CANADA

Debates of the Senate

1st SESSION • 38th PARLIAMENT • VOLUME 142 • NUMBER 73

OFFICIAL REPORT
(HANSARD)

Monday, June 20, 2005

THE HONOURABLE DANIEL HAYS
SPEAKER

CONTENTS

Debates and Publications: Chambers Building, Room 943, Tel. 996-0193

Published by the Senate
Available from PWGSC – Publishing and Depository Services, Ottawa, Ontario K1A 0S5.
Also available on the Internet: http://www.parl.gc.ca

THE SENATE

Monday, June 20, 2005

The Senate met at 6 p.m., the Speaker in the chair.

Prayers.

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, before proceeding to Senators' Statements, I should like to draw your attention to the presence in our gallery of the members of the executive of the Labrador Inuit Association. With us are President William Anderson III, Vice-Presidents Zippora Nochasak and Ben Ponniuk, and their adviser, Mary Simon. They are the guests of Senator Rompkey.

Welcome to the Senate of Canada.

SENATORS' STATEMENTS

BURMA

DETENTION OF AUNG SAN SUU KYI

Hon. A. Raynell Andreychuk: Honourable senators, this past weekend, Aung San Suu Kyi, the Nobel Prize winner and Democratic Opposition Leader to the military junta in Burma, turned 60 years of age. Her detention of 3,523 days, exactly nine years and 230 days, was noted around the world.

In response to the Burmese military junta's extension of pro-democracy leader Aung San Suu Kyi's term of house arrest, this chamber called upon the Government of Canada last December to vigorously condemn the Burmese military junta's extension of the term. It asked the government to call upon Burma to introduce democratic reforms and to abide by its human rights obligations. Further, this chamber called upon the Government of Canada, as an international leader in the defence of human rights and democratic institutions, to make it an urgent priority to take action in the form of implementation of effective economic measures against the military regime; to increase diplomatic sanctions, including the exclusion of active participation of the Burmese military junta from trade and investment promotion in Canada; and to increase assistance to Burmese refugees in border regions of adjacent countries, as well as with those in need within Burma, through accountable, non-governmental organizations and UN agencies.

Further, this past month, the House of Commons passed a motion by a vote of 158 to 123, with the combined support of the NDP, the Conservatives, the Bloc Québécois and two independent members, calling for more comprehensive economic measures to be placed on Burma and a legal ban on further investments. It further urged Canada to use its influence at the United Nations and in the international community to encourage a peaceful transition to democracy.

The United States and the European Union have imposed sanctions on the Myanmar regime. Throughout the world, governments, citizens and organizations have shown their support and solidarity with Aung San Suu Kyi. It is important that the Government of Canada do so immediately.

FOREIGN AID TARGET

Hon. Donald H. Oliver: Honourable senators, from July 6 to July 8, the G8, a coalition of the world's leading industrialized nations, will meet in Perthshire, Scotland. Tony Blair, the host of this year's G8 summit, has said that "finding ways to increase international aid for Africa will be the primary focus of the meetings" — with specific reference to the recently released 453-page Commission for Africa report, which urges G8 countries to "spend 0.7 per cent of their annual income on aid to Africa with specific, measurable plans for meeting this target."

Honourable senators, on June 10, I spoke at the United Nations in New York as part of a special global panel entitled "Promoting Innovative Sources of Financing for Development." There, my message was the same as it is today: Canada can, and should, play a leadership role within the G8 by setting a concrete timetable to meet the goal of spending 0.7 per cent of our GNP on foreign aid by the year 2015.

Five countries — Denmark, Norway, Sweden, Luxembourg and the Netherlands — have already met the 0.7 per cent benchmark. France and Spain will reach 0.7 per cent by 2012. The United Kingdom plans to achieve it by 2013. Yet, on June 18, a feature story in *The Globe and Mail*, entitled "Goodale questions 0.7-per-cent commitments," quoted the Minister of Finance as being sceptical of the commitment of some European nations, namely France and Germany, to meet the international foreign aid targets included in the Commission for Africa's report, as Canada continues to face pressure to increase its efforts. The fact remains that, if other nations can meet the benchmark, why can Canada not meet it?

• (1810)

Honourable senators, with the recent Live 8 concert announcement in Barrie, Ontario, in anticipation of the G8 summit in Scotland, we are witnessing a unique mobilization of policy-makers, activists and world leaders all coming together for one goal: ending global poverty. Canada has an opportunity to realize this goal by honouring its commitment to the 2000 UN Millennium Development Goals of spending 0.7 per cent of our GNP on foreign aid.

Honourable senators, we are just 16 days away from the G8 summit in Scotland. In the weeks to come, the world will be watching Canada. Right now our government has the opportunity to act.

ROUTINE PROCEEDINGS

NATIONAL DEFENCE CANADIAN FORCES HOUSING AGENCY

2003-04 ANNUAL REPORT TABLED

Hon. Bill Rompkey (Deputy Leader of the Government): Honourable senators, I have the honour to table the annual report for 2003-04 of the National Defence Canadian Forces Housing Agency.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING ADJOURNMENT AND SITTINGS OF THE SENATE

Hon. Michael Kirby: Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be empowered, in accordance with rule 95(3)(a), to sit on July 5 and 6, 2005, during the traditional summer adjournment of 2005, even though the Senate may then be adjourned for a period exceeding one week, until such time as the Senate is ordered to return; and
>
> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized, notwithstanding rule 95(4), to sit on July 5 and 6, 2005, even though the Senate may then be sitting.

QUESTION PERIOD

INTERNATIONAL TRADE

SOFTWOOD LUMBER AGREEMENT—PAYMENT OF INDUSTRY LEGAL FEES—REQUEST FOR UPDATE

Hon. Gerry St. Germain: Honourable senators, my question is to the Leader of the Government in the Senate. The Canadian softwood lumber industry is paying crushing legal fees to protect Canada's interests at NAFTA and the WTO panels and has received little assistance from the government in paying those fees.

Last April, the Minister of International Trade announced $20 million toward the industry's legal fees, but the industry has still not received the money. Will the Leader of the Government in the Senate please tell us, as senators and Canadians, what is going on with respect to this matter? It is a Western issue, sir, and a most important one.

Hon. Jack Austin (Leader of the Government): I will look into the matter expeditiously and report back, honourable senators.

Senator St. Germain: In the course of making those inquiries, could the Leader of the Government please ascertain where the Canadian government presently stands on the softwood lumber dispute itself, if he would be so kind?

Senator Austin: Honourable senators, with regard to the dispute itself, the Canadian government is pressing the U.S. Department of Commerce to accept the rulings of both the WTO and NAFTA panels. The U.S. Department of Commerce is awaiting the results of the extraordinary challenge that the United States launched with respect to the NAFTA rulings.

In the next two or three days, should further information come to light, I will provide that to Senator St. Germain.

Senator St. Germain: I have a short supplementary question, honourable senators. I hate to play region against region, but it seems to Western Canadians, which constituents Senator Austin and I represent that when an issue pertaining to Eastern Canada has to be resolved, it is dealt with more expeditiously than Western issues. In that respect a current issue has been brought to my attention, namely, support for industry in British Columbia. That has not been as forthcoming as it would have been had the issue been support for Bombardier or for the automotive industry. Although, to a degree, it is logical to support, say, the aerospace industry. it seems to me that, when issues affecting Western Canada require attention, such as softwood lumber and BSE, they take more time.

Can the leader explain why this perception exists or does he consider it to be merely a perception rather than a reality?

Senator Austin: Honourable senators, the premise is incorrect. As Senator St. Germain knows, the softwood lumber issue is one which affects all Canadian lumber producers, from the Maritimes to British Columbia. British Columbia, it is true, exports half of the softwood lumber produced in Canada, but the other half is produced in the rest of the country and is a significant factor in the economies of many provinces.

I know there has been a perception that past federal governments have not been properly interested in the support of British Columbia or even Western Canadian interests. However, speaking for this government, I think Senator St. Germain knows that this government has paid accelerated and appropriate attention to Western issues.

With respect to BSE, an issue that affects cattle exports from all of Canada, the government is, again, not discriminating by regions, nor should the government ever discriminate by regions, in this dispute with the United States. That applies to all disputes with the United States.

I would note that certain members of the Conservative Party have acquired amicus status before the federal court in Montana. Whether that action is felicitous or not, I cannot say; but I hope that the brief submitted is an excellent one.

Hon. A. Raynell Andreychuk: We will keep the leader up to date on the amicus status. Perhaps the government will change its position and work more closely at the state level, as well as at the Congress level, to ensure that those borders are opened.

CITIZENSHIP AND IMMIGRATION

DEPORTATION OF AMAN PRAKASH

Hon. A. Raynell Andreychuk: Honourable senators, I rise today, however, to ask about the status of Mr. Aman Prakash, who suffers from schizophrenia, and who, I understand, was under an imminent order to be deported today back to Fiji after spending 17 years in Canada. As we all know, mental health issues raise some difficulties in Canada, and that is even more so in certain other countries. While in Canada, Mr. Prakash has been subject to all of the processes, and I understand that he was to be deported from Canada today. A last-minute appeal by his counsel, if successful, would have allowed him to stay in Canada. The appeal included a request that the minister intervene on humanitarian grounds on the grounds that Mr. Prakash suffers from an illness. Most of his family is either here or in New Zealand. He has been in contact with his family members. His father, who was a resident of Canada, passed away in this country. His mother resides here, as do his siblings. Deporting him to where he has no close family ties and where there is no assurance that he would receive the treatment he needs would not be humanitarian, and it would certainly fall within the purview of the minister to intervene. Will the Leader of the Government in the Senate advise of the status of the case today?

• (1820)

Hon. Jack Austin (Leader of the Government): Honourable senators, I had heard nothing of this case until these representations by Senator Andreychuk. I will make inquiries tomorrow morning in an effort to learn what actions are being considered.

Senator Andreychuk: Honourable senators, Canada is a signatory to the Optional Protocol to the International Covenant on Civil and Political Rights, and the United Nations High Commissioner for Human Rights has received an application from Aman and Sabriti Prakash to have their case taken up in the Human Rights Committee. Rules 92 and 97 present two compelling reasons why Mr. Prakash should not be deported while the Human Rights Committee entertains this application. I understand that the government has received a letter from the Human Rights Committee requesting it to stop the deportation while the United Nations studies this issue. Will the government abide by this request from the UN Human Rights Committee?

Senator Austin: I will draw to the attention of the minister the additional information Senator Andreychuk has given the chamber.

Senator Andreychuk: Mr. Prakash is from British Columbia, where the work on this case has been done and from where the pleas on his behalf have emanated. When all other avenues were exhausted, family and counsel for Mr. Prakash appealed to a broader community in Canada and at the United Nations. Anything that the leader can do in conjunction with the Minister of Citizenship and Immigration would be appreciated by all.

Senator Austin: Honourable senators, as I have said, this is the first time this matter has been drawn to my attention. Therefore, I can only now begin to advance the cause.

VETERANS AFFAIRS

IDENTIFICATION OF VETERANS EXPOSED TO AGENT ORANGE AND AGENT PURPLE

Hon. Michael A. Meighen: Honourable senators, I wish to pursue with the Leader of the Government in the Senate a question dealing with the use of Agent Orange by American crews at Camp Gagetown. There was a report in the *Hamilton Spectator* on Saturday indicating that the Department of Veterans Affairs has admitted that it is making no efforts to locate and notify those servicemen and servicewomen who might have been exposed to that deadly poison. The department is apparently also making no efforts to use its electronic database of failed disability claims to try to identify potential victims to have them reapply. In other words, no proactive measures are being taken by the Department of Veterans Affairs, which is rather sad in contrast to what the Americans are doing. The Americans are actively seeking out those who may have been exposed to Agent Orange during service in Vietnam and are taking a presumptive approach, which means that if those who served in Vietnam are suffering from a particular disease, it is presumed that it was caused by Agent Orange.

Would the Leader of the Government intervene with his colleague the Minister of Veterans Affairs to see whether we can encourage her department to take a more proactive approach to seeking out people who might have been exposed to this substance and to judge their cases on a presumptive basis, as our American colleagues are doing?

Hon. Jack Austin (Leader of the Government): Honourable senators, I have not seen the story, but I am surprised at the assertion that nothing is being done and that the department is not proactive. I have been advised that the department is determined to uncover the facts and to work with anyone who has been exposed to Agent Orange or Agent Purple as a result of what took place in the 1960s. I am also advised that the department is continuing its records search to ensure that they have all the information possible on the events that did take place and that this summer the department will test the soil, vegetation and water at CFB Gagetown to see whether there may be residual contamination. The department intends to make the results of all of this work public.

I hope that my report is more accurate than the one Senator Meighen has seen in the press.

Senator Meighen: The Leader of the Government might have taken a bit of licence with what I said. I did not suggest that nothing was being done. I suggested that the department could take a more proactive approach. Rather than waiting for people to come forward as a result of an invitation posted on the website, they might use the information they have at their disposal to actively search out and identity those who were in the area at the time and might well have been exposed. That is my point.

While the information the leader imparts is encouraging, I hope that he will use his influence once again, as he has obviously done successfully in the past, to encourage the Department of Veterans Affairs this time to proactively try to identify possible victims.

Senator Austin: I will make representations on behalf of both Senator Meighen and myself with respect to proactively searching out the condition of people who were on the base when tests took place.

Senator Meighen: Does that apply to civilians as well as to servicemen and women?

Senator Austin: Yes, honourable senators. "People" includes both civilians and servicemen and women.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Bill Rompkey (Deputy Leader of the Government): Honourable senators, I have the honour of presenting two delayed answers. The first is in response to an oral question raised on June 8, 2005 by the Honourable Senator Cochrane regarding compensation to hepatitis C victims.

[*Translation*]

The second delayed answer is in response to an oral question raised on May 31, 2005 by the Honourable Senator LeBreton regarding the Privy Council Office and Mr. Guy McKenzie.

HEALTH

COMPENSATION TO HEPATITIS C VICTIMS

(*Response to question raised by Hon. Ethel Cochrane on June 8, 2005*)

Discussions with legal counsel representing those infected began immediately after the minister's November 2004 statement. The federal negotiator and his team last met with counsel for the pre-1986/post-1990 class on June 2 in Montreal. The next meeting is planned for August 18 in Edmonton. All parties have agreed that while discussions are ongoing, their substance will be kept between the parties involved. The issues are very complex, and there are many parties involved. That is why the minister said at the time of the announcement that we can expect these discussions to be extended. This is a necessary part of exploring all available options to provide compensation and to reach a satisfactory conclusion.

The courts which oversee the 1986-1990 Settlement Agreement are responsible for setting the timing of the sufficiency hearings of the 1986-1990 Settlement Fund. The judges responsible for the 1986-1990 Settlement Agreement have held initial meetings to determine the process to establish whether the fund will be sufficient throughout its life and whether an actuarial surplus exists. Reports on the sufficiency of the fund and the disease progression of the class members are required by the courts to determine whether a surplus exists in the Settlement fund. The Government of Canada will continue to ask that the hearings proceed as soon as possible, however it is the courts that will determine the timing.

