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Thursday, December 14, 2006

THE HONOURABLE NOËL A. KINSELLA
SPEAKER

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THE SENATE

Thursday, December 14, 2006

The Senate met at 1:30 p.m., the Speaker in the chair.

Prayers.

[*Translation*]

SENATORS' STATEMENTS

CANADIAN INSTITUTE FOR HEALTH INFORMATION

WORKING CONDITIONS OF NURSES

Hon. Lucie Pépin: Honourable senators, a study conducted by the Canadian Institute for Health Information, Statistics Canada and Health Canada has found that Canadian nurses are more stressed and more dissatisfied with their work than any other workers in the country. Nursing associations have voiced concern about this for many years.

High stress levels on the job cause deterioration in physical and mental health, which in turn leads to burnout, depression and extended or more frequent absences from work.

According to the study, 60 per cent of nurses describe their jobs as physically demanding. Unpaid overtime is common. Nurses are so overloaded with work that they are often forced to skip their breaks or work through lunch. This excessive workload poses a threat to them, and also to patients, because it heightens the risk of error.

Too many nurses still suffer physical and verbal abuse from patients.

• (1335)

It is no wonder that nurses say they are more dissatisfied with their jobs than the rest of the labour force. Their dissatisfaction is not necessarily a matter of money, although a good salary, job security and benefits are important, of course.

Rather, their dissatisfaction stems from their inability to practise their profession safely, responsibly and generously. Nothing is more demoralizing than leaving the house every day knowing that your workload and the obstacles you will encounter will prevent you from doing your job properly and that your patients will suffer as a result.

The cuts to the health system that were made a few years ago are still having a negative impact on medical personnel. This situation must be rectified soon, and more investments must be made in order to reduce overcrowding in emergency rooms, shorten waiting lists and, most importantly, increase the number of nurses.

[*English*]

ATWATER LIBRARY AND COMPUTER CENTRE

Hon. Andrée Champagne: Honourable senators, recently, I spent a most interesting 90 minutes visiting the Atwater Library and Computer Centre in Montreal. Representing the government, I was there to celebrate the creation of the Atwater Digital Literacy Project, a project that will develop and support creative new media learning programs. In 1845, the library was called the Mechanics Institute of Montreal; 178 years later, the same vision still inspires the organization, building a better Montreal through life-long learning.

[*Translation*]

Without a doubt, the project this institution submitted to the Department of Canadian Heritage is further proof of the importance it places on literacy, for we are all well aware of its advantages.

[*English*]

Many of the young people who use the Atwater library and Computer Centre are newcomers to Canada and Montreal. Digital literacy constitutes a vivid hope of finally being able to communicate. Learning how to use a computer and being able to use one at very little cost, makes for a most enjoyable way to keep in touch with parents and friends in their country of origin.

For others, a visit to the Atwater library marks that fateful moment when they realize that their reading and writing skills and abilities are not what they should be.

[*Translation*]

Young people from Saint-Henri, Little Burgundy and Pointe St-Charles, from the entire south-west section of downtown, even from Notre-Dame-de-Grâce, can use the Atwater Library and Computer Centre to acquire the knowledge they need, first to learn to read and write, and then to use computers.

Yes, the Department of Canadian Heritage granted them a subsidy of nearly $24,000. However, without the dedicated work of volunteers of all ages and ethnicities, the Atwater Library and Computer Centre could not achieve the objectives set out by its advisory board and for which its members are working hard to raise the additional funds they need.

[*English*]

The library also found very devoted partners. For example, represented by Ronald Mungal, the Padua Youth Empowerment Project is designed to take 14 young adults on a nine-month journey to build self-confidence, strengthen personal identity and acquire employability skills. Literacy through Hip Hop, with Munira Ravji and Lynn Worrell, is also very popular. This innovative program challenges youth between the ages of 10 and 13 to improve their reading and writing. Loralie Bromby is the workshop facilitator and Hugh McGuire is the chairman of the advisory board.

[*Translation*]

At the Atwater Library and Computer Centre, one can borrow books, of course — and books can also be donated, incidentally — but more importantly, one can learn to read, write and use a computer.

Honourable senators, as I am sure you will agree, the Department of Canadian Heritage has found new and significant ways to advance the cause of literacy in Canada.

To Lynne Verge, Miriam Verburg and their entire team, to all employees and volunteers, I say, Bravo! I thank you very much and wish you a very happy holiday season.

• (1340)

[*English*]

JOHN GRAVES SIMCOE

COMMEMORATION OF TWO-HUNDREDTH ANNIVERSARY OF DEATH

Hon. Vivienne Poy: Honourable senators, I wish to share an interesting experience with you that took place in October when I attended, with other Ontarians, the two-hundredth anniversary of the death of John Graves Simcoe, the first Lieutenant-Governor of Upper Canada, in Dunkeswell, Devon, England.

Before he became Lieutenant-Governor, John Graves Simcoe had a distinguished military career, which culminated in 1777, in leading the Queen's Rangers, an American loyalist regiment, in the American War of Independence, now known as the Queen's York Rangers in Canada. In 1781, Simcoe returned to England and married Elizabeth Posthuma Gwillim the following year.

When Simcoe was appointed Lieutenant-Governor of Upper Canada in 1791, he returned to North America with his wife and children. Besides his important support for the abolition of slavery, he instituted the British Constitutional Government, and was responsible for establishing the city of York, which is now Toronto. He built Yonge Street, which, until recently, was listed in the Guinness Book of World Records as the world's longest road. Such was his fame that the town of Simcoe and Simcoe County were named after him. Incidentally, Lake Simcoe was named by him in honour of his father. In Ontario, the first Monday in August is Simcoe Day, a public holiday when Ontarians can enjoy a long summer weekend.

When Simcoe returned to England in 1796, he lived with his family in Wolford Lodge near Dunkeswell. He built Wolford Chapel for worship by his family. John Graves Simcoe, his wife Elizabeth and five of their 11 children were buried in Wolford Chapel. In 1966, the chapel and the grounds were donated to the Government of Ontario and they have since been administered by the Ontario Heritage Trust.

On October 26, a special service was held in Wolford Chapel, attended by direct descendants of the Simcoe family, representatives from Ontario and members of the Queen's York Rangers.

Despite his fame in Canada, Lieutenant-Governor John Graves Simcoe remains little known in Britain. The ceremony to recognize the two-hundredth anniversary of his death helps to promote his legacy, with press coverage and an exhibition in Allhallows Museum in Honiton, Devon. I believe Canadians have played a role in the preservation in Britain of the memory of such a great Ontarian.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

AWARDS TO COMMITTEE FROM CANADIAN MENTAL HEALTH ASSOCIATION AND CANADIAN PSYCHIATRIC ASSOCIATION

Hon. Art Eggleton: Honourable senators, this morning, at our last meeting of the year, the Standing Senate Committee on Social Affairs, Science and Technology received two awards. It was a nice way to finish the year.

In accepting these awards, I would like to give particular recognition and thanks to all of the members of the committee who helped to produce the report *Out of the Shadows at Last*. These two awards are in recognition of that report.

The 2006 C.M. Hinks Award to the Standing Senate Committee on Social Affairs, Science and Technology, in recognition of its invaluable contributions to the advancement of mental health in Canada, comes from the Canadian Mental Health Association. The second award is from the Canadian Psychiatric Association, which presents this special recognition award to the Standing Senate Committee on Social Affairs, Science and Technology, 2003-2006, for its leadership and for giving voice to the mental health needs of Canadians through its three years of consultations and the final report, *Out of the Shadows at Last*.

Honourable senators, I also want to recognize the leadership of the committee under the former Chairman Senator Michael Kirby, and under Deputy Chairman Dr. Wilbert Keon, and all the members of the committee who served in that three-year period to make that report a reality. That report demonstrates the great value of this Senate and of the work of its standing committees.

Hon. Senators: Hear, hear!

• (1345)

SENATE APPOINTMENT CONSULTATIONS BILL

Hon. Pierrette Ringuette: Honourable senators, yesterday was a very sad day for democracy in this country. Yesterday, Prime Minister Harper introduced in the other place Bill C-43, to provide for consultation with electors on their preferences for appointment to the Senate. That bill was tabled in the other place and not in the Senate, where we already have Bill S-4 to study, so that either House of Parliament could study the cumulative effect of both bills.

[*Translation*]

This legislation does not require the Prime Minister to appoint any of the elected candidates to the Senate. Furthermore, in Quebec's case, this legislation violates the Constitution by replacing the 24 electoral colleges with province-wide elections. The proposed legislation flies in the face of our Constitution, our democracy and our minorities.

[*English*]

This proposed legislation does not deliver on the promise of a Triple-E Senate. This proposed legislation is nothing but a Triple-S Senate — Senate Seat Sale.

