go to the Boy Scouts for a camping jamboree, it received \$250,000. Therefore, \$350,000 was skimmed off to a Liberal ad firm, perhaps for an eventual campaign contribution to the Liberal Party of Canada. The Liberal Party does not go any lower than when it steals from children.

Opposition members participate in government programs in good faith. The President of the Treasury Board was wrong to suggest that opposition members were somehow tainted by the sponsorship scandal because opposition members trusted the government to run a program in an honest fashion.

The Prime Minister has repeatedly denied knowledge of the sponsorship program as a secret Liberal slush fund. The President of the Treasury Board, on the other hand, said in this House that the presence of this Liberal slush fund was common knowledge, so common in fact, that the staff of the Minister of the Environment referred to this program as a Liberal slush fund.

Who is telling the truth? The Prime Minister who denies any knowledge of the slush fund, or everyone else, including the President of the Treasury Board, who tell us that the existence of the slush fund was quite public?

The sponsorship scandal has directly touched my riding of Renfrew—Nipissing—Pembroke. In response to a legitimate request for funds for a hockey tournament, the Fred Page Cup that was being hosted in Pembroke, local organizers received several thousand dollars.

The question that is being asked in my riding by the parents of the hockey players in that tournament is, out of the dollars requested, how much was skimmed off into the pockets of the Liberal Party ad agency Compass Communication? How much of that money was eventually put into the pockets of the Liberal Party as a campaign contribution? How much of that money actually went toward the children that participated in the hockey tournament?

We know through the sworn testimony of the former deputy minister of public works, Randal Quail, to the Standing Committee on Public Accounts, that the Prime Minister's Office was directly involved in selecting events that received sponsorship money.

If the Prime Minister were truly sincere when he tries to distance himself from his years as finance minister by pointing fingers at Mr. Chrétien and his political handymen for the sponsorship scandal, he would be purging his party of all these individuals, not just high profile targets like Mr. Chrétien—

● (1830)

The Deputy Speaker: Order. The hon. Parliamentary Secretary to the Minister of Indian Affairs and Northern Development.

Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I would like to respond to the member for Renfrew—Nipissing—Pembroke on this important matter.

I would like to reiterate what has been said numerous times in the House over the last few years. The sponsorship program was fraught with deficiencies and fundamentally flawed. The government acknowledged these mistakes and eventually cancelled the program.

However, a number of measures were taken before cancelling the program. After the internal audit of 2000, the following measures were taken. An action plan was developed to deal with the managerial problems. In early 2002 specific measures were put in place to end the problems that existed in the sponsorship program. In March 2002 the Auditor General audited three contracts that were awarded to Groupaction. In May 2002 a moratorium on the sponsorship initiative was imposed. In December 2002 a redesigned sponsorship program was put in place for a trial period of one year. On December 13, 2003 the Government of Canada announced the abolition of the sponsorship program.

Members opposite continue to talk about the sponsorship program only being a Liberal fund, but to the contrary, opposition members were applying to the program at the same time. It was a program that sponsored good events in local communities and that is why all members of Parliament are upset for the very reasons that the member opposite has outlined.

The problem was not money going to festivals or other activities within communities. There was a problem with the management of certain companies that, it appears, were acting inappropriately. That had to be stopped and that is why the charges have been laid and why we have had a public inquiry. That is why we are trying to recover the money.

The opposition speaks about there being no transparency in government and asks why nothing is being done to clean up the program. Nothing could be further from the truth. We have a wide open public inquiry headed by a judge which will go wherever he chooses to get the information required. We have an unprecedented release of confidential cabinet documents, Treasury Board documents and departmental documents. We have separate reviews and we have the public accounts committee, to which we are sending everybody. This is fully transparent and probably unprecedented attention when a problem is determined in government.

Mrs. Cheryl Gallant: Mr. Speaker, what is curious is that months after events in opposition ridings and after the date the Prime Minister alleges that he cut the sponsorship program, the opposition ridings received a sprinkling of money: \$3,000 for the Cobden fair; \$3 million for a Liberal minister's riding in downtown Toronto.

Once again it is time to talk about the true victims of this government scandal. Every dollar that gets skimmed off into the pocket of some Liberal ad agency is one dollar less for health care, for farmers, children, seniors, the military, the environment, affordable housing, research and development, and a host of other items that should be priorities of the government and which obviously are not.

Canadians were shocked to learn during the Prime Minister's recent farewell tour in eastern Ontario that he is so preoccupied by scandal that he was unaware of the child poverty in eastern Ontario. Liberal policies are impoverishing the people in rural Canada and nowhere is it more evident than on the faces of our children. It is the most vulnerable in our society who end up paying for—

• (1835)

The Deputy Speaker: Order. The hon. Parliamentary Secretary to the Minister of Indian Affairs and Northern Development.

Hon. Larry Bagnell: Mr. Speaker, I am delighted that the member mentioned the number of areas that government should be, and actually is, concerned about and has mentioned in the Speech from the Throne. It has a great record for Canadians and great proposals, and we will be happy when the opposition starts questioning those in the House of Commons.

Adjournment

The Auditor General tabled her latest report on February 10, 2004 and we accept her recommendations. In response to her report, the government announced a comprehensive set of measures to ensure that we get to the bottom of this matter.

The measures include the establishment of an independent commission of inquiry, the appointment of a special council for financial recovery, the introduction of whistleblower legislation by March 31, measures to strengthen the audit committees for crown corporations, the possible extension of the Access to Information Act to crown corporations, and the initiation of reviews on changes to the governance of crown corporations, on changes to the Financial Administration Act, and on the accountability of ministers and public servants.

I believe the government is acting responsibly.

[*Translation*]

The Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6:36 p.m.)

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