PRIVY COUNCIL OFFICE

COMMISSION OF INQUIRY INTO THE SPONSORSHIP PROGRAM AND ADVERTISING ACTIVITIES— STRATEGIC OFFICE FOR PREPARING GOVERNMENT RESPONSES

(*Response to question raised by Hon. Marjory LeBreton on May 31, 2005*)

As honourable senators are aware, the Coordination and Sponsorship Matters unit was set up to provide the support required of government by the Commission of Inquiry into the Sponsorship Program and Advertising Activities (the Commission) in the execution of its mandate, liaise with government counsel, coordinate the five departments involved, and coordinate preparation of submissions to the Commission.

A number of officials were considered for various positions related to the sponsorship coordinating group based, in particular, on having senior management experience in the public service and a background in law. Mr. Guy McKenzie was among these.

Ursula Menke was selected to lead the Coordination and Sponsorship Matters unit at PCO and began May 31, 2004.

Mr. McKenzie has never played a role in the office.

[*English*]

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Bill Rompkey (Deputy Leader of the Government): Honourable senators, I would like Orders of the Day to be called in the following order: Bill C-56, the Labrador Inuit land claims bill; the report of the Finance Committee on the Main Estimates; Bill C-58, the supply bill; Bill C-43, the budget bill; Bill C-2, child protection; Bill C-22, social development; Bill S-31, Highway 30; Bill S-36, rough diamonds; Bill C-26, border services; Bill S-40, hazardous materials; Bill C-3, the Coast Guard bill; and Bill C-9, Quebec economic development.

LABRADOR INUIT LAND CLAIMS AGREEMENT BILL

SECOND READING

Hon. Bill Rompkey (Deputy Leader of the Government) moved second reading of Bill C-56, to give effect to the Labrador Inuit Land Claims Agreement and the Labrador Inuit Tax Treatment Agreement.

He said: Honourable senators, it is a great honour and pleasure for me to speak to this bill tonight, particularly with friends of mine in the gallery. I hope that more will be joining us later. Flights from Labrador are not as frequent as they are in some parts of the country and some people have been delayed.

This land claims agreement has been a long time coming. My first association with it was in 1972, when I was first elected to Parliament. I believe that is when members of the Labrador Inuit Association began to come to Ottawa, although the negotiations did not start until 1984. It is fair to say that only with the discovery of the Voisey's Bay nickel mine did the process speed up, when the company and both levels of government became well aware that without consent from the people who lived on that land and who had used that land there would be no nickel mine. That hastened negotiations quite considerably and brought us to where we are today, where the House of Commons has passed this bill in all stages and we are dealing with it tonight.

• (1830)

I wish to answer the question about who are the Labrador Inuit. There have been Inuit in Labrador for about 4,000 years. Various cultures have succeeded each other in Labrador for about 4,000 years. The present Inuit in Labrador are descendants of the Thule Inuit, who came there around 1300, roughly 700 years ago. The Labrador Inuit are part of the Inuit community around the pole. Honourable senators may be familiar with the Inuit Circumpolar Conference, where Inuit meet to discuss issues that are of importance to them, including the environment.

The Inuit of Labrador are the most southerly Inuit in the world. Nevertheless, they are very close to the Inuit of Nunavut, where Senator Adams comes from. I was very pleased to see Senator Adams and representatives of Nunavut at the signing of the agreement in Nain in December. There is an interaction between the two Inuit communities. Senator Adams has been successful in organizing a joint fishing venture whereby turbot quota will be caught and processed in Labrador jointly by the Nunavut Inuit and the Labrador Inuit.

Nunavut is our northern neighbour. There is not a lot of distance across the water from the northern tip of Labrador to the southern tip of Nunavut. The Labrador Inuit are also related to the Inuit in Senator Watt's area of Kuujjuaq. There was a joint effort at settling any claims to that area, and I believe an agreement in principle has been reached now with the Inuit in that area. There has been a relationship over the centuries, and Inuit from Labrador have travelled all across that Ungava Peninsula, because the Inuit know no boundaries. The governments drew a border between Labrador and Quebec, but the Inuit crossed that border, not knowing it was there, for years and used that territory long before. There was an intercourse between the Inuit of that area. There is also a relationship with the Greenland Inuit.

Honourable senators may know that Inuktitut is the universal Inuit language. There may be nuances, accents and idioms, but it is really no different from a Newfoundlander trying to be understood by an Australian — they both speak English, and if they work at it hard, they can understand each other.

There is also a relationship with Russia. We discovered to our surprise that the flag for one of the regions of Russia has the same colours as the Labrador flag. Unfortunately, I was not allowed to put a Labrador flag on my desk this evening, because it is not within the *Rules of the Senate*.

These are the Inuit of Labrador, who have been there for hundreds of years. They have used that territory, have occupied that land, and now have a land claims agreement.

The Bible says that the first shall be last and the last shall be first. Bill C-56 represents the last Inuit land claims agreement in Canada. It is also the first land claims agreement in the Atlantic provinces. Tonight, the Inuit of Labrador are both the first and the last. They are the last Inuit in Canada to have a land claim settled and they are the first Aboriginal people in the Atlantic provinces to have a land claim that includes self-government.

I hope this land claim will be a model. I want to credit Minister Scott for his work and the work of his department in this. Minister Scott said:

> The agreement we have built with our partners is a landmark as the first modern-day treaty negotiated in Atlantic Canada. The enactment of this legislation will mean certainty over land use and title established in Labrador, opening up many opportunities for Inuit and non-Inuit residents. In addition, self-government provisions in the agreement ensure Labrador Inuit will play the key role in decision-making processes that will shape their future.

In reply to that, William Andersen, the President of the Labrador Inuit Association, who is in the gallery tonight, said:

> Today's events signal opportunity and hope for future partnerships. Labrador Inuit look forward now to shaping our own destiny and participating in the business of building this country.

I wish to pay tribute also to the province and to Tom Rideout, the provincial minister, who is not with us tonight but who has been a friend of mine for a long time. I gave Mr. Rideout his first job. He was a Liberal then. I still hold out hope that one of these days he may return to the blessed fold.

Some Hon. Senators: Oh, oh.

Senator Rompkey: Mr. Rideout and I have been friends since the 1970s. I wish to pay tribute to him, as Minister Responsible for Aboriginal Affairs in the Government of Newfoundland and Labrador, for his effort in making this agreement a reality.

Long before the White man came, the Inuit occupied the land of Labrador and had self-government. Honourable senators, this is about reclaiming land and about reclaiming self-government. The first Europeans were the Vikings, who arrived in approximately AD 1000, but they did not stay very long. The first Europeans to come and stay for any length of time came in the 1400s. Perhaps the first were the Basque, but there is some debate about that.

The point, honourable senators, is that before the Europeans came to Labrador, the Inuit were on the land and they had self-government. They had their own religion, laws, customs and language. They were a distinct society. The bill before us is about reclaiming a position the Inuit had before the white man arrived. It is important to point that out.

This renewed relationship acknowledges the existence of other people. Europeans did arrive and nobody who lives in Labrador is going anywhere, because Labrador is home. There are people other than Aboriginal people who live in Labrador. The genius is that the Labrador Inuit have acknowledged that and worked out a partnership with the people who are there.

Honourable senators will see later on that those people who live in the communities within this land claim area are also part of the agreement. The non-Aboriginal people in the communities will be able to vote and to elect a certain portion of people to the local councils. Partnerships have been worked out with the province and the federal government to share jurisdictions. Some jurisdictions will be devolved; some will be shared. Mechanisms have been devised so that we do not ignore any level of government. The primary responsibility and benefit will be with the Labrador Inuit.

There will be two sister areas of land. One is called the Labrador Inuit Lands, or LIL, and the other is called the Labrador Inuit Settlement Area, or LISA. LIL is the smaller sister, consisting of 16,000 square kilometres. Basically, LIL is the land around the communities from Rigolet to Nain. There are five communities involved: Rigolet, Makkovik, Postville, Hopedale and Nain. In that 16,000 square kilometres, the Inuit will manage development.

• (1840)

They will make laws in a variety of areas, and they will plan for the future. William Andersen said that this bill is about hope, about managing their affairs and their own destiny. That underscores what this agreement is all about.

The second block of land is called LISA, that is, the Labrador Inuit Settlement Area. Archaeological and historical research have shown that this area has been occupied and used by the Labrador Inuit. In that land they will have harvesting rights and share in resource revenues. They will have a voice in development. There will be consultation. The act requires that both levels of government and any private developer must get agreement from the Labrador Inuit. They will participate in the management of wildlife.

There will be a government over all of that land, the government of Nunatsiavut, meaning "our beautiful land." The government will be elected by the people, and they will make laws for the Inuit communities, including the areas of land and resources, culture, education and social affairs. Up until now, the Inuit have had no control over these areas. For example, in education, which I probably know better than other areas, the control has been with a school board responsible to the government in St. John's. Now the Labrador Inuit will have control over education as well as these other areas. They will operate according to regulations and practices outlined in their own constitution, which was ratified three years ago by area voters.

As I mentioned, there will be five communities within that restricted area. They will have their own governments, which will be roughly similar to municipal governments. All residents, Aboriginal or non-Aboriginal, can vote and run for office. I think the ratio is 75-25 between those who are members of the Labrador Inuit Association and those people in the community who are not.

It is worthwhile thinking about the fact that everyone has been involved in this effort. I do not know what happens in other areas. I do not know much about other land claims, but I know that the Labrador Inuit have said to everyone living in the community that they are all living together, so let us have a partnership. Let us share in government and in the benefits. The Labrador Inuit are to be commended in that regard.

All federal and provincial laws will continue to apply, and of course the Inuit will have the protection of the Charter.

To carry out the implementation of this plan, Canada will transfer to the Inuit $140 million and then $156 million over a period of 15 years for the implementation of the agreement. The contribution of the province has essentially been the transfer of land, so their contribution has been in kind rather than cash.

As part of this agreement and this bill, Torngat Mountains National Park will be created, the first national park in Labrador. If honourable senators get a chance to visit, please go. This is spectacular scenery. The fjords of Labrador rival the fjords of Norway in their beauty. The Torngat Mountains go up to around 6,000 feet at their highest peak. It is a beautiful, pristine and unspoiled area. Those senators who want to fish Arctic char and be assured of a catch, I can show you where to go. Please come and see Torngat Mountains National Park. A second park is being planned.

Those are the main elements of this bill.

The Inuit have brought credit to themselves, credit to the province and credit to this country. This agreement would not be here unless the Inuit worked at it. I want to tell honourable senators that they have acted wisely and carefully in negotiating outside the glare of the media. I cannot think of one instance where negotiations were carried on through the media. Now, sometimes they had to walk away from the table. Sometimes they were unhappy with the way negotiations were proceeding. Sometimes they could not accept what was on the table and they walked away, but they came back again. It was like Kenny Rogers' singing: "You got to know when to hold 'em, know when to fold 'em." They knew that. I want to give them credit for the amount of work they have put into this bill, the time they have sacrificed away from their families over all these years, the intellectual and physical effort of getting from one meeting to another and negotiating so well and carefully on behalf of their people.

To the province, the Inuit of Labrador have said that it is possible to control their own lives and their own future and yet be a participating partner in the province. That is a very strong message.

To Canada, the Inuit of Labrador have said that it is possible in this country to have new structures. It is possible not just to have provinces and not just to have cities, but there are other models that can work in this country. What we are seeing tonight is a model that can work. It is not a city or provincial model but is a model that can work. It is a model where people have a great deal of control over their own future and lives because they were prepared to be flexible and to share.

They have rights, and those rights are protected. They have yielded some but not all. They are prepared to put in place a new structure in which they can work with their partners in the harvesting of resources and in the planning of the future. This is a strong message to the province and a strong message to the country.

The Labrador Inuit have shown that they can hold, cherish and celebrate their own origins, cultures and values and still be Canadian, because they are Canadians in the full sense of the word.

When I was in Nain in December for the signing of the agreement, I brought to them a flag that had flown over the Peace Tower. I was able to present it to them on behalf of our legislature to their new legislature as a token of the relationship between us and the welcoming of a new parliamentary structure in Canada, a new model that can work.

Honourable senators, the Labrador Inuit are still very strong Canadians. I simply want to end by saying to them:

[*Senator Rompkey spoke Inuktitut*]

I do not know how many senators understood what I just said. Senator Adams understood it. I said, "Congratulations and good luck to the Labrador Inuit."

Hon. Ethel Cochrane: Honourable senators, before I begin my second reading speech concerning the proposed Labrador Inuit Land Claims Agreement Act, I would like permission to table a map of Labrador.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: The map will be distributed as Senator Cochrane gives her speech.

Senator Cochrane: Honourable senators, I am pleased to speak today at second reading of Bill C-56, the Labrador Inuit Land Claims Agreement Act.

• (1850)

The Labrador Inuit Land Claims Agreement is the result of many years of negotiations between the federal government, the Government of Newfoundland and Labrador, and the Labrador Inuit Association. On behalf of all Conservative senators, including myself from Newfoundland and Labrador, I should like to congratulate the Labrador Inuit Association, all of their negotiators, and the Labrador Inuit as a whole for what they have achieved through this particular claim.

Honourable senators, over 5,000 Inuit people who call Labrador home live mainly in five communities — Senator Rompkey has spoken of that as well — namely, Nain, Rigolet, Makkovik, Hopedale and Postville, as well as in the Upper Lake Melville area. Although the Inuit people continue to lead a traditional lifestyle, they are also clearly focused on their future. The bill before us will bring into effect a land claim, resource sharing, and self-government agreements that will allow the Labrador Inuit to shape their own identity by creating opportunities and addressing problems as they see fit.

This bill is historic, as it will give federal approval to the last land claims agreement for the Inuit people of Canada. The settlement of these four claims is a tremendous achievement, and one that every Canadian can be proud of.

As I said, this agreement was a long time in the making. The original claim was filed by the Labrador Inuit Association 30 years ago, in 1977. Active negotiations did not begin until another 10 years had passed. An agreement in principle was reached in 2001, and the negotiators initialled the final agreement less than two years later. The agreement was then ratified by the Inuit themselves. Just over a year ago, the agreement received 76 per cent support in a vote with an impressive participation rate of 86 per cent. Unbelievable.

At a signing ceremony in Nain on January 22 of this year, the agreement was formally approved by all three parties. Parliament's approval is the last step in this process, as provincial ratification has already taken place. I wish to congratulate Premier Danny Williams, the Government of Newfoundland and Labrador, and Tom Rideout, Minister Responsible for Aboriginal Affairs, for the swift adoption of the provincial legislation to give effect to this treaty. That legislation received unanimous consent and was passed through all stages in only one day last December.

Honourable senators, this treaty is especially significant in my province, as it is the first land claim and self-government agreement to be finalized in Newfoundland and Labrador. It has also allowed old wounds to heal, as the signing ceremony in January provided an opportunity for Premier Williams to offer a formal apology on behalf of the province for the forced relocation of two Inuit communities in the 1950s. The apology was accepted as a moment of recognition and truce, and it represented the turning of a page in the relationship between the province and the Inuit people.

Honourable senators, the land claim itself covers over 72,000 square kilometres of land in northern Labrador. Within this area, a smaller section of about 16,000 square kilometres will be under the direct ownership of our Inuit people. The area we are talking about represents about 2 per cent of Labrador's total land mass — which gives honourable senators an idea of the land mass of Labrador. The Inuit will have special rights related to traditional use in the larger land claim area, as well as within 44,000 square kilometres of the seacoast within Canada's territorial waters. These special rights include a guaranteed percentage of new commercial fishing licences and preferential harvesting rights.