Let me take my province of New Brunswick as an example to illustrate my comments. Bill C-43 proposes province-wide elections. In New Brunswick, only 33 per cent of the population is francophone and only 5 per cent of the population is First Nation. What are the odds, given these percentages, that a francophone or a First Nation person would be elected in province-wide elections in New Brunswick?

We have spoken many times in the Senate about minority representation but, unfortunately, it has fallen on deaf ears — the my-way-or-the-highway approach.

Again, this is a Triple-S Senate — Senate Seat Sale. For instance, there are 10 federal ridings in New Brunswick, and I estimate that a minimum of $50,000 will be required in each riding to run a decent federal campaign. This means that a person interested in running for a Senate seat in New Brunswick would require at least $500,000 to campaign. This proposed legislation is nothing but pie-in-the-sky. It is a mockery of our Constitution, of democracy and of minorities and, dear colleagues, it is a before-Christmas Senate Seat Sale.

ROUTINE PROCEEDINGS

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE BILL, 2006

REPORT OF COMMITTEE

Hon. Hugh Segal, Chair of the Standing Senate Committee on Foreign Affairs and International Trade, presented the following report:

Thursday, December 14, 2006

The Standing Senate Committee on Foreign Affairs and International Trade has the honour to present its

SIXTH REPORT

Your Committee, to which was referred Bill C-24, An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence, has, in obedience to the Order of Reference of Wednesday, December 13, 2006 examined the said Bill and now reports the same without amendment. Your Committee appends to this report certain observations relating to this Bill.

Respectfully submitted,

HUGH SEGAL
Chair

Observations to the Sixth Report of the Standing Senate Committee on Foreign Affairs and International Trade

In reviewing Bill C-24, the committee is concerned that the Bill and the agreement that it enacts either create or exacerbate a number of softwood lumber trade issues including:

1) That some $1.0 billion has been left in the U.S., some $500 million of which can be used by the industry there to compete with Canadian industry;

2) That there are no guarantees that this agreement will last beyond two years;

3) That this agreement may in future limit the support that the Canadian federal and provincial governments can give to the Canadian lumber industry;

4) That many jobs and small, rural communities in Canada may be in jeopardy, because of this agreement;

5) That this agreement sets a dangerous precedent in circumventing the NAFTA dispute resolution process, thereby potentially weakening NAFTA.

These are amongst the issues that the Foreign Affairs and International Trade Committee will continue to monitor. The Committee plans to continue its comprehensive review of the agreement in 2007.

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

On motion of Senator Tkachuk, with leave of the Senate and notwithstanding rule 58(1)(b), bill placed on the Orders of the Day for consideration later this day.

• (1350)

PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jerahmiel S. Grafstein, Chair of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, December 14, 2006

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TWELFTH REPORT

Your Committee, to which was referred Bill C-25 An Act to amend the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and the Income Tax Act and to make a consequential amendment to another Act, has, in

obedience to the Order of Reference of Tuesday, November 28, 2006, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JERAHMIEL S. GRAFSTEIN
Chair

Observations to the Twelfth Report of the Standing Senate Committee on Banking, Trade and Commerce

While the Committee is reporting Bill C-25 without amendment, we wish to observe that certain recommendations contained in our October 2006 report, entitled *Stemming the Flow of Illicit Money: A Priority for Canada*, have not been implemented in Bill C-25. In doing so, we note that Commissioner Dennis O'Connor — in his 12 December 2006 report, the *O'Connor Commission Report on Policy Review* — concluded that the federal government should extend independent review to the national security activities of a number of entities, including the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). He further concluded that the Security and Intelligence Review Committee (SIRC) is "the most appropriate body to review the national security activities" of the entities identified by him. The Committee wishes to highlight recommendation 14 in our October 2006 report, which suggests periodic review of the operations of the FINTRAC by the SIRC. The Committee will continue to monitor the full range of issues related to money laundering and terrorist financing in 2007 as we continue our work on statutory review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

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

On motion of Senator Angus, with leave of the Senate and notwithstanding rule 58(1)(b), report placed on the Orders of Day for third reading later this day.

NATIONAL BLOOD DONOR WEEK BILL

REPORT OF COMMITTEE

Hon. Art Eggleton, Chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Thursday, December 14, 2006

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred Bill S-214, An Act respecting a National Blood Donor Week, has, in obedience to the Order of Reference of Tuesday, October 3, 2006, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

ART EGGLETON
Chair

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

On motion of Senator Eggleton, with leave of the Senate and notwithstanding rule 58(1)(b), bill placed on the Orders of the Day for third reading later this day.

[*Translation*]

INTER-PARLIAMENTARY FORUM OF THE AMERICAS

PLENARY MEETING, NOVEMBER 19-21, 2006—
REPORT TABLED

Hon. Céline Hervieux-Payette: Honourable senators, pursuant to rule 23(6), I have the honour to table, in both official languages, the report of the Canadian parliamentary delegation of the Inter-Parliamentary Forum of the Americas (FIPA), Canadian section, concerning its participation in the fifth Plenary Meeting of the Inter-Parliamentary Forum of the Americas held in Bogota, Colombia, from November 19 to 21, 2006.

• (1355)

[*English*]

QUESTION PERIOD

SENATE APPOINTMENT CONSULTATIONS BILL

PROVINCE-WIDE CONSULTATIONS—
POSITION OF LEADER OF THE GOVERNMENT

Hon. Daniel Hays (Leader of the Opposition): Honourable senators, I have some questions for the Leader of the Government in the Senate on Bill C-43, some of which have already been touched on in Senators' Statements. I must say that Senator Ringuette has been doing her homework.

I would like to start with an article from the *Chronicle-Herald*, which the leader will have seen, where she gave an interview in August expressing the view that a province-wide process for consultation with electors on their preference for appointments to the Senate was not something that she favoured.

In fact, perhaps for the good reason that we touched on earlier, a province-wide election does have a disadvantage. It must have been in her mind that in larger provinces, or even in smaller provinces, it takes out of the electoral process people who are not in large centres where there are concentrations of populations. That would leave minorities, as well as regional groups, unrepresented in a way that they are now represented in this place through the appointments process.

I look forward to a comment from the leader on whether she still believes that that is the case, and thereby, perhaps, she would not be in favour of this bill as drafted.

Hon. Marjory LeBreton (Leader of the Government): I thank the honourable senator for the question.

The article in the *Chronicle-Herald* was referring to a long conversation I had with the reporter last summer when we were speculating on various forms of how a Senate might be filled with elected senators. At the time, there was speculation that the province of Prince Edward Island and the province of Nova Scotia were considering provincially-run elections for Senate vacancies. We got into a discussion of various scenarios that a province might follow in order to fill vacancies.

However, the interview was undertaken in the context of provincially-run Senate election processes, and not federally-run processes, as this new bill states. I made it clear because, after the story was written, the reporter called to inform me that he had written the story based on something I had said last summer. I replied that at least one could say that it was not in the context of this bill but is a different system altogether.

This bill, for the first time in the history of the country, will turn the choice of who sits in this chamber over to the public. The Prime Minister will consult the public and appoint senators from a list that has been voted on by the public.

Senator Hays: I still would be interested in the honourable leader's response to the question of how it came about that the bill provides for province-wide elections. I think, whether it was related to a provincial or a federal process, she seemed to have a very good point that has already been made — and I have commented on it. I would appreciate her comment on that.

I understand cabinet solidarity; but does the honourable leader, in fact, agree that this is a serious matter, that by having province-wide elections, it will distort the representation, and that this is something that needs further study or, perhaps, change?

Again, I understand how the Leader of the Government is bound to support this bill, but I am looking for a helpful comment on what it was that she had in mind at that time. Can she help us on what we should do?

• (1400)

Senator LeBreton: I thank the honourable senator for his question. I support this bill not only because of cabinet solidarity but because it must be clearly obvious to anyone watching this place that it is in dire need of reform and of new blood.

I had a conversation with a journalist. We are always being criticized for not talking to journalists. As a matter of fact, in that conversation I talked about the imbalance in the Senate right now. For instance, looking at the current list of senators, it becomes obvious that there is one particular province in this country where all of the senators are from one city. Again, looking at the senators who represent Ontario — not counting the ones who have their hearts in another part of the country, and I will not name names — most of them represent the Ottawa or Toronto areas.

Of course, I must mention that we have an esteemed senator representing the riding of the home of the first Prime Minister of Canada, a Conservative from Kingston.

Last summer, the discussion that I had was concerning Prince Edward Island and Nova Scotia specifically. The lesson for me in all of this is to be careful about what I say. I could have said in the summer, "My goodness, this is a hot day." Using that analogy, the reporter could then say, "Senator LeBreton said that this is a hot day," in the dead of winter when it was a cold day. The facts are unrelated.