The agreement creates a beautiful new national park encompassing the Torngat Mountains, which are found on the northern tip of the province. The Torngat Mountains National Park Reserve will be the first national park established in Labrador. It is beautiful, as Senator Rompkey said. This part of our country holds Arctic tundra, beautiful fjords, and mountains that are truly majestic, having been formed from some of the earth's oldest rock. I am particularly pleased that the agreement and this legislation will protect this area for the benefit of future generations.

Honourable senators, in 2002, the Labrador Inuit ratified their own constitution. That constitution clearly states that the Canadian Charter of Rights and Freedoms will apply to the Inuit governments and that each Inuit person has the same Charter rights that are enjoyed by every other Canadian citizen. The constitution will come into effect with this agreement, and it will establish a regional government in the Labrador Inuit lands. Self-government for the Labrador Inuit means that they will have control over such areas as health, education, social services and their culture. The regional government will also create a justice system for the oversight of Inuit laws. The government will also establish certain laws related to fishery and wildlife management, and will participate in joint management boards with representatives of the federal and provincial governments.

Municipal-style community governments will be created for each of the five Inuit communities. The interests of non-Inuit residents will be upheld in these communities, as relative newcomers who have lived in them since 1999 will hold up to 25 per cent of the seats on a community council. The interests of Inuit living outside of the larger settlement area will be represented by community corporations, which will feature an elected executive accountable to the residents of those regions. An enrolment register will be established to list the beneficiaries of the land claims agreement, and the register will be updated at least once a year.

This agreement provides all parties with finality and certainty respecting land and resource ownership. In exchange for the rights and benefits extended in the land claims agreement, the Labrador Inuit will cede and release all Aboriginal rights to Canada and Newfoundland and Labrador outside of the lands they will own, as well as Aboriginal rights related to subsurface resources. Within their own land, Aboriginal rights must be exercised consistent with this agreement.

Under this agreement, the federal government will transfer $140 million to the Labrador Inuit over 15 years, as well as provide $156 million for the implementation of the agreement and to establish self-government. The agreement lays out obligations placed on the Inuit, as they will repay their negotiation loans of about $50 million over 15 years. The Inuit will also receive 25 per cent of the provincial government revenues from subsurface resource development. Any resource development in the Labrador Inuit lands will have to directly involve the regional Inuit government.

Honourable senators, one of the world's largest nickel deposits is located near the village of Voisey's Bay in northern Labrador. A section of the agreement states that the Voisey's Bay mining development area will not be part of the Inuit settlement area. However, their right to continue to hunt, fish and gather in the Voisey's Bay area is upheld, as long as it does not interfere with the construction or the operation of the project. A separate agreement with the Government of Newfoundland and Labrador signed in 2002 gives the Labrador Inuit Association 5 per cent of the provincial revenues from this project.

• (1900)

Clause 8 of Bill C-56 gives effect to the Labrador Inuit Tax Treatment Agreement, which is a separate agreement. The tax treatment agreement relates to the tax treatment of the regional and community governments, corporations, and other entities of Inuit governments. They will continue to be subject to federal and provincial tax laws, but the regional Inuit government and the community government may make laws related to the direct taxation of Inuit on the lands that they will own. They may also establish laws that coordinate and harmonize taxation between the community governments.

Honourable senators, before closing, I would also like to take a moment to acknowledge the late Lawrence O'Brien, who represented Labrador in the other place for eight and a half years until his death last December.

An Hon. Senator: Good man.

Senator Cochrane: I totally agree, he was a good man.

During those years, he was a great supporter of this claim. He firmly believed that it will provide the Inuit people with strong economic growth and social development.

It is sad that Mr. O'Brien did not live to see the passage of this bill. The same is true for many of your Inuit elders, who I know and am certain are in the hearts and the minds of their loved ones as this agreement comes closer to fruition.

In recognition of the significance of the agreement, this bill received all-party support in the other place and was swiftly passed. As is our usual practice here in the Senate, Bill C-56 will receive careful consideration in committee before receiving third reading and final approval.

While the journey to arrive at this point has been a long one, the passage of this legislation will mark not an ending but a new beginning for all. I hope all honourable senators will join with me in wishing the Inuit people of Labrador good luck as they settle on their new path.

Hon. Gerry St. Germain: Honourable senators, I am pleased to make some brief remarks about Bill C-56. I have worked on several of these agreements involving various bands in Western Canada, and I am sure it will be a great day for those from Atlantic Canada, as it will be the first such agreement to be ratified in that region.

This bill will re-establish the Inuit's right to land and its resources. A comprehensive agreement codifies these rights and the relationship between the Inuit people's government and the provincial and federal governments. This agreement and the land claim is the culmination of 28 years of persistence and passion that the people of this area of Labrador have put into resolving their Aboriginal issues with the Crowns of Canada, and Newfoundland and Labrador. Many times in this place I have spoken about these delays. This is not a question of partisanship; this is a question of all governments in the last hundred years not dealing with the claims effectively and quickly.

The Labrador Inuit Association represents over 5,300 Labrador Inuit. Labrador Inuit live in northern Labrador and other parts of the province of Newfoundland and Labrador. This is, as has been pointed out, the last outstanding Inuit land claim agreement in

Canada. A comprehensive land claims agreement is a modern treaty that provides an Aboriginal group with clearly defined land, resources, and self-government rights, and these agreements receive constitutional protection.

The Labrador Inuit people claim Aboriginal rights and the title to territory in northern Labrador and northeastern Quebec. Until now, the Labrador Inuit had never signed a historic treaty with the British Crown nor a modern treaty or land claims agreement with the Government of Canada or the Government of Newfoundland and Labrador.

This agreement constitutes the final settlement of the Aboriginal rights of the Labrador Inuit. Certainly the land ownership and prudent management will provide a stable environment for economic development and investment, as well as contribute to the self-sufficiency of the Labrador Inuit in their economic, social, cultural, and political development.

The Labrador Inuit have created their own constitution that establishes two levels of government. Nunatsiavut government has jurisdiction primarily over Inuit at a regional level and five Inuit community governments. Nunatsiavut government may make laws to govern Inuit residents of Labrador, Inuit lands, and the Inuit communities in matters such as education, health, child and family services, and income support. It has jurisdiction over its internal affairs, Inuit languages and culture, and the management of Inuit rights and benefits under this agreement. As an Aboriginal person under section 35 of the protection of language and culture, I am keen to support our Aboriginal peoples and the future of our country.

The government may also establish a justice system for the administration of Inuit laws. The Labrador Inuit will continue to be eligible to receive federal and provincial programs and services. The agreement provides for the establishment of the Labrador Inuit settlement area totalling about 72,500 square kilometres in northern Labrador, including 15,800 square kilometres of Inuit-owned lands known as Labrador Inuit lands.

The agreement also provides for the establishment of the Torngat Mountains National Park Reserve, as Senator Cochrane pointed out, consisting of about 9,600 square kilometres of land.

The Labrador Inuit Land Claim Agreement deals exclusively with the rights of the Labrador Inuit. They are clearly defined in the land claims agreement. They are the Inuit who have used and occupied the Labrador Inuit land claim area since before the arrival of the White man and who continue to use and occupy that area to this day.

The agreement states clearly that it does not affect the rights of any other Aboriginal peoples. To all of those who have worked for their land claim ratification, this means saying yes to the future. The ratification of this land claim will bring to an end a long period of uncertainty over land and water rights, development, and environmental responsibility.

Ratification will also mean stability. Clear jurisdiction will create a stable environment in which sustainable development can flourish, and Labrador Inuit are dedicated to the principle of sustainable development. Ratification will also mean the advancement of their people.

They say their land claim gives them the means to create long-term benefits and opportunities for Labrador Inuit. They especially want to create opportunities for their young people. They believe they have produced the best agreement that could be achieved. As William Andersen said, "Land claims settlements and self-government were always their core goals, and this statutory authority will empower the Inuit of Labrador to look forward, shape their destiny, and participate in the business of building their country."

In 1977, the Labrador Inuit Association filed a Statement of Claim with the Government of Canada entitled A Statement of Claim to Certain Rights in the Land and Sea-Ice in Northern Labrador. In 1990, a framework agreement was set for the land claim. In 2004, the Labrador Inuit ratified the negotiated land claim with self-government provisions and agreements with the support of 76.4 per cent of eligible voters with an 86 per cent turnout rate. Now, in June of 2005, Parliament is showing its full support for the Inuit people by providing the final endorsement on this agreement.

I can only speak for myself when I say that this has taken far too long at a cost that is far too much. This is why some of us are working on enabling legislation today, trying to expedite and mitigate the costs of these costly and timely negotiations.

The federal government ought not to have negotiated down Inuit's self-government rights and jurisdictions. However, the people themselves are satisfied, and soon they will shape their future and define their place in Canada in the beautiful land where Inuit people have lived for over 5,000 years.

This claim is one that my party and I are proud to support, and now it is the Senate's duty to support the swift passage of this legislation.

Honourable senators, we have done this in the past; we have done things in passing legislation that have deviated a little bit from tradition at times. I just hope that that kind of creativity will arise again.

Senator Sibbeston and I have worked on various pieces of legislation as members of the Aboriginal Peoples Committee, and hearings will begin tomorrow morning on this piece of legislation.

I hope I am not being presumptuous by saying this, but hopefully the people of Labrador will be able to control their own destiny, educate their people, and look to a future that is very bright.

• (1910)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Rompkey, bill referred to the Standing Senate Committee on Aboriginal Peoples.

THE ESTIMATES, 2005-06

FOURTH INTERIM REPORT
OF NATIONAL FINANCE COMMITTEE ADOPTED

On the Order:

> Resuming debate on the motion of the Honourable Senator Day, seconded by the Honourable Senator Dallaire, for the adoption of the thirteenth report (fourth interim) of the Standing Senate Committee on National Finance (2005-2006 Main Estimates), presented in the Senate on June 9, 2005.

Hon. Donald H. Oliver: Honourable senators, I should like to add a few remarks to those made respecting the fourth interim report on the estimates 2005-06. At the outset, I would commend Senator Day for his excellent presentation.

As you know, the Standing Senate Committee on National Finance has generally been interested in government spending as expressed in the estimates documents and related bills. As is customary with this committee, several meeting dates were set aside for the review of 2005-06 estimates. It has also become a convention in this place that the Senate does not proceed with an appropriation bill based on estimates until the Standing Senate Committee on National Finance has reported on its review of the estimates.

What is now before honourable senators is the fourth interim report on the 2005-06 estimates. The committee's examination began on March 9, 2005, when the Honourable Reg Alcock and officials from the Treasury Board Secretariat outlined and explained the main features of the 2005-06 estimates. They answered several questions at that time and provided written responses at a later date.

The details of the interim supply bill were made available for the committee's consideration before the end of March, 2005, and an interim report, the committee's sixth, was tabled in the Senate on March 2005. Since that date, the committee has continued its examination of the 2005-06 estimates.

While much of the committee's time this spring was taken up by the study of bills — this year we have already dealt with Bills C-8, C-24, C-30, C-33 and C-45 — senators on the committee were still able to examine several aspects of the government spending plans.

I will not take up much of your time, honourable senators, but I will draw to your attention at least two items in our report.

The Standing Senate Committee on National Finance's fourth interim report on the 2005-06 estimates is probably one of the shortest reports on the estimates ever prepared by this committee. However, do not be deceived, honourable senators, for although brief, the report deals with two most important aspects of modern Canadian public service. The first concerns the Office of the Comptroller General of Canada and the second involves a new office within the Treasury Board Secretariat, set up to manage essential elements of the public service.

Honourable senators, Mr. Alcock told us on repeated occasions that the government is now implementing a number of new and exciting initiatives that will alter the way government is managed in the foreseeable future. In part, this will involve new practices such as the expenditure review exercise, improved oversight activities, and improvements in the process by which the government manages the public service. Great savings and operational efficiencies are expected from these initiatives.

Allow me to remind honourable senators that, on December 12, 2003, the government announced several initiatives to strengthen accountability and transparency in the public service. On March 9, 2005, I reminded the minister that one of the main areas that the Standing Senate Committee on National Finance considers is how to increase accountability and transparency, that is, how information on government finances can be made available to all Canadians.

At that time, I was particularly interested in the major problem of the delay in the budget, the estimates and the supplementary estimates. My concern was whether the current process employed to develop estimates should be reformed to produce the kind of transparency and accountability that we would all like to see.

In response to my comments, the minister informed the committee that, within the Treasury Board Secretariat, there is a group that examines ways to improve the process of reporting to Parliament, and that he would like to discuss their work with our Senate National Finance Committee. He stated the following:

> It would be interesting to engage you in that conversation because part of it is that it is always a dilemma, given the volumes of information available. How do you get from the high-level discussion you want right down to the specific question?

In the matter of defining accountability from ministers and deputy ministers, he stated the following:

> It would not hurt to have a serious conversation with this committee about what accountability looks like. It is easy to import concepts from other areas, but we might want to have a made-in-Canada solution.

A key element in that reorganization of the public service was to establish the Comptroller General of Canada as a distinct office of the Treasury Board Secretariat to ensure that expenditure plans are sound.

The government also directed that the Comptroller General be given functional authority over and be involved in the staffing of the comptroller positions in all departments and agencies. In turn, these departmental controllers are directed to sign off on all departmental spending proposals before they are submitted to cabinet for approval.

This represents a significant departure from previous staffing relationships in government departments in that a financial officer is not only accountable to his or her deputy minister, but also has significant accountability to a senior financial officer of another department.

On October 27, 2004, I was able to ask the Comptroller General, Mr. St-Jean, if he would be able to exercise any actual power over the departmental comptrollers. He assured me that he would and stated:

> Firstly, any staffing action, nomination or withdrawal of such will have to be carried out with my agreement. This gives me a certain leverage with the various departmental comptrollers. Departmental comptrollers will have to communicate with their deputy minister, as the Prime Minister mentioned in his announcement, and so I will have functional control over them.

With respect to my question on internal audits, the Comptroller General stated the following:

> The auditor would be appointed with the approval of the Comptroller General and the change of internal auditor would be done with the agreement of the Comptroller General also. This also gives the Comptroller General an important overview role to play as regards the exercise of the internal audit function.

Honourable senators, the National Finance Committee had an additional opportunity to examine in some detail the functioning of this new office when, on April 13, 2005, Mr. Charles-Antoine St-Jean, Comptroller General of Canada, and his officials appeared before our committee. Senators asked numerous questions about these relationships that were newly created, first, that between the departmental comptrollers and the deputy ministers of their departments and, second, that between the departmental comptrollers and the Comptroller General's office.

In particular, senators were interested in determining the lines of accountability among the various senior public servants and how these responsibilities would function. The report that has been tabled in the Senate lists the responsibilities of the new Comptroller General and explains how he envisions his office operating in the future.

• (1920)

Mr. St-Jean was very forthcoming in his responses to senators' questions in our committee. However, allow me to state clearly that the Standing Senate Committee on National Finance has an ongoing interest in matters affecting government accountability and the transparency of government expenditures. Let me assure honourable senators that the committee intends to follow up on these discussions and that it is very likely that the Office of the Comptroller General will be invited again to appear before our committee.

As honourable senators may recall, the Senate National Finance Committee has an abiding interest in the way the government deals with its workforce. It is likely for this reason that this august chamber has already this spring asked this committee to review Bill C-8, to amend the Financial Administration Act, the Canadian School of Public Service Act and the Official Languages Act. That review provided the committee with another opportunity to examine government spending plans.

On April 12, 2005, Mr. Jean-Claude Dumesnil, who is the Director General, Strategic Planning, Public Service Human Resources Management Agency of Canada, and other senior officials appeared before this committee to explain various aspects of Bill C-8. During the hearings, the committee was also able to obtain information on the planned activities of this new government agency.

As honourable senators are aware, the Public Service Human Resources Management Agency of Canada was created on December 12, 2003, to ensure that the government's agenda for the renewal of human resources management throughout the public service is carried out. The mandate of the agency is to provide the leadership and focus required to foster and sustain modern, results-driven human resource management across the public service. The agency is also expected to uphold the values of integrity, transparency and accountability.

The agency brings together units from the Treasury Board Secretariat and the Public Service Commission to focus on management issues such as — and these are the things this new agency is in charge of — learning and leadership development, official languages, employment equity, human resources planning, classification, values and ethics, and human resource systems.

Honourable senators will agree that these are all important elements of any public administration system. All of these matters have at one time or another been discussed during the proceedings of the National Finance Committee. For this reason, the committee has already decided to invite the senior officers of the Public Service Human Resources Management Agency to appear at a later date to discuss in greater detail many aspects of its planned expenditures for the fiscal year 2005-06.

The Hon. the Speaker: Are honourable senators ready for the question?

Hon. Senators: Question!

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and report adopted.

APPROPRIATION BILL NO. 2, 2005-06

SECOND READING—DEBATE ADJOURNED

Hon. Joseph A. Day moved second reading of Bill C-58, for granting to Her Majesty certain sums of money for the Public Service of Canada for the financial year ending March 31, 2006.

He said: Honourable senators, the bill that is presently before you is Appropriation Bill No. 2 for this fiscal year. It provides for the release of the remainder of the supply for fiscal 2005-06, as outlined in the Main Estimates.

Honourable senators will recall having received the Main Estimates, and honourable senators will recall as well that the Main Estimates were referred by the Senate to the Standing Senate Committee on National Finance. That committee will continue throughout the year to study the Main Estimates and will report periodically. The report just adopted is the fourth interim report based on our study of the Main Estimates.

Honourable senators, it may be helpful to have a bit of a refresher on terminology. Within the Public Accounts of Canada, there are budgetary and non-budgetary accounts reflected in the Main Estimates. Budgetary expenditures, as defined in the Main Estimates, "include the cost of servicing the public debt; operating and capital expenditures, transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations."

Non-budgetary expenditures are of a much smaller amount but are items that also affect the fiscal statement of the government. Non-budgetary expenditures would include loans and transfer payments the government is anticipating receiving back at some time in the future; as such, they impact on the statements of the government but are not budgetary in that sense. In these particular Main Estimates, the primary non-budgetary expenditures relate to the Canada Student Financial Assistance Act — transfers to students that the government is anticipating to receive back in due course.

There are also statutory and voted items. Statutory expenditures are those expenditures for which provision has been made in a statute. Statutory expenditures appear in the Main Estimates, but for information purposes only, and we are not voting on those today. The voted estimates are the ones that are in this particular bill, the supply bill.

The government submits estimates to Parliament in support of its request for authority to spend public funds. Main Estimates include information on both budgetary and non-budgetary — and I have just explained those.

At this time, I wish to thank all honourable senators who serve on the National Finance Committee for their faithful attendance and for their hard work in trying to understand and follow the committee's work. They are a group of individuals who are engaged and interested in the committee's work; the meetings tend to be lively and informative.

Minister Alcock has appeared before us on several occasions and has been alluded to by our chairman. Mr. Alcock has indicated that he is open to dealing with the issue of trying to make these documents more understandable. It is very difficult for us to relate different line items in different departments. One of the steps being taken in Part I of the Main Estimates is to organize the proposed expenditures of the government in such a way as to make them easier to understand.

An example of that is program spending by sector. There are 11 sectors and one catch-all sector not found in any of the other 11. As an example one sector is social program major transfers; another sector is security and public safety; and another is international and defence programs.

Just by example, so honourable senators will understand the progress that is being made by your committee in working with the Treasury Board Secretariat, we could look at one of the sectors, the sector being the first sector that I had referred to, which is social programs. There is a listing of the expenditures and then there is an explanation. As presented in these Main Estimates, spending in special programs for 2005-06 is estimated at $83.2 billion, which represents by far the largest component of total program spending — 44.8 per cent of government program spending.

• (1930)

Of the $83.2 billion, $17.8 billion, or 21.4 per cent, will be for direct program spending, and $65 billion, or 78.6 per cent, is for transfer payments to the provinces and to other levels of government for social programs. That kind of detail helps us to understand in a more precise and clear way the activities of the government.

Another item that I want to bring to the attention of honourable senators is in the area of budgetary Main Estimates. For this particular year, there is a list of transfer payments versus government expenditures for operations and capital expenditures. Various transfer payments would be in the areas of health transfers, social transfers, transfers to various levels of government, equalization, for example, youth allowance and that type of transfer. In addition, there are direct transfers such as Employment Insurance and elderly benefits. Out of a total of $185 billion, the amount of government expenditure by way of transfers is $101 billion. Out of the balance of that amount, the public debt charge is $36 billion. That indicates how much money is left for the government to implement its policies and to operate government — $43 billion out of $185 billion.

Honourable senators will recall in the report that has just been adopted that we discussed the Main Estimates in some detail with the Treasury Board Secretariat officials who appeared before us on March 9. The Main Estimates, which include budgetary and non-budgetary provisions, is $187.6 billion, of which $185.9 billion is budgetary expenditure and $1.7 billion is non-budgetary expenditure. Both budgetary and non-budgetary expenditures may be authorized through one of two ways: by appropriation, which is voted, or by statutory means. For 2005-06, appropriated or voted items amount to $66.1 billion, or 35 per cent of the Main Estimates. Statutory items account for 65 per cent, so it is a smaller amount that we are voting on. Of this $66 billion that are voted or authorized through appropriation bills in the 2005-06 Main Estimates, authority to spend $20.5 billion was provided in March. Honourable senators will recall that, just before the end of fiscal year, we presented interim financing requests. That is Appropriation Bill No. 1. As I say, $20 billion has already been authorized; therefore, the balance of this fiscal year, subject to any supplementary estimates that may be forthcoming as a result of the budget that was presented earlier this year, is $45.6 billion, all of which is properly documented in the bill. At this time, we are asking honourable senators to approve $45.6 billion. I respectfully request support for this supply bill.

Hon. Pierrette Ringuette: I have a question for the honourable senator. Could he please give us the numbers for the Atlantic Canada Opportunities Agency, ACOA?

An Hon. Senator: Divided by province.

Senator Day: If the honourable senator has the page in this document of some 400 pages that she could refer me to, I would be pleased to confirm it for her.

Senator Ringuette: I thought I was asking my honourable colleague a question.

Senator Day: Honourable senators, I have been able to find the page. The figure of $78 million for 2005-06 operating expenditures for the Atlantic Canada Opportunities Agency appears at page 3-2; grants and contributions, $350 million; Minister of Atlantic Canada Opportunities Agency, salary and motor car allowance, $70,000; contributions to employees' benefits, $8.9 million; total department, $437.9 million. There is then a breakdown for Enterprise Cape Breton Corporation of $8.6 million.

Senator Ringuette: I suppose the numbers that the honourable senator indicates would include program delivery that is national in scope. I would mention programs like the Community Futures Program, the federal-provincial cooperative agreements, the Canadian Fisheries Adjustment and Restructuring Initiative, the Infrastructure Canada Program and other statutory transfer payments. Would they be included in the number that was just stated?

Senator Day: Some national programs are delivered through the Atlantic Canada Opportunities Agency, while others are delivered on a province-by-province basis. They would not be delivered by ACOA but rather through some other mechanism.

In order to answer that question precisely, one would have to analyze each of the statutes and the national programs. That information is not given in that kind of detail here for the Atlantic Canada Opportunities Agency.

Senator Ringuette: I thank my honourable colleague for the answer he has provided, not only for me but for all senators here. He has acknowledged that the numbers stated do include federal-provincial agreements, do include the national infrastructure program, do include many other different programs that, by mandate, ACOA was asked to deliver in the Atlantic provinces.

I would also like to state that none of these programs nor the mandate of ACOA include any provisions in regard to transport. Is that correct, honourable senator?

Senator Day: My understanding is not different from that of my honourable friend. I would point out to honourable senators that Honourable Senator Ringuette is a member of our committee. The committee remains seized of this particular document and may decide to pursue other precise questions.

On motion of Senator Oliver, debate adjourned.

• (1940)

BUDGET IMPLEMENTATION BILL, 2005

SECOND READING—DEBATE ADJOURNED

Hon. Art Eggleton moved second reading of Bill C-43, to implement certain provisions of the budget tabled in Parliament on February 23, 2005.

He said: Honourable senators, this is the first occasion I have had to rise to speak in this place.

Hon. Senators: Hear, hear!

Senator Eggleton: I listened to the inaugural remarks of a number of those who came to this place on the same date that I did, noticing that they wax eloquently about the province or the community from which they hail. I decided that, this evening, I would spare you a speech on how wonderful Toronto is and that, instead, I would extol the virtues of the budget.

Honourable senators will no doubt recall that the Minister of Finance, in his speech introducing Budget 2005, outlined how this government has delivered on its commitments to the Canadian people. Indeed, delivering on our commitments begins with an unrelenting dedication to sound financial management, to balanced budgets or better year after year. This is not just good economic management, this is good common sense.

It is this good management that has allowed the government to deliver a budget such as this one, a budget that delivers on commitments. As the minister said in his speech, good management "creates the discipline of pay as you go, not spend as you like." It also underlines the importance of the decisions that we make today. We do not want them to become the debts of tomorrow.

In that spirit, for 2004-05, Canada will record its eighth consecutive balanced budget. This is the longest unbroken string of surpluses since Confederation, and we have every expectation that it will continue. That is what responsible fiscal management has done.

Senator Stratton: It is called taxing Canadians too much.

Senator Eggleton: We plan to keep the books solidly in the black. Part of that plan is to set aside an annual contingency reserve of $3 billion, and we will continue to build further economic prudence into our budget planning on top of that. If that prudence proves to be unnecessary to keep us in balance, it will be invested in the programs and services that Canadians have identified as their priorities. Moreover, if the contingency reserve is not needed to deal with unforeseen events, as has been the case in the past, it will be used to reduce the debt.

Speaking of debt reduction, this is not something we say for a favourable sound bite on the eleven o'clock news. Quite simply, it is the right thing to do.

[*Translation*]

We insist on reducing the debt because doing so is advantageous to all Canadians. This will allow us to ease the burden for generations to come and will save us billions of dollars in debt servicing. Since 1997-98, we have reduced the federal debt by over $60 billion, which has saved Canadians more than $3 billion a year in interest.

[*English*]

That is real money that we can use to help build a strong future for Canada. Of course, a commitment to sound financial management is never easy and it is never over. To further our objective of ensuring good fiscal management, the Government of Canada created a cabinet committee on expenditure review. Its objective is to ensure that every dollar spent is a dollar well spent.

The expenditure review process has already identified nearly $11 billion of savings. Honourable senators, these savings are incorporated in Budget 2005 and in Bill C-43. Let us take a moment to look at some of the important measures proposed in the budget that are contained within the bill.

First, I should like to address the personal income tax relief contained in the bill. Bill C-43 builds on our long tradition of providing tax relief to Canadians. As soon as we eliminated the deficit, the Government of Canada started introducing broad-based personal income tax relief. For example, in 1998 and 1999, we eliminated the 3 per cent surtax, increased the basic personal amount and increased the National Child Tax Benefit. In 2000, we introduced a $100 billion five-year tax reduction plan, which reduced federal personal income taxes by 21 per cent on average and 27 per cent for families with children. In 2003, we announced further increases in the National Child Benefit Supplement for low-income families with children.

Our bill proposes to increase the basic personal amount so that all Canadians earning up to $10,000 will pay no federal income tax, not one cent. Honourable senators, while this will benefit all taxpayers, most of this tax relief will go to those earning less than $60,000 a year. Furthermore, it will remove 860,000 low-income Canadians from the tax rolls, including almost 250,000 senior citizens.

This government is also committed to providing tax relief to Canadian businesses. We have been clear that we will enact all the corporate income tax reductions that were originally proposed in Bill C-43. This is important. The government will introduce separate legislation to do so at the earliest possible time.

Next, Budget 2005 improves the tax treatment of savings by increasing the pension and RRSP limits. The RRSP annual dollar contribution limit will be increased to $22,000 by 2010, with corresponding increases in the limits of employer-sponsored registered pension plans. The pension and RRSP limits will be indexed to average wage growth thereafter.

Increasing pension and RRSP limits will better meet the retirement savings needs of Canadians, including entrepreneurs, the self-employed and small business owners. Higher limits will also assist employers in providing competitive compensation packages to attract and retain skilled workers and encourage savings to support investment, productivity and economic growth.

As well, to expand retirement saving investment and diversification opportunities for Canadians, this bill proposes to remove the 30 per cent limit on foreign property held in RRSPs and pension plans.

Honourable senators, a fair tax system helps remove barriers to participation in the economy and society. This government continues to look for ways to improve the fairness of our tax system for persons with disabilities, who face unique costs and thus have a reduced ability to pay tax. Budget 2005 makes the tax system fair by acting on the recommendations of the Technical Advisory Committee on Tax Measures for Persons with Disabilities. More specifically, based on one of the committee's recommendations, this bill proposes to increase the maximum annual child disability benefit to $2,000 from $1,681 per child beginning in July.

• (1950)

Bill C-43 also proposes to increase the maximum amount of the refundable medical expense supplement to $750 per year. This is not all that we are doing for persons with disabilities. Budget 2005 contains other measures responding to the Technical Advisory Committee's recommendations that will be included in a bill that will be tabled at a later date.

Honourable senators, Canada has come a long way in building a prosperous and inclusive society where all Canadians have opportunities to develop the skills and the knowledge that enable them to contribute to society and to the economy. However, we cannot forget our future generations. We must do whatever we can to give them a solid foundation so that they can get the best possible start in life. Such opportunities are critical to children's physical, emotional, social, linguistic and intellectual development, setting them on a path of lifelong achievement. That is why Budget 2005 delivers on the Government of Canada's commitment of $5 billion over five years in support of early learning and child care.

Hon. Senators: Hear, hear!

Senator Eggleton: Of this $5-billion commitment, the Government of Canada will devote $100 million to First Nations on reserve, continuing to work in partnership with them to find practical solutions that address on-reserve early learning and child care needs.

We are working with the provinces, territories and stakeholders to develop a long-term vision with measurable goals based on shared principles. Discussion with provincial and territorial ministers and stakeholders are ongoing, and significant progress has been made in the development of new early learning and child care initiatives anticipated in the course of this year. Already, honourable senators, agreements in principle have been reached with Manitoba, Ontario, Saskatchewan, Nova Scotia and Newfoundland and Labrador.

In the interim, Bill C-43 proposes to create a $700-million, third-party trust. All provinces and territories will have the flexibility to draw down funds up to March 31, 2006. Once this bill receives Royal Assent, provinces and territories will be able to start making improvements and expansions, without delay, in programs and services related to early learning and child care.

This shared initiative for Canada's children is one of the best investments that governments can make in the social and economic fabric of this country.

Hon. Senators: Hear, hear!