I totally support this legislation. I think the Prime Minister and the government —

Senator Milne: It varies with the time of year.

Senator LeBreton: — are on the right track. I think I have mentioned that in this chamber, and I have certainly mentioned it many times to my colleagues, as many of them will attest. Having travelled around the country this time last year, next to dealing with tax reform and tax cuts —

Senator Mercer: And income trusts.

Senator LeBreton: — and wanting to throw out the corrupt Liberal government, the largest applause that the Prime Minister got in the whole country was when he talked about reforming the Senate.

NOMINEES IN A CONSULTATION— CONSTITUTIONAL CREDENTIALS

Hon. Daniel Hays (Leader of the Opposition): Honourable senators, I will try to stick with the brief preamble to my question in accordance with the rules in terms of brief preambles to answers. I have two questions preceded by brief preambles, which I have already used up, I suppose.

On the leader's response, she has obviously changed her mind. We will see, if and when the bill comes here, whether her mind can be changed again. It is a good point, in terms of the potential problems with province-wide consultations, if we ever get to that stage.

I would like to ask now about another matter that was also touched upon. I am looking at the bill. Clause 18 deals with the qualifications of those people representing themselves and seeking to be on a ballot in a consultation with electors on their preference for appointments to the Senate.

The only qualification is:

> Any citizen of Canada who has attained the age of 30 years may be a nominee in a consultation...

— unless they are involved in the electoral process.

As was mentioned, in the province of Quebec, to qualify to serve in the Senate, one must either reside in or own $4,000 worth of land in a constituency. For that matter, in every province one must own $4,000 worth of land, free and clear.

• (1405)

Perhaps I have missed it, and the leader can draw it to my attention, but I do not see anywhere in this bill where that is mentioned, nor the other qualifications of not being bankrupt and so on. Can the Leader of the Government in the Senate help me with that?

Hon. Marjory LeBreton (Leader of the Government): The $4,000 stipulation illustrates how outdated the law is today. The age requirement of 30 years was mentioned.

I will take the other part of Senator Hays' question as notice. On the Senate consultation process — it is unwritten, although I will confirm it — that anyone who aspires to any public office in the country would have to be a person of high moral standing.

SENATE REFORM—STATE OF CONSTITUTIONAL NEGOTIATIONS WITH PROVINCES

Hon. Daniel Hays (Leader of the Opposition): Honourable senators, the problem is that, upon reading the proposed legislation, a person may present him or herself, and have a reasonable expectation of being favoured by the Prime Minister with an appointment It would be unfortunate for that person to go through the rather expensive and difficult process to find that he or she is ineligible.

I look forward to the minister's response.

There is another matter I wish to address. The bill, in its preamble, using excepting language, reads:

> Whereas the Government of Canada has undertaken — pending the pursuit of a constitutional amendment under section 38(1) of the *Constitution Act, 1982*, to provide for a means of direct election — to create a method of ascertaining the preferences of electors in a province on appointments to the Senate within the existing process of summoning senators.

Can the Leader of the Government in the Senate inform us as to the state of pending constitutional amendment discussions with the provinces and can she tell us when we might be advised of the status of that negotiation, if it is ongoing?

Hon. Marjory LeBreton (Leader of the Government): I think the preamble is pretty clear. Obviously, to make major changes in the Senate would require a constitutional amendment, the so-called 7-50 ratio.

In view of the fact that is not possible, at the present time, the bill provides the government the opportunity to appoint people to this chamber who have been selected by the public in the various provinces where vacancies exist.

To stress the importance of this legislation, as Senator Stratton very aptly pointed out on a couple of media shows he appeared on last night — and I think it is a very good point — before the end of 2009, there will be 26 or 27 vacancies. If we had 26 or 27 senators appointed to this chamber selected by the public, I think that would certainly change the tenor in this place, and it would contribute to debate and bring in new ideas and fresh blood. By virtue of those people entering the Senate, we will have gone a long way in addressing the issue of Senate reform.

Senator Hays: There is no discussion or negotiation with the provinces on a formal process of Senate reform, and I would urge on the minister that this is probably the only way that the laudable objective of this initiative can really be achieved.

• (1410)

I have heard the comments from the leader's side that there will be an elected Senate. This bill is carefully drafted. The word "election" does not appear. It has been substituted by "consultation." If there is an elected Senate, there will have to be negotiations with the provinces. Only if there is not an election will this bill have any chance of becoming law.

It is a good idea that it be mentioned in the preamble. If the answer is there is no discussion and negotiation now, may we expect there will be in the immediate future?

Senator LeBreton: Honourable senators, we are trying to achieve the doable. I thank the honourable senator for saying the bill is carefully written. That is why it is called a Senate selection appointments process.

People in provinces where there are Senate vacancies do have a direct say. There will be a ballot, an election, and it will be incumbent upon the Prime Minister to ask the Governor General to make appointments.

In terms of whether the Prime Minister had consultations with the provinces and territories about this issue, I am not in a position to comment. The issue did come up last summer when the premiers were meeting. The Prime Minister was not there. A significant number of premiers waded into this matter on their own and favoured abolition of the Senate.

An Hon. Senator: Hear, hear!

[*Translation*]

MINORITY REPRESENTATION

Hon. Pierrette Ringuette: Honourable senators, what I find very difficult to accept, and what has been mentioned many times over the past few months in this chamber whenever we discuss Senate reform, is the absence of acknowledgement of and consideration for minority representation in Parliament. The bill tabled yesterday in the House of Commons by your Prime Minister fails to acknowledge it. Not even remotely. It is as though, for him, minorities do not exist in this country. He is only thinking of the majority. We know who the majority is. How will you amend this bill to recognize that this country's minorities must be represented in the Senate, regardless of how that happens?

[*English*]

Hon. Marjory LeBreton (Leader of the Government): I thank the honourable senator. I think she sells her people very short. People in the various jurisdictions will be able to get on the ballot. I dare say, if there were a Senate election in the province of New Brunswick, the Acadian, francophone, and Aboriginal communities would have a lot of support province-wide. We are talking about a single transferable vote where people will put their choices down by preference.

The honourable senator's fears about minorities are not well-founded. I have great faith that the electors of the jurisdictions will be able to recognize the importance of diversity in an important body like the Senate, especially when they can choose who will be in the Senate.

• (1415)

There is probably more opportunity, now that we have put the decision in the hands of the public where it belongs, than with the system we have at the present time.

Senator Ringuette: "My" people? What and how does the Leader of the Government in the Senate define "my" people? Every Canadian, as per the Charter of Rights and Freedoms and the Constitution, is equal. There is no "my" people and "your" people. Please define properly.

Senator LeBreton: I was listening to the statement of the honourable senator. My people are your people are my people. I only used that reference because the honourable senator has specifically talked about the group of people that she is proud to represent. I in no way suggest there is not total equality in this country. I hasten to point out my own husband has Acadian roots going back to New Brunswick.

If the honourable senator is offended by my response, I regret that. She can do the playing-of-the-violin routine as she is now.

Senator Cordy: Shame.

Senator Milne: Shame.

Senator LeBreton: That is what I saw her do. It is not becoming. I am very proud of my husband's family roots. I am proud of every Canadian. I love my seatmate with his Acadian background.

Senator Mercer: This is too much information.

Senator Rompkey: I would get it in the will.

Senator LeBreton: I am very proud of my own Northern Irish Protestant background.

PROVINCE-WIDE CONSULTATIONS— CONSTITUTIONALITY REGARDING QUEBEC DISTRICTS

Hon. Joan Fraser (Deputy Leader of the Opposition): I am not as courteous and diplomatic as my leader, who carefully referred to this bill as providing for consultation. I have read every word of this bill, including the incomprehensible bits like the section on the voting system. As far as I am concerned, this is a bill for elections.

Indeed, in one answer, the honourable senator's tongue slipped and she even used the word "election." It is clearly a bill about elections, large chunks of it taken directly from the Canada Elections Act. As it stands, as far as I can see, it is flagrantly and blatantly unconstitutional in at least five ways — probably more, I have only gone through it once. Nowhere is that blithe disregard of the Constitution more evident than in the case of my province of Quebec.

The minister knows, as Senator Ringuette reminded us a few minutes ago, that the Constitution of Canada ordains — whether the government likes it or not — that senators from Quebec shall represent specific districts, 24 of them. It says that in the Constitution Act, 1867, in section 22.4. We cannot get away from it.

The bill provides for province-wide elections. There is no reference anywhere in this bill to the particular constitutional requirements for Quebec. I have seen it reported in the press that the plan would be to have province-wide elections in Quebec, as everywhere else, and then designate one of the elected people to represent the district.

Senator Tkachuk: Just like now.