Senator Eggleton: Honourable senators, Canada's support for seniors is one of the major success stories of government policy in the post-war era. At the same time, it is an area facing new challenges resulting from the longer and more vigorous lives of seniors.

[*Translation*]

Budget 2005 respects the government's commitment to address the evolving needs of seniors. It makes significant investments across a wide range of policies that matter to seniors, from health care to income security programs, from retirement savings to assistance for people with disabilities as well as their caregivers, to support for voluntary sector activities by and for seniors.

[*English*]

A key focus for this government is to help low-income seniors. That is why we have the Guaranteed Income Supplement. This program provides low-income seniors with a fully indexed benefit that ensures they receive a basic level of income throughout their retirement years. Bill C-43 will increase the GIS payments by $2.7 billion over five years, with improvements coming into place as early as next January.

The maximum GIS will increase by more than $400 per year for a single senior and almost $700 a year for a couple. This increase significantly exceeds the commitment of $1.5 million over that period, and will benefit 1.6 million seniors, many of whom are women.

Honourable senators, the measures in this bill will leave more money in Canadian pockets. We have done that with tax cuts. We have done that with tax relief for persons with disabilities. We have done that with help for seniors, and we have done that with the eleventh consecutive annual reduction in Employment Insurance premiums last December.

With respect to EI premiums, Bill C-43 delivers on the government's commitment to put in place a new permanent EI rate-setting mechanism based on principles outlined in the 2003 budget and reconfirmed in 2004. Those principles are: Premium rates should be set transparently; premium rates should be set on the basis of independent expert advice; expected premium revenues should correspond to expected program costs; premium rate setting should mitigate impact on the business cycle; and premium rates should be relatively stable over time.

The bottom line is that proposals in this bill will help Canadian workers to compete and succeed in the increasingly competitive global economy with the knowledge that, should they stumble, the EI system will be there to get them back in the race.

This government recognizes that a healthy environment and healthy communities are key factors in a healthy economy. The objective of the government's environmental initiatives is to have the most impact where it matters most — in the places Canadians live, work and play. That is why, building on current financial support for infrastructure programs, the budget delivers on the commitment to share a portion of the revenues from the federal gas tax with municipalities to assist them with their sustainable infrastructure needs.

Bill C-43 proposes to provide $300 million in new federal support for Green Municipal Funds to encourage the development of more local environmental projects. Half of that new funding through the Green Municipal Funds will be dedicated to the remediation of brownfield sites which, you may recall, are abandoned sites where environmental contamination exists. I know that we could use that in Toronto.

Budget 2005 establishes the framework for making environmental investments. For example, the budget also introduces a $5-billion package of measures over five years to support a sustainable environment. One of the measures in Bill C-43 is a proposal to set up a new agency under Environment Canada to manage the $1-billion Climate Fund that will provide market-based incentives for the reduction and removal of greenhouse gases.

As well, this bill proposes to establish a technology investment fund. This fund will provide companies regulated under the proposed large final emitter regime with a compliance mechanism that encourages investments in greenhouse gas mitigation research and development with the potential for long-term transformative change.

Honourable senators, this bill provides for Canada's cities and communities. They are, as the Minister of Finance said, engines of growth, employment and innovation, as well as centres of art, culture and learning. This is where we live; this is where we raise our children.

These are the exact reasons that Budget 2005 delivered on the Government of Canada's commitment of $5 billion over the next five years. This commitment is in addition to the GST rebate already flowing to municipalities and in addition to our current infrastructure programs.

Bill C-43 delivers the first step on the new deal and proposes an initial expenditure of $600 million. This is $200 million more than promised for the first year of this program. As well, we are currently negotiating with our provincial and territorial partners. Already agreements have been signed with British Columbia, Alberta, Ontario and the Yukon.

While this bill legislates numerous initiatives in the budget, there are other important elements in the budget such as those related to health care, defence and Aboriginal peoples.

• (2000)

Health care will benefit from the plan that the Prime Minister signed with the provincial and territorial leaders that will deliver $41.3 billion over the next 10 years in new federal funding.

The Department of National Defence — a department in which I have a particular interest — will receive $13 billion over the next five years to expand regular troops and reserves; to address sustainability issues; to buy new equipment such as helicopters, utility aircraft, military trucks and provide money to support new capabilities.

The budget announced the creation of the Canada Aboriginal Peoples Round Table, as well as investments in First Nations housing on reserves, early learning and child care, special education, Aboriginal languages and culture.

In conclusion, honourable senators, this government has delivered on its commitments to address the priorities of Canadians. Time does not permit me to outline all of the measures in Bill C-43 nor all of the measures in the budget. Let us just look again at the ones I have mentioned today: personal income tax cuts, tax relief for persons with disabilities, early learning and child care, income assistance for seniors, a new transparent EI rate-setting mechanism; and this bill does much more. This bill does this within a disciplined fiscal framework with a commitment to continue balanced budgets.

The Prime Minister put it best in a recent speech where he said that he believes in a Canada that keeps its economy strong, keeps unemployment low, and protects its prosperity by refusing to go back into deficit. It is with an approach like this that Canada will be strong as it meets the future. This is the Canada that we are working towards.

It is for these reasons, honourable senators, that I encourage all of you to give this bill your support.

Some Hon. Senators: Hear, hear!

Hon. Donald H. Oliver: Honourable senators, I congratulate the honourable senator on his maiden speech in this chamber. He did an excellent job.

Honourable senators, we have before us a massive omnibus bill of some 23 separate parts. Bill C-43 ought to have come before us in at least three or more separate bills, one to deal with the budget measures per se, one to implement the offshore agreements that were not mentioned by my learned colleague and one to provide the legal framework for the government's Kyoto plan.

Before I begin my formal remarks, I wish to say a few words about the purpose of the budget, the Main Estimates, the supplementary estimates and the function these documents serve within our parliamentary system.

Usually introduced in February or March, the federal budget presents the government's fiscal plan for the coming year, introducing new spending initiatives and any proposals for change in taxation.

The Main Estimates provide Parliament with a detailed listing of the resources required by individual departments and agencies for the upcoming fiscal year in order to deliver the programs for which they are responsible. This document identifies the spending authorities, called votes, and the amounts to be included in subsequent appropriation bills that Parliament will be asked to approve to enable the government to proceed with its spending plans. The estimates, along with the Minister of Finance's budget and economic and fiscal update, reflect the government's annual budget planning and resource allocation priorities.

Each year, the government prepares estimates in support of its request to Parliament for authority to spend public funds. This request is formalized through the tabling of appropriation bills in Parliament. The President of the Treasury Board tables supplementary estimates in the late fall and spring to obtain the authority of Parliament to adjust the government's expenditure plan as reflected in the estimates for the fiscal year. Funding for these estimates is provided for in the federal budget and is, therefore, built into the existing fiscal framework.

The supplementary estimates serve two purposes. First, they seek authority for revised spending levels that Parliament will be asked to approve in an appropriation act. Second, they provide Parliament with information on changes in the estimated expenditures to be made under the authority of statutes previously passed by Parliament.

Honourable senators, the budget process begins months in advance and is conducted within a multi-year fiscal framework. The planning process requires that the government know what revenues are available to pay for spending, that spending be known with some degree of certainty and that decisions to spend additional funds be prioritized. In recent years, that planning process has included the fall fiscal update in the other place, with members of the other place involved in what they call pre-budget consultations based on that forecast.

When the government has made its spending and revenue decisions, the Minister of Finance brings in a budget, outlining how new initiatives will fit within the available fiscal framework, not only for the year ahead, but also for four or five years into the future. We are told that if there are spending reductions or tax increases, they will pay for the new priorities. We are told how much the government plans to set aside for prudence and for debt reduction.

The commitments made in a budget can bind future governments, particularly when they take the form of new statutory spending or long-term agreements. To the fullest extent possible, honourable senators, where spending cannot be foreseen, the supplementary estimates ought to be tied to the fiscal framework set out in the budget. Indeed, it would have been preferable for more of the budget spending initiatives to have been included in the Main Estimates rather than brought to us by supplementaries. Good estimates can reduce the need for further supplementary estimates. For example, we will not vote on the budget's additional $730 million for Sport Canada until we get the December supply bill, some 10 months after the budget announcement and almost three quarters of the way through the fiscal year. The same is true of the new money for defence.

Honourable senators, there are 23 separate parts to Bill C-43, the first of which relates to proposed amendments to the Income Tax Act and the income tax application rules. While some of these proposed changes do benefit the Canadian taxpayer, they are somewhat timid and certainly do not go far enough.

It is unfortunate, honourable senators, that while the government can find $26 billion for various spending announcements in the last few months, it cannot find the money to give Canadians more than a $16 tax cut next year.

Honourable senators, as originally presented in the other place, Bill C-43 also intended to help stimulate our private sector by ending Canada's corporate surtax, currently 4 per cent of taxes payable, as of January 1, 2008. That proposal was widely acclaimed in the business community and by academics throughout the country. It would have also lowered the general corporate tax rate from 21 per cent to 19 per cent by 2010.

As a result of its deal with the New Democratic Party, these proposals for larger corporations were removed at report stage with a promise to bring them back in a separate bill. It must be stressed that even when these reductions are finally implemented, our corporate tax rate in Canada will remain out of line with those of other nations. A recent C.D. Howe Institute study found that our effective corporate marginal tax rate was the third highest of 20 nations studied after factors such as depreciation rules were taken into account. Our ranking will change little after the passage of this particular bill.

The second part of Bill C-43 reduces the Air Travellers Security Charge to $5 from $6 for domestic travel. Honourable senators will recall that in December 2001, the Air Travellers Security Charge was announced to pay for airport security, part of Ottawa's response to the tragic events of the day that will be forever known as 9/11. The government said that it would only be used to pay for airport security, just as Canadians for years were promised that Employment Insurance premiums would only be used to pay for EI.

• (2010)

The original charge was $12 for domestic travel, with a higher rate for international travel. By the time of the 2003 budget, it was clear that the tax was collecting far too much money and the charge for domestic travel fell to $7 from $12. In 2004, it was still collecting too much money and that amount fell by another dollar. Another year has passed and, once again, revenues from this tax continue to outstrip expected spending.

What kind of budgeting is that? Why did Paul Martin, the Minister of Finance back in 2001, set fees at more than twice the level that was needed to pay for airport security? Was he relying upon certain forecasters from the Department of Finance?

Part 3 of the bill extends the 83 per cent GST rebate for hospitals and other government funded non-profit entities that will provide health care services traditionally performed in hospitals. We support that proposal.

Part 4 phases out the existing 10 per cent tax on jewellery by March 1, 2009. However, honourable senators may want to note that also now before the Senate is Bill C-259, a Conservative private member's bill that will kill this tax, not four years from now, but immediately.

Part 5 allows $700 million to be paid to a trust fund that would make money available to the provinces for child care. We are told that a further $4.3 billion will follow over the next four years. We have heard similar child care promises before.

Aside from the lack of details, this bill fails to provide parents with choice in their child care arrangements that they will provide for their children. Indeed, the government has refused to provide New Brunswick with the flexibility it seeks to give parents that particular choice.

Part 6 authorizes the transfer of $120 million to a trust fund that would make money available for what is called the northern strategy. The budget had said that each of the territories would share equally in the payment. When this matter gets to committee, perhaps the officials will be able to explain why this will be left in the terms of the trust indenture.

Part 7 will allow the Auditor General to conduct performance audits on organizations such as foundations that receive more than $100 million in funding over any five-year period. It will also make the Auditor General eligible to be the auditor or joint auditor of most Crown corporations. I discussed this in detail on May 31 with respect to the eleventh report of the Standing Senate Committee on National Finance, 2005-2006 Main Estimates, when we dealt with foundations. I will not say much about that but I do have a couple of comments.

Recent years have seen a dramatic growth in the use of foundations to deliver government programs. There are two major criticisms of foundations. The first is that billions of dollars have been placed beyond the scrutiny of Parliament and the Auditor General. The bill responds to the first criticism, and that is certainly a welcome step. However, it is not retroactive, so it does not apply to funds already paid to various foundations, which total more than $9 billion. Here we must rely upon the government to negotiate changes to the funding agreements for the money already advanced.

Bill C-43 does not provide for annual reports to be tabled in Parliament, nor does it ensure that the Auditor General will have adequate and predictable resources to carry out this work.

Finally, smaller foundations, that is, those receiving under $100 million, remain exempt. This does little to render inaccurate the Auditor General's statement of last February when she said:

> Parliament does not have adequate information and assurance on the use of more than $9 billion in public funds already transferred to foundations.

The second criticism is that funds are sometimes given to foundations to achieve an accounting result with the money charged to one fiscal year and then spent in another fiscal year. The second issue is not addressed in Bill C-43. Indeed, the government has started to make extensive use of another device, that of trusts, to juggle money from one fiscal year to another fiscal year.

Part 8 of this bill retroactively approves several payments that the government hoped to book last year, including more money for foundations.

Indeed, of the $315 million advanced to six foundations, only one exceeds the $100 million threshold that will automatically provide for scrutiny by the Auditor General. Payments to the Aboriginal Healing Foundation, the Asia Pacific Foundation, the Canadian Academies of Science, the Canadian Youth Business Foundation, and the Precarn Incorporation are not covered by this bill.

The bill also provides $300 million to the Federation of Canadian Municipalities for the Green Municipal Fund. The budget provided that $150 million of this would be for brownfield cleanups, referred to by my honourable colleague earlier this evening, but we do not find this spelled out in the bill. Is this money for brownfield cleanups or is it for some other purpose? Perhaps when the officials come to the committee we can question them on that.

Part 9 updates the governance legislation for the Asia Pacific Foundation, which was originally created in 1984.

Part 10 makes convention refugees eligible for scholarships from the Canadian Millennium Scholarship Foundation. Neither of those is controversial.

Part 12 implements the offshore resource agreements with Nova Scotia, and Newfoundland and Labrador. Now, this is important. This Conservative Party supports these provisions to give support to Newfoundland and Labrador and to Nova Scotia.

Some Hon. Senators: Hear, hear!

Senator Oliver: I should say, honourable senators, that if these provisions had been put in a separate bill weeks ago, as we had suggested, we would certainly have given support to have speeded them through so that the province of Newfoundland and Labrador and the province of Nova Scotia could be writing cheques for the much needed funds. Regretfully, unfortunate political games were played by including these provisions in this omnibus bill.

An Hon. Senator: Shame, shame!

Senator Oliver: The Prime Minister, slipping in the polls last June, promised to allow Newfoundland and Labrador and Nova Scotia to keep all of their offshore resource revenue. We saw the ongoing negotiations over that simple matter. We all took note of the deterioration in relations between the two provinces and the federal government. We all saw the Prime Minister and his front benches try to back away from the agreement and finally, in February, agreeing to honour a promise that had been made eight months previous.

Parts 13 and 14 are Kyoto measures that ought to have been in a separate bill so that they could be properly debated and examined without the rushed timetable that accompanies a bill such as this.

The first of those measures is the creation of what my learned friend has already referred to, the Canadian Emissions Reduction Agency as a departmental Crown corporation. It is also known as the Climate Fund. It is to provide incentives for the reduction or removal of greenhouse gases through the acquisition of eligible credits. It can procure those credits, in the language of the bill, "despite any provision of any other act of Parliament."

This fund will spend $1 billion over the next five years. We are told that the fund will buy emission credits, domestically and internationally, linked to technologies, projects and processes that can be verified as contributing to actual greenhouse gas emission reduction. We will see whether, as some media experts have predicted, this ends up buying Russian hot air.