Senator Fraser: There is a difference between "just like now" and elections. The point of elections is that the people voting vote for the people who will represent them.

This would be an election where, for example, the people of Montreal would elect every single senator, senators representing la Beauce, senators representing the Lower North Shore, senators representing Gatineau.

Senator Mercer: The Saguenay.

• (1420)

Senator Fraser: Everywhere, because that is where the voters are, by definition. They are in Montreal. The single transferable vote is no help at all because, by and large, these elections will be for one person at a time. Therefore, how can the government justify this blatant disregard for the constitutional rights of the people of Quebec?

Hon. Marjory LeBreton (Leader of the Government): I thank the honourable senator for her question. I did not make a slip of the tongue when I mentioned elections. The bill provides for a Senate selection-appointment process after provinces are given the opportunity to vote on a list of people who have made known their desire to serve in the Senate. That was not a slip of the tongue.

I do not know why senators opposite fear this measure so much. They should see it as an opportunity to make major changes in this chamber. I was in charge of appointments in the Prime Minister's Office under then-Prime Minister Mulroney, and Senator Downe did the same in the Prime Minister's Office under then-Prime Minister Chrétien. The current system is a sham. We would run around to find a senator, and then the senator would run around and buy property worth $4,000 in the district to justify the appointment

Senator Mercer: Maybe that is what happened in the Mulroney days.

Senator LeBreton: Under the selection process, the people voting province-wide will know which district the person will represent.

Senator Mercer: How will they know that?

Senator LeBreton: They will represent the district where the vacancy is. There will not be a person chosen who will then run around trying to find property to buy in a district that they have never even driven through, let alone lived in.

With the Senate selection process, the people who are voting will be well aware that the person for whom they are voting will represent a specific area in that province.

Senator Fraser: The leader has been involved in elections far longer and much more directly than have I. The point is that people will be voting for candidates who will not be their representatives. That seems to me to be contrary to a great many things, including the equality provisions in the Charter.

As we know, and as Senator Ringuette has said, those districts were set up in the British North America Act of 1867 precisely in order to protect minorities — and in the case of Quebec, the English-speaking minority.

Senator Prud'homme: Only in the case of Quebec.

Senator Fraser: In the case of Quebec, the minority is of those who speak English, Senator Prud'homme. I understand that.

One person, and only one, is being elected province-wide in any province. What guarantee can the Leader of the Government offer that the one person elected will ever represent a minority? Nowadays when minorities are elected, they do so in specific districts, often with considerable consultation with that minority in that district. When the voting is province-wide, what assurance can the leader offer that any anglophone from Quebec would ever be elected to the Senate; that any francophone from Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Nova Scotia, or any place other than Quebec, would ever be elected to the Senate?

Senator LeBreton: My answer to Senator Fraser will be similar to my answer to Senator Ringuette. With the diversity that we have in Canada, surely the honourable senator has more faith in her fellow citizens than that. Looking at the current makeup of the House of Commons, there are many people in predominantly white ridings who vote for people of other backgrounds.

• (1425)

I think the honourable senator is selling Canadians very short. This bill is only about filling vacancies as they arise, in a province-wide Senate selection process. Being cognizant of the district where the vacancy occurs, I feel quite confident that my fellow citizens — in particular, the population in Quebec — would take into account the fact that they are selecting a person to represent the region in which the vacancy has occurred.

Honourable senators, this is a good step towards bringing the public into the process of deciding who sits in this place. I cannot imagine why the questioning has been mostly centred on why it cannot happen, as opposed to why it can happen and how to help it happen. If most senators thought of their fellow citizens, they would at least trust them with the decision, just as they do in the House of Commons. Looking at the makeup of the representation in the House of Commons, the Canadian public has been very good at voting for people on the basis of their qualifications and not being overly concerned because their personal idiosyncrasies are not reflected in that person.

[*Translation*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, I have the honour of presenting delayed answers to two oral questions raised by the Honourable Senator Banks on November 8, 2006, regarding Afghanistan — delivery and allocation of aid, and on November 28, 2006, regarding reductions to funding of environmental programs.

NATIONAL DEFENCE

AFGHANISTAN—VISITS BY PARLIAMENTARY DELEGATIONS—ENTERTAINMENT FOR TROOPS—DELIVERY AND ALLOCATION OF AID

(Response to question raised by Hon. Tommy Banks on November 8, 2006)

The Government of Afghanistan elaborated its National Development Strategy (ANDS) to guide development efforts and measure progress over the next five years. The best and most lasting development progress is achieved when Afghans themselves are leading the way. Canada, through the Canadian International Development Agency (CIDA), supports Afghan designed and led National Programs that bring benefits and basic services to Afghans across the country.

CIDA is implementing a two-track plan of stability in Kandahar, and nation building countrywide. While Canada's military engagement may be limited to the southern part of Afghanistan, Canada's development commitment and engagement supports Afghanistan and its citizens as a whole. Canada allocated $100 million for development in Afghanistan this year. The CIDA contribution to Kandahar is currently estimated to reach $20 million this year, based both on our support to National Programs, which will benefit Kandahar Province this year, and specific initiatives we are launching in Kandahar.

The majority of CIDA's funding support to reconstruction and development is directed towards supporting Afghan National Programs that are led by the Government of Afghanistan and planned and implemented in collaboration with international organizations and NGOs. In a fragile state like Afghanistan, supporting nation-wide programs reduces the potential of political and financial risks, and helps consolidate gains made in other, more secure parts of the country, ensuring that they do not fall into instability. Additionally, the institutional capacity to absorb $100 million in development funding is not currently in place in Kandahar, given the precarious security situation in the province.

The majority of CIDA's funding is channelled through reputable and well-managed partner organizations including the World Bank, UN organizations and internationally recognized NGOs. Each partner organization undertakes rigorous accounting and reporting procedures. Canada does not generally provide direct funding to the

Afghan Government. There are two exceptions: 1) a small, three-year pilot program management office, at a cost of approximately $1 million per year; and 2) an alternative livelihoods pilot project in Kandahar ($1 million, initially), which is implemented through the Ministry of Rural Rehabilitation and Development. The institutional capacity of the Government of Afghanistan is continually improving, which will eventually enable them to take on a more substantial role in financial management.

AGRICULTURE AND AGRI-FOOD

REDUCTIONS TO FUNDING OF ENVIRONMENTAL PROGRAMS

(Response to question raised by Hon. Tommy Banks on November 28, 2006)

The Government of Canada is working with farmers to help them contribute to a healthy environment.

Farmers want meaningful and effective programs to help them achieve measurable improvement in the quality of Canada's air, water, land and bio-diversity.

AAFC programs, such as Environmental Farm Plans and the National Farm Stewardship Program, help farmers implement management practices that benefit the environment.

The Government of Canada also invests in science and innovation to give our farmers better tools to improve the environment. As well, the National Agri-Environmental Health Analysis Program monitors and reports on the sector's environmental progress.

The Globe and Mail's reference to "Agriculture Canada's spending will drop from $331 million in the current fiscal year to just $158.5 million in 2008-09" reflects the end of the five-year Agricultural Policy Framework and fails to mention that the Government of Canada, together with its provincial partners, is consulting with farmers and other Canadians to develop the next generation of agricultural and agri-food policy.

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, pursuant to rule 27(1), I give notice that, when we proceed to Government Business, the Senate shall consider the business in the following sequence: third reading of Bill C-25, to amend the Proceeds of Crime Act and third reading of Bill C-24, to impose a charge on the export of certain softwood lumber products to the United States, followed by the other items in the order in which they stand on the Order Paper.

[*English*]

PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon. W. David Angus moved third reading of Bill C-25, to amend the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and the Income Tax Act and to make a consequential amendment to another act.

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

Motion agreed to and bill read third time and passed.

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE BILL, 2006

THIRD READING

Hon. David Tkachuk moved third reading of Bill C-24, to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence.

He said: Honourable senators, I would like to make a few comments on Bill C-24 before we proceed to the vote.

• (1430)

I would like to thank all honourable senators for their discussions during second reading and clause-by-clause consideration during the committee proceedings. It has given us all a chance to reflect carefully on this bill.

Time is of the essence for this bill, and senators have responded. Our lumber industry is facing some tough times: There are weak markets, rising production costs and a high Canadian dollar. The softwood lumber agreement will help our lumber companies weather these tough times by providing a stable, predictable trade environment.

One of the clearest benefits is the refunded duties as a result of the tariff on the industry, more than $5 billion in Canadian funds — money, I might add, that our lumber companies are already putting to excellent use in reinvesting in their enterprises. It is hard to put a price on this kind of stable environment. Businesses rely on stability and predictability, as I said in my speech on second reading, and this agreement, along with this legislation, creates just such an environment.

For the better part of the last two decades, our softwood lumber industry has been engaged in a number of drawn-out legal battles with the United States in what has proven to be the single most litigated trade case in Canadian history. One of the great myths about this dispute is that if only Canada would hold out for the ultimate win in litigation, this agreement would not be necessary.

Some have argued that the ruling of the U.S. Court of International Trade in favour of Canada on October 13 was just such a win. They pointed to it as evidence that we should have persisted with our litigation strategy and held out for the final, legal victory rather than negotiate an end to this costly dispute. However, CIT decisions are subject to appeal and, indeed, the United States filed an appeal in this case only a few days ago, on December 11, and this appeal could last for more than a year if we had not reached an agreement. Canadian exporters would have continued to pay duties throughout the course of this appeal and would not have received the billions of dollars that are now flowing to them. Make no mistake, without this agreement in place, these cases would go on for years and take a heavy toll on our softwood lumber industry.

We heard much about what is wrong with this agreement from those on the other side, and that is fair enough. As I said in my speech at second reading, no agreement is perfect. Even an agreement that the Liberals had between 1996 and 2001 was not perfect, but it was an agreement. The fact is that in spite of the constant and costly litigation that has characterized this dispute, since their agreement ended the Liberals themselves were in search of a follow-up agreement. In fact, they tried hard to get an agreement that would have ended the litigation as well.

What this establishes, honourable senators, beyond refutation, is that we all agree on the principle of the agreement and the principle of the bill that it is important to have an agreement. During the last five years, while the previous government was in power and the litigation was taking place, they were running parallel negotiations with the United States trying to get an agreement while the court cases were taking place. It was not only a strategy of litigation, as some would have us believe in this place, it was a strategy of litigation and a strategy of trying to get a lumber agreement, which is exactly what this government has achieved. To argue otherwise is to be wilfully blind to the facts in order to serve a political purpose.

The only thing that seems to suggest is that what underlies criticism of this agreement, and the fact that we have one, is that we just do not like what it says, and the critics can then come back later on and say, "Oh, by the way, what we should have done is followed some kind of litigation strategy rather than an agreement strategy," which was, indeed, the strategy of the previous government as well as our government. Proof of that is the fact that Senator Mitchell referred to the Liberal plan in great detail in his speech, so they did have a plan for an agreement, and that is exactly what it remained: a plan. The Liberals had five years to turn that plan into an agreement and bring this trade dispute to an end.

Whether honourable senators opposite like it or not, this agreement was to the complete satisfaction of all the lumber-producing provinces in Canada, and 90 per cent of the industry. Between April 2002 and March 2006, the government spent more than $40 million in legal fees defending the interests of our softwood lumber industry. Therefore, when I hear calls to continue litigation, I must remind people of the steep price of taking that path. We must not forget that companies would still be forced to pay punishing duties to the United States — duties that would go straight to the treasury of the United States.

Honourable senators, the fact is that we can no longer afford to fight a lumber war on the backs of Canadian workers and companies, and the softwood lumber agreement puts an end to that war. The next step is to pass this bill, which will fulfill our commitment under the softwood lumber agreement.

I want to thank honourable senators for their cooperation on this matter. I also want honourable senators to consider the cost to over 300,000 people in lumber communities across the country who rely on a stable and predictable trading environment for their livelihoods, and who will be better off because of this agreement.

Let me ask once again for your support of Bill C-24 in order that we may write the next chapter in Canada's lumber history.

Hon. Grant Mitchell: Honourable senators, I will summarize some of the comments that I made earlier, and I will emphasize some points that came out of the conversation that we had before the committee with the minister responsible for this agreement.

I will say that we have severe, serious concerns with this agreement. We were able to present in committee, and have committee approval of, a series of observations that outlined our concerns with the agreement and I would like to summarize those for the benefit of my honourable colleagues.

The first concern that we have is that this agreement leaves 20 per cent of the duties that were charged by the American government — $1 billion — in the United States. What is particularly galling is that $500 million of that amount will be given to the industry in the United States and the industry will be able to use that money to expand markets and create unfair competition, as it were, with the Canadian industry, their Canadian counterparts. Essentially, the U.S. structure has been given Canadian company money to compete against those Canadian companies.

A further irony and a further galling feature is that, in turn, it appears that our Canadian industry will not be able to obtain similar support from our government structure. In fact, it seems — and I believe this is not a coincidence — that there were a series of programs that the previous Liberal government had proposed for support of the lumber industry in Canada, amongst them loan guarantees and, in particular, grants specifically for environmental upgrading and the upgrading of environmental practices by that industry. Those programs have been cancelled by this government, the new government.

I asked that question of the minister, and he was not very helpful in dispelling the idea that, in fact, these programs had been cancelled because of something that had gone on in the negotiations. The conclusion is that we probably have lost our ability as governments, both federal and provincial, to support our lumber industry in any way because of this agreement.

As I said, that is particularly galling because of that $500 million of Canadian money that is sitting with the American industry, and it can actually be used to enhance their competition with us. Therefore, the first major concern is that there is $1 billion that is Canadian money left in the United States that can be used against the Canadian industry.

The second concern is that it appears we have lost a good deal of our sovereignty over our own industry because Canadian federal and provincial governments will be limited, if not prohibited, in their ability to provide direct support for that industry.

• (1440)

A third issue is the fundamental premise upon which the government defended this agreement. It had said that above all else the industry needs stability. There is an argument to be made that markets do not like instability. However, the argument that this agreement will provide stability is at least suspect because within two years of the commencement of this agreement, which will be retroactive to October 12, 2006, it can be cancelled by us or by the Americans. When I asked the minister about that issue, he said that cancellation would not likely happen and that there are side letters to that effect.

I am not aware of those side letters being public, although it would be useful if they were made public. Regardless of what those letters state, we know the nature of the U.S. posture and predisposition in these kinds of relationships. It is wise to anticipate that at the end of the two years, should circumstances become unfavourable for the U.S. industry, they will be back to cancel this agreement. A two-year horizon on this agreement with the potential for cancellation at that time does not provide the stability that is the fundamental premise upon which this government defends the agreement.

A fourth issue is that this agreement will cause the export of Canadian jobs in this industry to other countries, largely to the United States. When I asked the minister whether the $4 billion that our industry will get back finally might be used to invest in markets, plants and jobs in the United States, he said that he was not concerned about that because these companies have to be globally competitive. He admitted, and it is common knowledge, that Canadian companies are beginning to invest more broadly in the United States and to buy plants and, thereby, create jobs in the industry. They are failing to do that in Canada.

The minister was quite happy to say that these companies should become more globally competitive. The response is that it is one thing for a company to become more globally competitive if it chooses to do so because it sees an advantage to taking such an initiative. However, when the initiative to become globally competitive is stimulated because of a government agreement that limits the company's options, then there should be concern.

The fundamental conclusion confirmed by the minister is that this industry will begin to slip away from Canada and that jobs will be created in the United States, not in Canada, because the tax structure required in this agreement will cause that to occur. Many stakeholders are deeply concerned about that; two come to mind. First, there is the United Steelworkers union, which represents a good portion of the workers in this industry. They have seen this happen already, particularly in British Columbia, and believe that they have not been heard adequately on this issue.

Second, there are the small rural communities that often depend on a single plant or a single feature of this industry for local livelihoods. Jobs will be lost in such communities across the country and will further damage our rural communities and our rural economies.

I asked whether the government had assessed the potential job losses, prepared an economic cost/benefit or knew what impact the bill will have on rural economies. It would have been reassuring to have the simple, single-word answer "yes," but that has not happened. I would like to draw on the idea that much of what this government does is driven by ideology, bias and predisposition rather than by hard cold facts and analysis.

A fifth issue is that this agreement creates a dangerous precedent in circumventing the NAFTA dispute resolution process. Clearly, if the industry is rewarded for circumventing the NAFTA, for never accepting the many rulings that we won under that agreement and under international trade structures and tribunals, then it inevitably weakens NAFTA. We can see that in short order other sectors in the United States economy will try exactly the same tactics.

The minister tried to say that because we settled this softwood lumber issue it would not progress to other areas of this industry, such as fibreboard. However, he gave us no reason to expect that or to understand why this would somehow be a prohibition and that this agreement would somehow create a wall between this and other sections of the industry.

The Canadian Independent Lumber Remanufacturers Association is very concerned that under option B they have not been told how called-for quotas will be established fairly. The minister could not give us that reassurance or whether quotas could be done in a structured and fair way.

Honourable senators, that is a summary of the observations that the Liberal members of the committee made in criticism of this agreement. We remain very uneasy about it. The bill will pass on division, but the committee will continue, I am told, to monitor this agreement in great detail and hopefully conduct an in-depth study of the progress of the agreement once some experience with it has developed.