The bill will establish a greenhouse gas technology investment fund to allow large final emitter (LFE) companies to invest in technology investment units which would count towards their greenhouse gas reduction requirements. Revenues from the fund will be used to invest in technologies, research, and processes meant for greenhouse gas mitigation in Canada.

• (2020)

By the government's own admission, this is no quick fix. It will not achieve meaningful greenhouse gas reductions in the short term but is viewed as a long-term vehicle for indirectly achieving this object.

As originally drafted, Bill C-43 included amendments through which substances would no longer be referred to as toxic in the Canadian Environmental Protection Act but would instead be regulated if the government thinks they are environmentally harmful or if they constitute a danger to health or life. They were struck from the bill in committee and will likely come back as a separate piece of legislation.

We questioned the wisdom of placing CO_2 in the same category as current CEPA-listed substances like lead and mercury. We were concerned that removing the word "toxic" from formerly banned chemicals would open the door to their use. These questions can now be debated in a detailed study in a separate bill.

Part 15 — this used to be Part 16, before CEPA was taken out — increases the limit on deposit insurance of $100,000 from $60,000, which will provide for greater consumer protection and consumer choice. Part 16 removes liability for student loans if the student dies and allows for loan forgiveness in cases of financial hardship where the student becomes disabled. We support this and would welcome other relieving measures that do not require a student first to be a victim of some unfortunate circumstance.

Part 17 allows the Minister of Finance to decide where Exchange Fund Account assets may be invested, replacing the legislated list of eligible investments. While the government assures us that it has no intention of doing so, it will now be able to use the Exchange Fund Account to buy shares of foreign companies. When this bill gets to committee, it is my hope that the officials will want to explain why these powers are so broadly worded. For that matter, given that the Bank of Canada no longer intervenes in the markets to manage fluctuations in the exchange rate, it would be helpful if the government could advise the committee as to its long-term plans for this fund.

Part 18 provides regulatory authority that will allow the government to commit to a minimum volume of purchases.

Now we are into purchasing, honourable senators. This is supposed to yield savings, but we will be watching this one very carefully, as the responsible department also ran the sponsorship program. The opportunities for abuse or favouritism on the part of those making contract decisions in the new regime are very real and will have to be monitored very closely. There are already reports of smaller businesses being cut off as suppliers when they failed to get on one of the government's standing offer lists.

Parts 19 and 20 deal with Employment Insurance premiums. In particular, after years and years of delay, Bill C-43 sets out new rules for setting EI premiums based on the expected cost of the program in the coming years. Premiums will be set each fall by the Canada Employment Insurance Commission on the advice of the program's actuary, who, using economic forecasts provided by the Minister of Finance, will calculate a rate that is just enough to cover costs.

The danger and the harm with that proposal, honourable senators, is that the government rejected an opposition amendment that would have allowed the actuary to use independent private-sector forecasts to set premiums. What is wrong with that? Why force the actuary to use the Minister of Finance's forecasts to determine a break-even rate? Such a forecast may not be independently provided and, given the Department of Finance's forecasting history, could force the actuary to recommend rates that are higher than needed.

The bill says that the employee premium per $100 of earnings may not go up or down by more than 15 cents and that the employee premium may not exceed $1.95 for the next two years. Yet, within these constraints, cabinet may set a rate different from that selected by the EI actuary if it is deemed "to be in the public interest."

What is the government's definition of public interest? Do the government's revenue objectives constitute the public interest, as has been the case when rates were set up in recent years?

Honourable senators, the cumulative EI surplus will reach $49 billion by March of 2006. That is $49 billion of cumulative EI surplus. Paul Martin's original reason for allowing the EI account to build up a surplus was to create a cushion to prevent future premium increases. The EI surplus will exist on paper but will play no role in premium setting.

What was it collected for? Was it collected to pay for the sponsorship program? Was it collected to pay for the gun registry? Was it collected to pay for the HRDC fiasco? Certainly, it was not collected to pay for benefits to run the program; neither was it collected for the Sea Kings.

Finally, Part 23 authorizes various payments to the provinces, including the Canada-Quebec Final Agreement on the Quebec Parental Insurance Plan, a contribution to British Columbia for the mountain pine beetle infestation, and compensation to Saskatchewan for the clawback of Crown lease revenue from equalization. We have no problems with those.

Where members of the Conservative Party do have a problem is the manner in which overall spending appears to have exploded in recent months, with announcements that now exceed some $26 billion over the next few years. We are told that this is all within the fiscal framework and that recent spending announcements leave the government with exactly $2 billion this year and next to put towards the debt.

Honourable senators, the government has used up most of its contingency without providing a full update of both sides of the ledger. We do not know whether the revenue numbers from last February still hold. We do not know whether the projected statutory spending spoken to tonight by Senator Day outlined in the Main Estimates is still accurate or whether these have been overtaken by certain events. We do not know whether all of the efficiency gains booked as part of the expenditure review are rolling out as planned. We certainly do not know what acts of God may strike over the balance of this fiscal year that may justify a government response for which there is now no money left.

We do know, however, that others outside of Canada have started to take notice, as evidenced by a June 2 article in *The Economist*, an article that ran under the rather unflattering title of "From Deficit Slayer to Drunken Spender."

I will conclude by quoting the last paragraph of that article which said:

> With demands coming from every quarter, Mr. Martin must yearn for his days as finance minister. Then he would turn down supplicants, saying that while he would love to help them, his boss, Jean Chrétien, would not let him. In the top job, Mr. Martin now has nobody else on whom to heap the blame.

Hon. Terry M. Mercer: I wonder if the honourable senator would permit a question.

The honourable senator has me a little confused. He talked about the things he liked. He talked a bit about the Atlantic Accord, about the large amount of money that will come to our province of Nova Scotia and the large amount of money that will go to Newfoundland and Labrador.

In my analysis of the colleagues in this house and of the budget presented, I would have assumed that Senators Oliver, Buchanan, Forrestall, Comeau, Cochrane and Doody would all be standing in their place in this chamber in support of this budget because of the monies coming to the people of Nova Scotia and the monies coming to the people of Newfoundland and Labrador, money that we all rightly deserve.

Is Senator Oliver telling us that he will stand here and vote against the budget, which is going to give money to the people of Nova Scotia?

• (2030)

Hon. Terry Stratton (Deputy Leader of the Opposition): Does the honourable senator have a question?

Senator Mercer: That was the question.

Senator Oliver: With all due respect, I thought I clearly answered that question in my statement when I said it had been the wish of the Conservative Party that the aspects of the accord for Newfoundland and Labrador and Nova Scotia should have been rolled out of this huge omnibus bill and put in a separate bill. We would have agreed to it quickly and sped it along so Nova Scotia and Newfoundland and Labrador could have had their money some time ago.

Senator Mercer: The honourable senator has lost me. He sits here in favour of the provisions of the bill, but then he says that he will vote against it. He will have to explain that to the people of Nova Scotia. I certainly will not have to explain myself standing here in this chamber in support of the people of Nova Scotia and Newfoundland and Labrador.

Senator Comeau: Watch it. He is after your job.

Hon. Pierrette Ringuette: In his speech, the Honourable Senator Oliver mentioned the issue of child care in New Brunswick and that the Tory premier in that province wants to have flexibility in the system, just as his leader, Mr. Harper, wants to have flexibility in the system, namely, a tax credit. A tax credit is good for high-income earners. However, for low-income families — those women who serve coffee at Starbucks, Tim Hortons and McDonald's and who work for minimum wage — what kind of tax credit does the honourable senator think he could provide them? The children need proper child care, just as do the children of women who earn $60,000 and $70,000. It is the same child.

Senator Stratton: What about a stay-at-home mom?

Senator Ringuette: We in New Brunswick will not allow children from different income levels to be treated differently by the federal and provincial governments.

Senator Oliver: I thank the honourable senator for that question. The people of New Brunswick are lucky to have a premier with as much foresight as Premier Lord. He is doing an excellent job for the people in that province.

My understanding is that he is not just talking about tax credits. He has been asking for the flexibility to give parents the money to let them decide what is in the best interests of their children, instead of forcing them to go to a daycare where they may not get the kind of care the parents want. I think that is good policy.

Senator Stratton: He is in favour of choice.

Senator Ringuette: The honourable senator refers to New Brunswick and the quality of child care. In his presentation, he made reference to the offshore accord and said, "Why is the federal government not signing this deal?" The money would be flowing to these provinces.

Why is Premier Lord not signing this deal so that the kids of New Brunswick can have the same kinds of services as any other province?

Senator Stratton: For the record, there are more poor kids in this country than ever before in its history, so what are we talking about here?

On motion of Senator Stratton, debate adjourned.

CRIMINAL CODE
CANADA EVIDENCE ACT

BILL TO AMEND—SECOND READING

Hon. Landon Pearson moved second reading of Bill C-2, to amend the Criminal Code (protection of children and other vulnerable persons) and the Canada Evidence Act.

She said: Honourable senators, I am delighted to rise today for the second reading of Bill C-2. This is the third time a speech has been prepared for me on different versions of this bill, and I am happy to say that each time there have been improvements, but now the time has come to turn it into law.

First and foremost, this bill will provide increased protection to children against abuse, neglect and sexual exploitation. As colleagues know, child protection is an issue on which I have focused many of my efforts, both within Canada and internationally, ever since I have been in this place. I have done so because, like all honourable senators and Canadians, I strongly believe that children, in virtue of their vulnerability, both need and have the right to the best protections society can provide.

[*Translation*]

Honourable senators, Bill C-2 comprises five key elements. It strengthens current provisions banning child pornography; it further protects children from sexual exploitation; it reinforces certain provisions on sentencing for offences against children; it makes testifying easier on the child victim or witness, and other vulnerable persons; and it creates the new criminal offence of voyeurism.

[*English*]

With respect to child pornography, Bill C-2 proposes a number of reforms to further strengthen our existing comprehensive prohibitions. It will broaden the definition of child pornography to include audio formats as well as written material that has as its dominant characteristic description of unlawful sexual activity with children, where that description is provided for a sexual purpose. These amendments recognize that children should not be portrayed as a class of objects for sexual exploitation in any format.

In line with this recognition, Bill C-2 will specifically prohibit advertising child pornography. Also with respect to child pornography, Bill C-2 proposes to replace the existing defences of artistic merit, education, scientific or medical purpose and public good with a two-part harms-based "legitimate purpose" defence. Under this proposed reform, a defence would be available only for an act relating to child pornographic material

where, first, that act has a legitimate purpose related to the administration of justice, science, medicine, education or art; and, second, it does not pose an undue risk of harm to children. This second requirement, which is a new one, incorporates the harm standard adopted by the Supreme Court of Canada when it upheld the constitutionality of the child pornography provisions in the 2001 *Sharpe* decision, and adds a new harms-based test that is absent from our existing child pornography defences.

Under the new defence, for example, possession of child pornographic photographs by police for investigative purposes would benefit from the defence because the act of possession of the photographs is for a legitimate purpose related to the administration of justice and does not pose an undue risk of harm to children. Possession of the same photographs, however, by a child pornographer for his personal use exploits children and would not be protected by this defence.

In addition, Bill C-2 also enhances the penalties for child pornography. It will make the commission of any child pornography offence with intent to profit an aggravating factor for sentencing purposes. It increases the maximum penalty for all child pornography offences committed on summary conviction from six to 18 months, and it proposes the imposition of mandatory minimum penalties for all child pornography offences.

The second component of Bill C-2 relates to the sexual exploitation of youth. Bill C-2 proposes to create a new category of prohibited sexual exploitation of a young person who is over the age of consent, that is, who is 14 or older and under 18 years of age. In so doing, it will expand the protection of youth under 18 against predatory and sexually exploitive conduct that currently exists where there is a relationship of trust, authority or dependency.

• (2040)

Under Bill C-2, courts would be directed to infer that a relationship is exploitative and therefore prohibited by looking to the nature and circumstances of the relationship, including the age of the young person, any difference in age between the young person and the other person, the evolution of the relationship and the degree of control or influence exerted over the young person. These listed factors are not exhaustive. In other words, other factors might be present in some cases that are indicative of exploitation of a particular young person.

Nonetheless, I believe this list of factors makes sense. They are indicators of what reasonable persons would readily agree is exploitation. Take, for example, a case where the relationship is developed secretly and quickly over the Internet. Bill C-2 says to the courts: Take this into account. Another example is where the other person is significantly older than the young person. Again, Bill C-2 says to the courts: Take this into account.

One of the things I particularly like about Bill C-2 is that it does not focus on the consent of the young person but focuses instead on the wrongful conduct of the offender. This is in fact the way criminal law approaches the issue of sexual assault. Bill C-2 reflects the reality that a young person cannot consent to be exploited. Moreover, any non-consensual sexual activity regardless of age is a sexual assault.

Now we come to the area of the bill that relates to sentencing. Bill C-2 also seeks to ensure that the penalties for offences committed against children reflect the serious nature of committing any offence against a child. In all cases involving the abuse of a child, Bill C-2 would require that a sentencing court give primary consideration to the sentencing objectives of denunciation and deterrence. It also proposes to make the abuse of any child an aggravating factor for sentencing purposes.

Bill C-2 proposes to increase penalties for child-specific offences. It will increase the maximum penalties for specific offences against children, such as failure to provide the necessities of life or abandonment. It will also impose mandatory minimum penalties for specific sexual offences against children, including in instances that are particularly egregious, such as the procuring of a child by a parent or by a guardian or by a pimp.

Bill C-2 will facilitate testimony. The proposed reforms to facilitate the testimony of child victims/witnesses and other vulnerable witnesses is a component of Bill C-2 that has been very well received. Testifying in a courtroom is difficult for anyone, but especially so for child witnesses. The criminal justice system has undergone numerous reforms since the late 1980s to make it more sensitive and responsive to the needs of these victims and witnesses, including making available such testimonial aids as a screen, a support person, closed-circuit television, and the appointment of counsel to conduct the cross-examination of a young victim/witness on behalf of self-represented accused.

Bill C-2 proposes reforms that will clarify and apply uniform tests for the use of testimonial aids in three distinct categories of cases: one, cases involving a child victim or witness under the age of 18 or a victim/witness with a disability; two, cases involving victims of criminal harassment; and, three, cases involving other vulnerable adult victims and witnesses.

For the first category, testimonial aids would be available for all child victims and witnesses with a disability on application unless they interfere with the proper administration of justice.

For the second category of victims of criminal harassment, and where the accused is self-represented, Bill C-2 would enable the Crown to apply for the appointment of counsel to conduct the cross-examination of the victim. The court would be required to order it unless doing so would interfere with the proper administration of justice. This proposed amendment recognizes that a victim of criminal harassment or stalking, as it is sometimes called, should not have to endure further harassment by a self-represented accused.

In the third category of cases involving any other adult victim or witness, the Crown can apply for the use of any testimonial aid or the appointment of counsel to conduct the cross-examination of the witness for the self-represented accused. In these cases, the court would only order the use of the testimonial aid if, having regard to the surrounding circumstances, including the nature of

the offence and any relationship between the victim and the accused, the victim would not be able to provide a full and candid account without the testimonial aid.