Certainly, I am disappointed with this agreement and believe that the government has prepared it quickly to try to hurry it through with a political objective in mind, which is to look decisive regardless of the cost to an important industry in this country.

Hon. Hugh Segal: Would Senator Mitchell accept a question?

Senator Mitchell: Yes.

Senator Segal: In putting my question, I express my appreciation for the collaboration yesterday of senators on all sides in addressing the bill and for the focus and precision of the observations added by the majority on the committee. Although it only passed 6 to 4, it is nevertheless part of the record and part of the report. First, when asked about the 20 per cent, the minister said that it was closer to a little under 18 per cent relative to the amount left in American hands on the total amount held in escrow.

Second, with respect to the side letters, it is my recollection that the minister said that they were available on the department's website and accessible to anyone who wanted to see them. There has been no effort at obfuscation.

Third, with respect to the cancellation provisions, I believe it was the minister's contention that as these provisions go in bilateral arrangements generally, this was one of the longer

cancellation notices seen anywhere, and I recall him having put that on the record. I want to ensure that my recollection is the same as that of my honourable colleague in this respect.

Senator Mitchell: I thank the honourable senator for that question; I appreciate it.

• (1450)

I would also like to say to Senator Segal that I appreciated it greatly when he welcomed me to the committee. He ran the committee exceptionally well.

Some Hon. Senators: Come on.

Senator Mitchell: I have to say he did. We were collaborating, and I was very impressed by that.

I did not receive such a warm welcome from his colleague Senator Angus when I appeared before the Environment Committee earlier this week, so I am using that as an example of how he might want to conduct himself.

First, I did hear the minister say 18 per cent instead of 20 per cent. It is the first time I had heard that, and I take him at his word. If I was incorrect in stating that it was $1 billion, I am sorry; I was $20 million out on $1 billion. However, $980 million is still an awful lot of money — at least it is to those senators on this side of the house, and I am sure it is to those people who will lose their jobs because of the extra competitiveness that this industry will be able to buy because of the money we left on the U.S. table.

Second, I accept the honourable senator's point that the minister stated in the committee that these letters were on the website. Sometimes when one is getting ready for the next question, one is thinking about it. I apologize to the Senate for having said that when in fact it was incorrect. I will look at those letters.

Third, with respect to the length of the cancellation, I cannot remember how many times this government, when it was in opposition — and were those not the great days — would often say that precedent is not good enough and that they could never rely on precedent. Two years may be the longest period before the government can get out of these agreements. I do not know that, but I do know, being from Alberta where we have a great deal of common sense, that two years is not long and does not create a lot of stability in markets.

Hon. Daniel Hays (Leader of the Opposition): Honourable senators, I would like to add a few words to those of Senator Mitchell. He has covered the report of the Standing Senate Committee on Foreign Affairs and International Trade, which made these observations. They summarize quite well, together with Senator Mitchell's elaborations, why we, on this side, are not great fans of the agreement that Bill C-24 ratifies.

With Bill C-2, the flaws arose because the government was more interested in presenting something they held out as accountability and transparency, somewhat of a facade, when in reality what was delivered was much less than what was held out. I hope that as time passes through private member's bills or other means we are able to strengthen that legislation and make it what it was held out to be.

With Bill C-24, the flaws have arisen because the government was determined to be seen as having successfully negotiated an agreement with the United States on the softwood lumber dispute, regardless of the actual cost to the softwood industry.

The genesis of this bill goes back to the free trade agreement negotiated by the last Conservative government. We sometimes wonder how good that agreement is, particularly when we look at this agreement that is being ratified by Bill C-24.

When the free trade legislation was making its way through the Senate in December of 1988, Senator Austin said:

> Somewhere along the way we must review the highly unfortunate softwood lumber issue, which has had such a serious impact on the cost-base of our forest industry in British Columbia. Here was a case where U.S. bullying was too intimidating for the Mulroney government to deal with, and unfortunately, there is nothing in this agreement to prevent the same thing from happening again.

Senator Austin's concerns in 1988 were confirmed in 2006 by Gordon Ritchie, who was intimately involved with the FTA negotiations. On November 21 of this year, he told the Standing Senate Committee on Foreign Affairs and International Trade that the softwood lumber issue was, in his words, "the problem child of free trade" and that "it has always been too explosive to accommodate within the free trade agreement."

The way the current Conservative government has decided to deal with the softwood lumber issue in 2006 is the same way the Conservative government behaved in 1988, which was to once again bow to American demands.

[*Translation*]

The agreement being ratified by Bill C-24 was reached between Canada and the United States on September 12, 2006, and tabled in the other place on September 20, 2006. This bill did not arrive in the Senate until last week. We are now being asked to deal with it quickly, despite its obvious flaws, under the pretext that our softwood lumber industry cannot tolerate uncertainty and that the partial repayment of the tariffs unduly collected by the U.S. will not happen until this bill is passed.

What is especially disappointing is that Bill C-24 represents another broken election promise by this government. But Canadians are getting used to this type of behaviour, especially in light of the government's actions in the income trust matter.

[*English*]

During the election campaign, the Conservative platform, at page 19, stated:

> A Conservative government will: Demand that the U.S. government play by the rules on softwood lumber. The U.S. must abide by the NAFTA ruling on softwood lumber, repeal the Byrd Amendment, and return the more than $5 billion in illegal softwood lumber tariffs to Canadian producers.

None of this has happened. The United States has not abided by the NAFTA ruling on softwood lumber and our government has voluntarily agreed that the United States need not return to

Canadian producers more than $5 billion in illegal softwood lumber tariffs. In fact, so desperate was the Conservative government to be seen to have successfully negotiated a settlement that it gave the Americans more than $1 billion to entice them to sign what is in the end not a good agreement.

Honourable senators, $1 billion is a lot of money that should have been flowing into the pockets of Canadians in our lumber communities instead of remaining in the pockets of American administrators to be used for the benefit of American communities.

The self-styled "New Government of Canada" would now have Canadians believe that this outcome is a victory. It may be a victory, but it is not a victory for Canadians. That much is certainly clear from what has been reported in the media and from what our Standing Senate Committee on Foreign Affairs and International Trade heard last month.

Though our committee concluded its formal examination of the bill itself in just one day, people should not be left to conclude that the matter was not studied. On June 28 of this year, the Standing Senate Committee on Foreign Affairs and International Trade, ably chaired by Senator Segal, received a reference from the Senate to examine the Canada-United States Softwood Lumber Agreement. The committee held meetings November 7, 21, 22 and 28. During its meeting of November 21, it heard from David Emerson, the Minister for International Trade, as well as from a number of other witnesses. The committee presented its report to the Senate on this order of reference on November 29. Though by outward appearance the Senate may have been seen as giving short shrift to Bill C-24, the fact of the matter is the committee examination took place. I acknowledge more could have been done, but the government is adamant that it wants this legislation passed before the Christmas break. Furthermore, there are constraints that we, as an unelected chamber, must recognize when it comes to implementing international agreements negotiated by the Government of Canada and approved by the members of the other place.

The current government might not respect the international obligations entered into by its predecessors, as we have seen by its treatment of the Kyoto agreement, but in the Senate, we view our international commitments differently, even when we believe they are flawed. Hopefully this self-styled "New Government of Canada" will come to appreciate that the centuries-old tradition of respecting international obligations is not simply some old-fashioned anachronism of days gone by that can be relegated to the rubbish heap as a matter of convenience. International agreements should be respected.

• (1500)

In saying this, I note that the free trade agreement of 1988 represented such a fundamental shift in Canadian policy, and was so at odds to what the Conservative Party campaigned on in 1984 that Canadians had a right to have a say; and the Senate ensured that Canadians were given that opportunity.

What occurred in 1988 with the FTA does not go against the more general proposition that all of us should show some respect for international agreements. As a member of the international community, Canada has an international reputation to protect.

Honourable senators, let me conclude by saying that none of us on this side of the chamber is comfortable with the softwood lumber agreement that was negotiated, or with the manner in which this legislation will pass in Parliament. However, for reasons I have mentioned, we will agree to proceed nevertheless.

We do, however, hope that what we have seen with Bill C-2, and now with Bill C-24, where promises were made and broken, will not soon be repeated.

Hon. A. Raynell Andreychuk: Honourable senators, I wish to rise to speak to Bill C-24 — not to the content of the bill, as other senators have spoken on the matter. What I wish to bring again to the attention of the senators in this chamber is that there are observations attached to the report that are not observations of the committee but observations of the majority of the committee. By definition, they are the opposition members who, in a vote taken in the committee, attached five paragraphs to the bill. I believe that this is not the appropriate use of observations, nor do I believe that we should continue to encourage this type of action.

We had the time within the committee — and in speeches here in the chamber — to discuss the bill. Once the bill passed, the observations that we have used over the last 10 to 13 years have been when the majority of the committee wishes to speak on some issue. Most notably, I think you will see later today the use of an observation that we have allowed by convention.

This is the second time in this session that we have attached observations from one side — in essence, a continuation of a debate and the issues in the bill. I do not believe that is an appropriate use of observations. I want that on the record. I propose to continue to fully debate this issue on a motion I have before the Senate, but I wished this not to go unnoticed.

Hon. Eymard G. Corbin: Honourable senators, I wish to take issue with a statement made by Senator Andreychuk a moment ago, when the honourable senator stated that the observations are not the observations of the committee, but the observations of the majority.

Any report from a committee is always "the" report of the committee. That is the way Parliament has always treated reports of committees. They are not reports of the minority or the majority.

If a party to the study of a bill wishes to comment as to a difference of opinion, it is perfectly entitled to do so. That has been the parliamentary tradition in Canada for a number of decades. In fact, that tradition has been amplified to some considerable degree in the other place.

We had a formal vote with respect to the observations attached to the bill. How much more formal could you be in terms of the report being the report of the committee, when there was a recorded division where a majority of senators expressed a wish that the text of our observations be tabled with the report?

It is not practical or conducive to good parliamentary practice to say that observations to a bill, or any other study by a committee of the Senate, must be qualified as the report of the majority. It must be the report of the committee, so much so that when the chair or whoever reports the document or the findings

back to the chamber — usually the chair of the committee — the chair tables the report, period.

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?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Motion agreed to and bill read third time and passed, on division.

PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT INCOME TAX ACT

POST-HOC COMMENTS

The Hon. the Speaker: Honourable senators, could I have the consent of the house that the Honourable Senators Angus and Grafstein be allowed to give a post-hoc statement for the record, that would be appended to the debates on Bill C-25, which is now in the House of Commons?

Hon. Senators: Agreed.

Hon. W. David Angus: Thank you, Your Honour and honourable senators. I am very pleased with the whole process of this bill as it has moved through the Senate and Parliament. The fact that we have given it third reading today will enable Canada to get up to speed and honour its obligations to its colleagues and peer nations at the Financial Action Task Force, or the FATF, as it is colloquially known. A prominent Canadian veteran of our Finance Department currently chairs this task force. More importantly, it will perhaps enable Canada to perform well in the mutual evaluation process, due to take place early in the new year. Canada is the next nation to be held up to this peer review; and I might say, honourable senators, this is not a trivial process.

I hold up a document, dated June 23, entitled *Summary of the Third Mutual Evaluation Report on Anti-Money Laundering and Combating the Financing of Terrorism*, which was conducted on the performance of the United States.

The committee informed us that Canada really needed this legislation to enable it to face up to this process and come out with a reasonable grade. That is not to say that it will be a perfect grade.

Honourable senators, I especially want to thank Senator Grafstein, the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, and the other members of the committee for their cooperation in getting this bill through, as we have done so expeditiously. I would like to thank the clerk, the wise and irrepressible Dr. Line Gravel, and the other invaluable support from the Parliamentary Library — our super scribe, Ms. June Dewetering, and her fine associates, Sheena Starky, Philippe Bergevin and Jean Dupuis — as well as the translators and other technical support teams who have served the committee so well all this year.

Honourable senators, the bill was reported back here without amendment. However, it is important to emphasize that it did have observations attached to it, particularly on the issue of oversight of FINTRAC, the agency to which many bodies report — all the financial institutions and other organizations that see or suspect a suspicious transaction of money laundering. My colleague, Senator Grafstein, will speak to these observations in a moment.

Honourable senators, let me assure you that the committee has not finished its work in the area of money laundering and financing of terrorist legislation. We will continue our statutory review of this legislation early in the new year.

Honourable senators, this is very complex legislation. The more we get into it, the more we realize how delicate it is and how important it is that we do not get it wrong.

• (1510)

It is a moveable feast that needs to be constantly and carefully reviewed and updated especially, first, so that the law enforcement agencies are able to keep up with, or even ahead of, the ingenious criminals who are constantly trying to undermine and subvert our economy and our collective safety and security; second, to ensure that there is an appropriate balance maintained between the exigencies of safety and security and the stability of our economy, on the one hand, and the rights of individual citizens as to their privacy and their own rights under the Charter on the other hand; third, the regulations that this enabling legislation opens up the right for us to enact. These regulations need to be narrowly tailored to ensure that they do not go beyond their intended scope.

Honourable senators can just imagine, upon looking at the enabling legislation carefully, that there is wide authority. We have made it clear, for example, to the people administering this law that we have this joint committee on scrutiny of regulations, and we would like it on the record that this is an important piece of legislation that has the potential to impinge on individual rights and, at the same time, protect us from much more nefarious potential acts.

Honourable senators, proportionality is a difficult thing to measure in this case, as the extent of illicit funds circulating in our economy has not been accurately quantified beyond what the legal authorities, the police, estimate as being in the billions and billions of dollars, perhaps $30 billion or more, at the present time. They have constantly stated to us and the committee that they simply do not have the resources to properly enforce and do their job under these laws. That is another thing we want to be clear on the record: The resources are needed, and the authorities are crying out for the tools to do what is needed to be done in order to protect us in these two areas.

Particularly disturbing, honourable senators, were three senior officers in uniform from the RCMP who came before us last Thursday and mentioned to us in no uncertain terms that they know of 800 active operating organized crime syndicates functioning today in Canada, and that they are investigating, and that they only have the resources to investigate 150 out of the 800. Those figures speak for themselves. We were very troubled. In fact, the committee issued a press release following that

evidence. It has had substantial coverage. It behooves us as senators with a statutory mandate to review our money laundering and financing of terrorism laws to make this point, and we do make it. We are pleased, needless to say, that the bill was passed so quickly. However, we need to get these points on the record.

Honourable senators, the bill may not, in the committee's view, deal sufficiently with the legal profession in Canada. Companion or similar legislation in other FATF countries, other members of this task force, clearly have strong and stringent requirements of lawyers similar to what they have of the accounting profession, the banks, insurance companies and real estate brokers. Canada's lawyers did not accept it. They went to court and obtained an injunction. When this new bill came in, they left out the lawyers, other than to record a certain deal that was negotiated between the legal profession, which is self-regulating, so far, at least, on the issues of solicitor/client privilege. They negotiated a deal with the Department of Finance, and that deal is reflected in the law.

In the view of the committee, that does not go far enough. We have asked them to come back before us. We have told them of our concerns. We even told the representatives last Thursday from the Canadian Bar Association and the Federation of the Canadian Law Societies that they just do not get it. They have all promised to come back before us. They have prepared a tableau of every other country and what their laws are and what their rules for lawyers are. We are pleased about that, and they have promised to come back to us in February. We wanted to put that on the record. We have the same sort of legal system in Canada as in the U.S., the U.K. and many other countries. Yet here they are saying that this legislation impinges on the solicitor/client rule to the extent that they should not be subject to this law. We do not necessarily accept that statement, and many of us on the committee are lawyers.

All of this to say, honourable senators, that the Banking Committee has an ongoing mandate to review our money laundering and proceeds of crime legislation as outlined in our interim report of mid-October of this year. We undertake to continue that study in the new year. Thank you for your attention, honourable senators, and thank you for giving the bill third reading.

Hon. Jerahmiel S. Grafstein: I thank all honourable senators for giving us the indulgence to be able to comment on this bill. We think it is important because it touches every aspect of our economy. It is changing the way in which we do business in this country in order to stop the illicit flood of money laundering and financing for terrorism.

This is an important and substantive bill, and I thank all members of the committee on both sides who served on the committee. I again commend our staff. Many of us not only sat on this committee to deal with this bill but also reviewed the legislation in an interim study that was very comprehensive. We have previously reported to the Senate on that study. We made a number of recommendations, many of which were picked up in the legislation itself.

As Senator Angus has said, because of the transformation of the way in which we do business in this country that affects every businessman, every financial institution and every professional group, we feel it is important for this legislation to work properly. We hope to achieve that before the date of proclamation, and I will talk about that method in a moment.

The committee has undertaken that we will continue to monitor this bill to ensure that it works well in the interests of all Canadians. It affects all Canadians. Although we do not know, as Senator Angus pointed out, the quantum of the problem of illicit funding, money laundering and terrorist financing in this country, we do know it is large, and we know it is growing. We know from international sources that this illicit business, not only in Canada but around the world, is one of the largest businesses in the world.

All senators in the committee were unanimous in agreement on this report because we want to ensure that Canada is not perceived as a safe haven for either illicit money laundering or terrorist funding. We think that by staunching the flow of these types of activities, we will make Canada a safe and sound place in which to invest, not only for domestic investors but also for international investors.