In addition, Bill C-2 proposes amendments to the Canada Evidence Act that would eliminate the current requirement to conduct an inquiry into the ability of a child under the age of 14 to understand the concept of an oath or affirmation and to provide testimony. In practice, the inconsistent and often rigorous conduct of these inquiries can result in increased trauma to child witnesses and as well lead to the loss of valuable testimony from child witnesses for reasons unrelated to the ability of a child to provide reliable testimony.

Under Bill C-2, the evidence of a child witness under 14 must be received if the child is able to understand and respond to questions. A young person must promise to tell the truth, but no inquiry can be made into the child's understanding of the nature of the promise. As with other witnesses, the trier of fact would determine what weight to give to the child's testimony.

Finally, I will turn to the area of Bill C-2 that relates to voyeurism. New voyeurism offences to better protect the privacy of Canadians are proposed. These voyeurism offences would prohibit three specific breaches of sexual privacy. It would prohibit secret observation or recording of a person in circumstances giving rise to reasonable expectation of privacy when the person observed or recorded is in a place where a person is expected to be in a state of nudity or engaged in a sexual activity, such as in a bedroom, a bathroom or changing room. It would prohibit secret observation or recording of a person in circumstances giving reasonable expectation of privacy when the person is in a state of nudity or engaged in sexual activity and the purpose is to observe or record the person in such a state or activity. Also, it would prohibit secret observation or recording of a person in circumstances giving rise to a reasonable expectation of privacy when the observation or recording is done for a sexual purpose. These new offences address cases of a breach of sexual privacy, whether these breaches are committed for a sexual purpose or for any other reason.

Bill C-2 would also prohibit the publication or distribution of any recording made as a result of an act of voyeurism. It would enable the seizure of copies of any such recordings in order to prevent them from being distributed or sold. As well, Bill C-2 would enable the deletion of electronic copies of these recordings from the Internet.

Bill C-2 also provides a defence of public good for those acts which constitute voyeurism but which should have a defence because they serve the public good. It could be used, for instance, by the press when the public good requires the publication of voyeuristic material. In this way, the defence maintains a necessary balance between protection of the sexual privacy of all Canadians and freedom of expression.

Honourable senators, Bill C-2 takes as a starting point our existing comprehensive criminal legislative framework that protects children and other vulnerable persons, and builds upon this framework in significant and meaningful ways. Each reform proposed by Bill C-2 viewed individually and collectively says to Canadians, to our children, to criminal justice personnel, and to would-be offenders: The abuse, neglect and sexual exploitation of any child in Canada is a serious matter and must be treated as such by the criminal justice system.

I urge all honourable senators to support Bill C-2. With its passage we will be able to ensure that all children under 18 are protected by law from sexual exploitation and that they and other vulnerable Canadians will have their capacity to take part in court proceedings enhanced. Increased sentences will reinforce the message that all crimes against children are repudiated by Canadians.

I have been waiting for a long time to sponsor this bill. I hope all senators agree with it and will move it ahead as quickly as possible.

Hon. Senators: Hear, hear!

• (2050)

[*Translation*]

Hon. Pierre Claude Nolin: Honourable senators, I am pleased to speak today at second reading of Bill C-2, to amend the Criminal Code (protection of children and other vulnerable persons). You will agree with me that the sexual exploitation of children is a plague. This plague continues to spread with the help, among other things, of new information technologies and the considerable resources of organized crime. Like child pornography, the prostitution of persons under the age of 18 has become a disturbing problem for our society. Witness the fact that, only last week, the officers in the Montreal police squad created in 2002 to fight child sexual exploitation broke up a sizeable child prostitution ring. Those running it were forcing minors, including one young girl barely 12 years of age, to work for escort agencies.

Since 2002, the members of the squad have freed nearly 431 young victims of sexual exploitation. Of this number, nearly 50 per cent were under 14 years of age and were involved against their will in child pornography matters.

Honourable senators, as responsible parliamentarians and responsible parents we have to act intelligently in the face of this plague. The police must be given the best equipment possible to enable them to better protect children against pedophiles and pimps.

In recent years, the Parliament of Canada has become involved in the fight against the sexual exploitation of children, as in 2002, when we passed Bill C-15A. Its aim was to give the legal system more means to sentence pedophiles who use the Internet to commit crimes against children. That same year, the government tabled Bill C-20, which has now become C-2.

Honourable senators, the amendments proposed by Bill C-2 are the extension of Bill C-15A. That said, I do not intend to explain the finer points of the main provisions of the legislative text before us. Senator Pearson has just done so very faithfully, and I have no intention of going back over the details.

I would instead point out that our colleagues from the other place passed a series of amendments that will allow the application of mandatory minimum sentences for several offences created or amended by Bill C-2.

Currently, the Criminal Code includes some 30 offences to which this type of criminal penalty is applied. More than half of those offences involve the use of a firearm. It is important to mention that the mandatory length of minimum sentences under our penal law is anywhere from two weeks for impaired driving to life for first degree murder. There is a wide range of minimum sentences.

With respect to the sexual abuse of children, subsection 2.1 of section 212 of the Criminal Code already imposes a minimum sentence of five years on every person convicted of living on the avails of prostitution of another person under the age of 18 years.

If Bill C-2 is passed in its current form by this chamber, then more than ten mandatory minimum sentences will be added to the Criminal Code. For example, clause 3 of this enactment imposes a 45-day prison sentence on every person found guilty of an indictable offence involving sexual contact with a person under the age of 14 years. The maximum sentence for this offence is currently ten years.

Clause 7 imposes a minimum sentence of one year on every person found guilty of distributing child pornography. As in the previous case I mentioned, the imprisonment term is not to exceed ten years.

Honourable senators, please understand. I am not opposed — quite the contrary — to minimum sentences in order to deter the sexual abuse of children, but this needs to be done properly.

In *R. v. Latimer*, in 2001, the Supreme Court found, and I quote:

> The choice is Parliament's on the use of minimum sentences, though considerable difference of opinion continues on the wisdom of employing minimum sentences from a criminal law policy or penological point of view.

Although the length of the proposed sentences in Bill C-2 is fairly short in a number of cases, I merely wish to be sure that the other place did its work properly, since imposition of such penalties is extremely controversial and inevitably leads to court challenges.

We must be sure of the real intention of the legislator. It is the role of the Standing Senate Committee on Legal and Constitutional Affairs to tackle this, though it may turn out to be quite painstaking. We want to see minimum sentencing have the effect the legislator expects it to have, that is, to act as a deterrent and protect children.

We also want to avoid such sentences being declared unconstitutional under sections 7 or 12 of the Canadian Charter of Rights and Freedoms within a few years of being enacted.

Since the Charter has been in place, some compulsory sentences have been declared unconstitutional by Canadian courts, while others have survived court challenges.

Honourable senators, I have consulted the minutes of the June 2 meeting of the Standing Committee on Justice and Human Rights of the other place during the clause-by-clause study of Bill C-2. On that day, the Parliamentary Secretary to the Minister of Justice, Mr. Macklin, gave a reason, which was both surprising and disquieting from the legal point of view, for the inclusion of minimum sentences in this legislative text. He said:

> Let me start by saying first of all, that as part of a minority government... and the proposition that we see before us also within this committee is that we have to come to an understanding that on certain issues there has to be some type of mediated middle ground, if we possibly can, in terms of trying to come to a consensus on issues before us. In this case we have done that reluctantly, but also by understanding the reality of the situation. We would much prefer that we left the courts with full opportunity to examine all of the factors that come with sentencing.

So, rather than arising out of a rigorous analysis of all of the issues surrounding the imposition of minimum sentences and the true effects of these on the sexual exploitation of children, the justice system and fundamental rights, unfortunately, these amendments appear to be politically motivated.

In 2000, in *Regina v. Wust*, former Supreme Court Justice Louise Arbour stated, without however calling into question this kind of penalty:

> Mandatory minimum sentences are not the norm in this country, and they depart from the general principles of sentencing expressed in the Code, in the case law, and in the literature on sentencing.

Honourable senators, we must not create new sentences solely to ensure, for purely partisan purposes, the adoption of a bill that was first introduced three years ago!

Neither should we impose new minimum sentences simply because some people consider the legal system and sentencing proceedings to be ineffective.

Mandatory minimum sentences have frequently been criticized by legal specialists and by every organization that has had a federal mandate to consider this issue.

In 1987, the Canadian Sentencing Commission stated the following in its report:

> In the past 35 years, all Canadian commissions that have addressed the role of minimum penalties have recommended they be abolished.

More recently, in 2002, a study for the Department of Justice assessed the effectiveness of existing minimum sentences in Canada. This study is entitled "Mandatory Minimum Penalties: Their Effects on Crime, Sentencing Disparity and Justice System Expenditures" and was written by two university professors from Ottawa.

• (2100)

They concluded, and I quote their report:

> Crime reduction can be expected only if MMS [minimum mandatory sentences] are applied consistently. Even then, there is no guarantee that they will increase the severity of sanctions, as previous sanctions may have exceeded the statutory minimum introduced.

While criticizing the flagrant lack of Canadian studies on the matter, the authors stated that this type of sanction should not be imposed:

> ... merely to placate a political constituency or without regard to a thorough understanding of the infractions or offenders for whom they are intended.

The Special Senate Committee on Illegal Drugs, which I had the honour to chair, studied minimum mandatory sentences from 1908 in federal legislation prohibiting the use and trafficking of illegal drugs.

As I mentioned, honourable senators, they are ineffective in eliminating this phenomenon.

Will this type of sanction be more effective in fighting the sexual exploitation of children? Will it be an appropriate deterrent?

The Standing Senate Committee on Legal and Constitutional Affairs should expect answers to these important questions and formulate comments in our report to this effect so that the intention of the federal legislator may be clearly understood by the courts that will inevitably have to decide on the legality of these new provisions.

That said, honourable senators, I feel I must conclude my remarks by addressing the issue of recourse to the criminal law as a preferred method of fighting certain types of social problems.

In January 2002, Detective Sergeant Paul Gillespie, of the Toronto Police Service, explained the poor results of a vast police operation against a child pornography distribution network by the lack of a real national strategy to fight sexual exploitation of children.

In this regard, he told the Canadian Press, on January 17, 2002:

> International cooperation is a dream; national cooperation is a nightmare... It is high time the people in Ottawa assumed their responsibility... We need help.

Canada must adopt such a measure with clear objectives to encourage cooperation and involve the federal government, the provinces, the municipalities, the community stakeholders and the police.

This concerted effort would make it possible to determine the resources and other measures necessary to fight this plague.

Among those that come to mind: eliminating certain administrative or jurisdictional constraints relating to policy investigations, educational and prevention programs for parents and children and, finally, proper training in this area for police officers.

The National Child Exploitation Coordination Centre was recently formed to remedy some of these shortcomings.

An integral part of the national police services, it is part of the national strategy to protect children from online sexual exploitation.

I congratulate the government on this initiative. The Criminal Code alone cannot fight the sexual exploitation of children.

Although I have expressed some reservations just now about the rather heavy-handed job done by our colleagues in the other place on Bill C-2, I will enthusiastically support the principles underlying this bill at second reading.

[*English*]

The Hon. the Speaker: Honourable senators, are you ready for the question?

Hon. Senators: Question!

The Hon. the Speaker: It was moved by the Honourable Senator Pearson, seconded by the Honourable Senator Poy, that this bill be read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Pearson, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

HIGHWAY 30 COMPLETION BRIDGES BILL

THIRD READING—DEBATE ADJOURNED

Hon. Bill Rompkey (Deputy Leader of the Government) moved third reading of Bill S-31, to authorize the construction and maintenance of a bridge over the St. Lawrence River and a bridge over the Beauharnois Canal for the purpose of completing Highway 30.

Hon. Pierre Claude Nolin: I intend to speak tomorrow; as such, I shall take the adjournment.

On motion of Senator Nolin, debate adjourned.

EXPORT AND IMPORT OF ROUGH DIAMONDS ACT

BILL TO AMEND—THIRD READING

Hon. Robert W. Peterson moved third reading of Bill S-36, to amend the Export and Import of Rough Diamonds Act.

Motion agreed to and bill read third time and passed.

CANADA TRANSPORTATION ACT

BILL TO AMEND—SECOND READING—
DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Banks, seconded by the Honourable Senator Corbin, for the second reading of Bill S-6, to amend the Canada Transportation Act (running rights for carriage of grain).—(*Honourable Senator Kinsella*)

Hon. Noël A. Kinsella (Leader of the Opposition): Honourable senators, I have been ready with my notes on this bill for some time. I would dare to begin this evening but for the lateness of the hour. Therefore, I shall move the adjournment of the debate and undertake to give the remainder of my speech later this week.

On motion of Senator Kinsella, debate adjourned.

• (2110)

STUDY ON NATIONAL SECURITY POLICY

TOWN HALL MEETINGS—
NOVEMBER 2004-JUNE 2005—REPORT OF NATIONAL
SECURITY AND DEFENCE COMMITTEE—
REPORT DEEMED DEBATED

The Senate proceeded to consideration of the eighth report of the Standing Senate Committee on National Security and Defence (study on the national security policy for Canada), tabled in the Senate on June 14, 2005.—(*Honourable Senator Kenny*)

Hon. Colin Kenny: Honourable senators, this report is intended to bring to the attention of the chamber the practice that the committee has adopted in the past year of holding public town hall style meetings. The committee has held 11 such meetings across the country, and they are listed in the report. The purpose of the report is simply to draw this to the Senate's attention and to indicate that we have found this to be a useful way of communicating with the public.

We placed advertisements in local papers. We made arrangements through various organizations to make groups on all sides of the defence issue aware of the public meetings. We formulated ground rules allowing people to speak for up to three minutes and a member of the committee to ask questions for up to 30 seconds, with the individual responding for another minute and a half.

Over 1,000 Canadians have appeared before us across the country. The committee has concluded that this is a valuable way of engaging people directly. We also found positive media response to it with headlines such as, "The Senate is here and is listening."

Hon. Noël A. Kinsella (Leader of the Opposition): Honourable senators, I thank the honourable senator for speaking to the report, but I do think the chamber as a whole should reflect on not only this report but also on the two or three that will follow. They all conclude with a similar paragraph stating that meetings were held and that the contents of the discussions during the meetings were immensely valuable and would contribute materially to the report of the committee.

It seems to me that the material report of the committee would constitute a proper report to the Senate. I do not think that these reports are proper reports at all. They merely indicate that the committee has been holding meetings, that the meetings have been helpful, and that the witnesses have been informative. The last paragraph, not of this report but the subsequent reports, states that this series of hearings will contribute materially to reports the committee plans to table.

It seems to me that it is not an efficient use of the chamber's time to have such reports as these that contain nothing material. I would be interested in the views of other senators on that point.

The Hon. the Speaker: If no senator wishes to speak, the report is considered debated.

MEETINGS HELD IN UNITED STATES—
APRIL 14-APRIL 21, 2005—REPORT OF NATIONAL
SECURITY AND DEFENCE COMMITTEE—
REPORT DEEMED DEBATED

The Senate proceeded to consideration of the tenth report of the Standing Senate Committee on National Security and Defence (study on the national security policy for Canada), tabled in the Senate on June 14, 2005.—(*Honourable Senator Kenny*)

Hon. Colin Kenny: Honourable senators, in light of the foregoing comments, I will dispense with speaking to this report. We thought it would be of some interest that we had this level of interaction with American officials and colleagues. I was going to indicate the different areas in which we had common interests, but if it is of no interest to members opposite, I will let it go.

Hon. Noël A. Kinsella (Leader of the Opposition): Honourable senators, the tenth report contains a list of a number of witnesses from whom the committee heard and concludes with the paragraph:

> The content of our discussions will contribute materially to reports the Committee plans to table in the Senate in the coming months.

It is important for the Senate to know when we will have a material report, rather than these kinds of reports which are simply a list of witnesses the committee has heard.

I hasten to add that I am not disparaging in any manner or form the important work that is done by this committee. I am more interested in the process of a report being tabled that gives a list of witnesses that the committee has heard, tells us nothing about what they have heard, and hardly constitutes a "report" in the fullness of the meaning of the word.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, the report is considered debated.

MEETINGS HELD IN EUROPE— MAY 6-MAY 12, 2005—REPORT OF NATIONAL SECURITY AND DEFENCE COMMITTEE— REPORT DEEMED DEBATED

The Senate proceeded to consideration of the eleventh report of the Standing Senate Committee on National Security and Defence (study on the national security policy for Canada), tabled in the Senate on June 14, 2005.—(*Honourable Senator Kenny*)

Hon. Colin Kenny: Honourable senators, the comments I made on the previous report also apply to this report.

Hon. Noël A. Kinsella (Leader of the Opposition): Honourable senators, my observations made concerning the previous two reports also apply to this report.

The Hon. the Speaker: If no other senator wishes to speak, the report is considered debated.

REPORT OF NATIONAL SECURITY AND DEFENCE COMMITTEE ENTITLED *BORDERLINE INSECURE*—DEBATE ADJOURNED

The Senate proceeded to consideration of the twelfth report of the Standing Senate Committee on National Security and Defence, entitled *Borderline Insecure,* tabled in the Senate on June 14, 2005.—(*Honourable Senator Kenny*)

Hon. Colin Kenny: Honourable senators, for a change of pace, I will speak to this report.

I intend to address five major issues covered by the report, the first being that the Canada Border Services Agency can better focus its efforts if it makes adjustments to the exemptions to which Canadians are entitled when they return to Canada. On pages 12 and 13 of the report, we have outlined a proposal to bring Canadian exemption levels into line with those of the United States by the year 2007 and then to increase them to $2,000 per visit by the year 2010.

This is a significant change, and it is based on the following reasoning. We heard considerable testimony from officials as to the amount of time that was taken when people crossing the border returning to Canada were sent to secondary inspection. Typically, someone would go to secondary inspection for 15 to 20 minutes for a total of $30 or $40 of tax or duty to be collected.

• (2120)

It was the view of the committee that this was an inappropriate use of time, that the guards on the border could better use that time to inspect and question people more thoroughly.

We were also advised by customs inspectors that people who were bringing goods across the border, perhaps illegally but in small amounts — typically an article of clothing beyond their entitlement — would exhibit some of the same symptoms that someone with major criminal intent would exhibit. This served to distract the customs inspectors.

I would like to mention that there is a similar effort moving forward in the United States Senate under the aegis of Senator Collins, from Maine. There would be some form of receptivity, at least in the Senate of the United States, to this sort of movement.

The second item I wanted to address relating to the report had to do with the arming of border officers. The committee came to this view reluctantly, slowly, deliberately and only after a great deal of soul-searching. The current policy of the government is for a customs official, when confronted with a difficult or dangerous situation, to withdraw from the situation and to disengage from the individual.

We heard government officials say that these individuals should call for police support and that way they would remain whole and safe. After conducting interviews at literally dozens of border posts and after hearing from scores of customs officers, from whom we compiled a significant amount of evidence, we learned that threatening situations arise on a regular basis and that these officers did not have police support to protect them.

We went to the police and inquired as to why they were not supporting the customs officers. The answer we received was simply one of resources. We were told that during the quiet hours, often there would only be one or two police vehicles on duty, that they would be attending to another call and could not respond to a call from the customs officials.

It was the view of the committee that the government and the people of Canada have a duty of care to these individuals, to allow them to protect themselves. The purpose of allowing them to be armed would be, first, to protect themselves; and, second, to protect other innocent people whose lives were in danger. We came to this conclusion very reluctantly. I do not think anyone on the committee wants to see more Canadians armed. We are convinced that security was not there. Our first choice was to provide for RCMP protection at these posts, but we recognize that this is unlikely to be the case. Too large a number of posts, well over 100, are one-person posts.

We were concerned about existing employees who might not wish to have weapons, or who might not be capable of handling a weapon or being properly trained to use one. In the report we specifically made them exempt.

We also recommend that the training of those customs officers who do wish to be armed or new recruits to the Canada Border Services Agency receive training at the same level or at a higher standard than the RCM Police. We believe that this step is

necessary if these individuals are to work in a safe environment. While we did take this step reluctantly, we think it was an appropriate and necessary step to ensure safety.

Third, I wish to draw to the attention of honourable senators the concerns that the committee has about the Detroit-Windsor border. The crossings that are there — the tunnel, bridge and barge — account for an extraordinary amount of commerce between Canada and the United States. Everyone in the chamber is aware of the auto industry's just-in-time delivery system. This is our most vital crossing and our concern is for the low-probability but extremely high-cost event of that bridge being damaged or taken out. If that were to happen, we not only see the border closed from coast to coast for a period of time, but also we see the economy of Ontario ravaged, with economic consequences similar to the destitution that we saw in the 1930s.

As it stands now, six levels of government are involved in this negotiation. We are told that there is no likelihood of a solution before the year 2013. During our visit to Washington, we encountered a number of congressmen who advised us that we should not anticipate a successful conclusion to these negotiations by 2013. They pointed out that there were municipal elections coming up in Detroit, state elections coming up in Michigan and congressional elections following that. There was no likelihood of any support for a conclusion to these negotiations in the immediate future.

Honourable senators, we believe that waiting until 2013 is too long. We have three recommendations that would move that decision forward, the most significant of which is legislation that would allow the Minister of Public Safety and Emergency Preparedness the authority to expedite border infrastructure in certain circumstances designated by the Governor-in-Council.

There is comparable legislation moving ahead in the United States that would provide the same authority to the Secretary of Homeland Security. We are of the view that this is the only way that we will see an additional crossing at Windsor-Detroit in a timely fashion.

The fourth point that I wanted to raise relates to pages 21 and 22 of our report and has to do with single shifts on the border.

• (2130)

The figures there were quite alarming to the committee. There are 139 ports of entry across Canada where an individual works a shift alone. The committee is of the view that it is unacceptable to have people who are our front line of defence, who are the only check for who is coming into the country, working by themselves. The border is the only place between the Rio Grande and Tuktoyaktuk where someone can be stopped without reasonable or probable cause. This is where it happens; this is the choke point. There are 139 of those ports of entry with only one person there.

I might add that 62 of those ports are not connected to the CBSA mainframe, which means that the individuals working there do not know whether the people coming through have a criminal record. They do not know whether the people coming across are wanted by CSIS. They do not know anything about the individual who is crossing at that point. It was beyond the understanding of the committee that such a situation should be allowed.

I will conclude by talking about the fifth point, which was of great concern to the committee, and that is the extraordinarily large number of employees who work for the Canada Border Services Agency who are not fully trained. That number rises as high as 22 per cent during the peak summer season, when employees receive only three weeks of training. At one time, employees received 13 weeks of training. It has been reduced to eight for regular inspectors, soon to be increased again to 14. It simply did not make any sense to the committee for summer replacement employees to receive only three weeks of training. If we are going to take the border seriously and use it to protect Canadians from things and people that should not come into the country, the people who are working on the front line need to have proper training and equipment.

All of this comes under the rubric of changing the culture in the Canada Border Services Agency. The agency has undergone an enormous change since its inception. Prior to World War I, it accounted for 75 per cent of federal government revenues. It now accounts for less than one tenth of 1 per cent of federal government revenues.

The Hon. the Speaker: Senator Kenny, I would advise you that your 15 minutes has expired.

Senator Kenny: Honourable senators, if it is agreeable, I could wrap up in 30 seconds.

Hon. Senators: Agreed.

The Hon. the Speaker: I believe I heard someone say five minutes.

Senator Stratton: Maximum.

Hon. Senators: Agreed.

Senator Kenny: I will stick to 30 seconds. We are calling for a significant culture change in the CBSA, moving the people who protect our borders away from being tax clerks and people who are looking out for petty smugglers and asking them to focus instead on national security questions and looking out for people who want to do real harm to Canada or Canadians.

On motion of Senator Stratton, debate adjourned.

NATIONAL SECURITY AND DEFENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

On the Order:

> Resuming debate on the motion of the Honourable Senator Nolin, seconded by the Honourable Senator LeBreton:

That the Standing Senate Committee on National Security and Defence have power to sit on June 20, 21 and 22, 2005, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto; and

That if the Senate has adjourned for a period exceeding one week, the Standing Senate Committee on National Security and Defence be empowered, in accordance with rule 95(3), to sit on June 20, 21 and 22, 2005.

Hon. Terry Stratton (Deputy Leader of the Opposition): I adjourned the debate in the expectation that the chair of the committee would be here this evening to go through an explanation of what was going to take place or is taking place with this request. We are hearing different explanations. For example, we heard that the committee would meet at Meech Lake, but now I understand it will meet here.

Perhaps the chairman could give us a summary of where we are at with respect to this motion.

Hon. Colin Kenny: Honourable senators, the original request was to sit for three days to work on the report of the committee. The committee was prepared to sit at some time when the house was not sitting during the summer, but that is not the wish of this house. As a consequence, three meeting dates were chosen. We did have a preference to meet at Meech Lake; however, upon making inquiries, we found that the costs of the translation and reporting equipment were going to be significant — a few thousand dollars — and it seemed hard to justify. The better location for the meeting is a committee room in the Victoria Building, where the translation and reporting would result in no additional cost — this, in addition to the fact that it was of concern I believe to both sides, but at least to the government side, that the senators be available on an hour's notice for a vote. We were going to make arrangements to come back to Ottawa and continue the meeting in any event during the times when we anticipated votes might take place. The combination of the cost of going to Meech Lake and the need to be close at hand in the event there was a vote made it a simple decision to carry on in the Victoria Building.

We met today and have worked our way through a number of issues. There are individual papers and we are giving library staff guidance on how we would like them addressed or what further information we need. We anticipate three reports on this in the fall. We have a series of pages that outline the issues. The committee debates these issues, comments on them, either agrees to them, alters them, or asks for more information on them. That is the process we are engaged in at this moment.

• (2140)

Senator Stratton: It was my understanding that a significant number of former witnesses were invited to attend. We are not sure of the accuracy of this, but clarification would help because it did cause some consternation on both sides when we heard the number of potential witnesses who are invited to attend to review the report. Could we be given a summary of the current situation?

Senator Kenny: I would be happy to do that. I spoke to Senator Stratton's leader about it at some length when I was last here. The figure that I heard was grossly exaggerated.

Over the past three years, we have developed relationships with a variety of institutions, principally academic institutions, that have assisted us in the preparation of papers. We have endeavoured to build a network across the country of people who could provide information to assist the committee. We were trying to develop a form of peer review of some of our preliminary work.

We anticipated that somewhere between 10 and a dozen people might attend. I understand the honourable senator's concern. I have heard bizarre estimates ranging from 40 to 70 people. I have no knowledge of source of that information, but I do know that the committee members who are present in the chamber can tell you that those numbers were never contemplated or expected.

Inasmuch as we were uncertain that the committee would meet on Tuesday or Wednesday, invitations to the 10 or 12 people whom we hoped would come to Ottawa for Wednesday's meeting have not been extended.

Senator Stratton: I have one final question. This information is based in the budget of the committee. Has approval been given to that budget so that these witnesses will attend to review this report?

Senator Kenny: Honourable senators, witnesses who testify before Senate committees are paid out of the Senate's $400,000 witness fund. That applies not only to witnesses who attend the Defence Committee, but also to all witnesses who attend all committee meetings.

Senator Stratton: As a final comment, I am sure the honourable senator could understand our concern when we heard the numbers of 30 or 40 witnesses.

Senator Kenny: Yes, I could understand that concern. I was equally concerned because the information was inaccurate. Five or six days ago, I approached Senator Kinsella to ensure that his side was aware that it was an inaccurate figure.

An Hon. Senator: Question!

Motion agreed to.

[*Translation*]

THE SENATE

MOTION TO STRIKE SPECIAL COMMITTEE ON GAP BETWEEN REGIONAL AND URBAN CANADA— DEBATE ADJOURNED

Hon. Marie-P. Poulin, pursuant to notice of June 15, moved:

That a special committee of the Senate be appointed to examine the growing gap between regional and urban Canada;

That research be gathered to consolidate and update current facts and figures regarding this gap;

That testimony be heard to provide an overview of the challenges facing regional areas in several socio-economic areas as transportation, communications, employment, the environment;

That this special committee be authorized to hear testimony in Ottawa and in regions;

That this special committee be comprised of five members, and that three members constitute a quorum; and that two members be sufficient for the purposes of hearing witnesses;

That the committee be authorized to send for persons, papers and records, whenever required, and to print from day to day such papers and evidence as may be ordered by it;

That, pursuant to rule 95(3), the committee be authorized to meet even though the Senate may then be adjourned;

That the committee be authorized to permit coverage by electronic media of its public proceedings, with the least possible disruption of the hearings;

That the committee submit its final report no later than June 30, 2006, and that the committee retain all powers necessary to publicize its findings until September 30, 2006;

That the committee be permitted, notwithstanding usual practices, to deposit its reports with the Clerk of the Senate if the Senate is not then sitting, and that any report so deposited be deemed to have been tabled in the chamber.

She said: Honourable senators, I want to say a few words about this motion. Why study regional development? Statistics Canada and all the research clearly show that there is a growing gap between some major urban centres and all our communities in the regions of Canada.

We know that rural people are migrating to the major centres and that new Canadians are heading there, too. We have each been invited to sit in the Senate as the representative of a particular region. Since 1867, it has been the duty of senators to represent the country as it was then, and especially as it exists today.

Why then spend so much time addressing this gap? Every country is dealing with globalization. How should we broaden our vision of public policy?

[*English*]

Honourable senators, in this chamber we have the experience and the expertise, the interest and the responsibility of reviewing why gaps exist between the regions of Canada and certain major urban centres. How can we as a country ensure that every Canadian has the real freedom to choose where he or she will live?

• (2150)

Let me give honourable senators a small example. A few months ago, I was having a medical checkup and the young technician who was taking certain tests came up to me. When I noticed the name on her lapel, I said, "Where are you from?" She said, "I am from Sudbury." I replied, "What a nice coincidence, so am I."

I asked what brought her to Ottawa. She told me that she had studied a unique specialty in medicine at Kingston, where she met her husband, but the only place they both found work was Ottawa. I asked her why she was saying that. She said she would give anything to go back to Sudbury, so I asked her why. She told me that, first of all, they could afford a house; second, they could probably live on the water because of the 330 lakes in the area; and, third, they could probably start a family because she would have time to commute between the house, work and the daycare centre for the children. However, she said that they could not find work in Sudbury, so they were very disappointed.

I asked myself why they could not find work in Sudbury. Is it not unfair that young people who would like to live in smaller communities to raise their families because of the quality of life, access to child care, good health care and schooling cannot find work in the those communities?

The globalization of our world permits us today to take a step back and ask whether this is where our country wants to be in 10, 20 or 30 years.

That, honourable colleagues, is the raison d'être of this study. I would be pleased to entertain questions at this time.

On motion of Senator Stratton, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Monday, June 20, 2005

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