I will not repeat what Senator Angus has said, although I agree with all of it. I do think it important that we come back and examine the guidelines and regulations, because they are capacious and they have a wide ambit — not wider than the bill, but a wide ambit. Therefore, it is very important that not only the bill but the regulations are sensitive to the needs of businessmen who are trying to do honest work and yet are impeded as a result of the additional obligations that this bill places on them, as it does on financial institutions, large and small. We will come back and look at the enabling regulations.

I see that the government bench is here. I would hope that before they proclaim this bill, they will allow the private sector the opportunity to survey the guidelines and the regulations in order to ensure that the work they have done has been done in an appropriate and proper fashion and in the most expeditious and educational process productive way. We heard testimony from professionals, not just the lawyers but from accountants and from the credit unions and others, and those that have new obligations. They are prepared to meet them, but they want ample time to ensure that all their employees, members and affiliates are fully aware of the implications and how to deal with them in a cost-effective way. There is an educational process as well as a legal process. We think that this educational process is important.

I will not deal with some of the problems that we discovered in the bill, but this is a work in progress. We are concerned about several aspects in the bill. One is the question of suspicious attempted transactions. We will be looking carefully at the regulations to ensure that innocent people are not penalized for transactions that do not have a clear and careful definition. We will be sensitive to that issue, and we heard not only the lawyers but also the accountants and others speak to it.

I agree with Senator Angus about lawyers. Many of us on both sides are lawyers here. We are concerned with the public interest and solicitor-client privilege. I am a Q.C. and I am proud of it. I was given that Q.C. not by a Liberal government but a Conservative government — in the Province of Ontario, by your friend, Mr. Davis. By the way, I was one of the first in my class to get it. I carry that designation with great pride.

• (1520)

Having said that, the legal profession has raised an important issue that goes to the heart of our Constitution, and that is the question of solicitor-client privilege. There is a valid dispute about whether solicitor-client privilege should be self-regulated or curtailed by regulation.

We have allowed this matter to be dealt with by the lawyers but, as Senator Angus says, we will come back to it because there are other practices in the U.K. and the United States that impinge upon solicitor-client privilege in a different way without affecting the important constitutional right of solicitor-client privilege. That will be a matter of ongoing surveillance for our committee.

I urge all lawyers and those in legal professions to ensure that they work at this to come up with a formula with which the public interest will be satisfied. There is a large public interest with which we have to contend. We need cooperation from the legal profession.

I want to deal with two final matters. I thank you very much for your patience, honourable senators.

First is the question of privacy. Because this new regime looks at every transaction over $10,000 in the country, it touches every part of the economy. Your committee was concerned with the question of privacy. In fact, we worked with the government to ensure that there was an important measure implemented in the legislation that provides for privacy protection oversight. Let me sum up the various stages that allow for privacy protection. Both sides of the house are concerned about privacy when it comes to these matters.

We have the assurances from the minister that he will look at these questions of privacy on a regular basis. We have the assurance that his officials will keep this subject in mind when they implement this legislation. We have it as well from the FINTRAC officials that they understand their responsibilities. In addition to that, we have the added protection of the Privacy Commissioner, who came to us with strange testimony. We insisted on a two-year review by the Privacy Commissioner. When she spoke at our committee yesterday, she said, "I am not sure I can do a review every two years because of lack of resources."

We find ourselves in an invidious position. We have heard from Senator Angus that the RCMP believes it is underfunded, and we concur. The RCMP has not received the proper resources and forensic assistance it needs to prosecute. Less than 20 per cent of this illicit activity is under current investigation. That is a scandal. We hope the government will see fit to increase the funding and the expertise of the RCMP. We will be monitoring this situation as well.

The Privacy Commissioner had the same complaint. She would like to undertake a regular study every two years, which is in the bill, but she says her resources are stretched.

If we are interested in privacy, honourable senators, we have to ensure that both the Privacy Commissioner and the RCMP have adequate resources to ensure the object of the bill is fulfilled. I will look to the Finance Committee and the government benches to ensure that when these bills are funded, they are funded with appropriate resources to attain the very important objectives that we are all now supporting.

[Senator Grafstein]

Finally, I want to talk about the observation in our report. Unlike other committees, there is no question about our observations. I thank the honourable senator very much, for his comment. Our observations are unanimous and they were carefully worked out. Let me explain to you why we added an observation to this bill. We studied it first under a mandatory review, and the government picked up many of our recommendations and we thank the government.

Let me read this observation on the record and make a very brief explanation. I will then conclude my comments.

> While the Committee is reporting Bill C-25 without amendment, we wish to observe that certain recommendations contained in our October 2006 report, entitled *Stemming the Flow of Illicit Money: A Priority for Canada*, have not been implemented in Bill C-25. In doing so, we note that Commissioner Dennis O'Connor — in his 12 December 2006, report ...

— that was a report that was just issued this week, while we were dealing with this bill —

> ...the *O'Connor Commission Report on Policy Review* — concluded that the federal government should extend independent review to the national security activities of a number of entities, including the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

— which is the subject matter of this bill. Quoting further from our observations, and referring now to Commissioner O'Connor:

> He further concluded that the Security and Intelligence Review Committee (SIRC) is "the most appropriate body to review the national securities activities" of the entities identified by him. The Committee wishes to highlight recommendation 14 in our October 2006 report, which suggests periodic review of the operations of FINTRAC by SIRC. The Committee will continue to monitor the full range of issues related to money laundering in 2007 as we continue our work on statutory review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

What happened was this: We examined this question in our preliminary interim study, which was our mandatory study, and concluded that we wanted to have parliamentary oversight by SIRC. We were persuaded, because of the question of confidentiality and security, that a more appropriate oversight body to deal with this was the Privacy Commissioner. We recommended that, and that amendment was made in the report. We have a two-year mandatory review by the Privacy Commissioner, who, by the way, not only has that power but has, as we heard several days ago from Mr. Marleau, the power to make spot checks at any time on this activity. That is another added safeguard. The final safeguard is the five-year parliamentary review, which we will undertake as well. We think that privacy subject to funding is well covered.

The question of SIRC to my mind is a more important issue because we have heard concerns about information of a private or suspicious nature occurring in Canada and then being transferred to other agencies outside of the country to make this system work. We are in favour of that.

Having said that, we strongly urge the government — and that is the purpose of this recommendation — to consider carefully whether or not SIRC's powers can be expanded to include the parliamentary overview of this particular legislation.

We will return to this measure again. This is a work-in-progress. I want to commend all honourable senators for their patience, indulgence and excellent work.

Hon. Yoine Goldstein: Honourable senators, I would like to address the issues raised by both senators who preceded me in connection with this bill, if I have the leave of the chamber to do so.

Let me start by stating that I was told the day before yesterday by some people that my remarks on Tuesday were partisan. Some people took offence to the extent that they were partisan. They were partisan; they were intended to be partisan; but they were not intended to offend. If anyone took offence, I respect each and every one of you too much to want to offend you, and I apologize for the offence, although I cannot in all honesty apologize for the thoughts.

I want to address the observations made by Senator Grafstein and Senator Angus. I sat on and do sit on this committee. I noted in this legislation, and in other legislation that goes through this house, that we frequently have concerns and problems with respect to the legislation. As a result of a variety of pressures, whether it is the end of the term or an urgency to adopt a particular piece of legislation because of an international pact that has been signed, or whether there is a concern because we want to abide by certain international undertakings — which is the case for the FINTRAC legislation — we usually pass the legislation unanimously. We usually pass the legislation and perhaps think that the legislation will be amended or changed in the not-too-distant future in order to have it comply with the concerns and the needs that are reflected in this chamber. We all know that the amending of legislation is not imminent. It does not follow immediately the passage of legislation. We find ourselves with this particular piece of legislation, subject as it is and will be to a five-year review, and subject as it is and will be to the various undertakings on the part of our committee to continue examining the issues. We find the legislation nevertheless with a number of difficult flaws with which we have not dealt.

• (1530)

Without going into each of the flaws, because honourable senators will have heard about some of them, we still do not know the extent of the problem that we are trying to avoid by passing this intrusive legislation. Although we asked the question many times, we were unable to get an answer as to the extent to which this problem exists.

We still have no assurance that when FINTRAC and other agencies share information with foreign agencies, that the foreign country receiving this information has privacy laws substantially the same as those of Canada in order to protect the dissemination of such information.

A new concept is introduced in this bill, the concept of foreign exposed persons, in virtue of which foreigners — not Canadians, but foreigners — who engage in what may be called suspicious transactions, by mere dint of the fact that they have become engaged in suspicious transactions, find themselves subject to surveillance by FINTRAC and possibly the RCMP. We do not know that the information that we must share with foreign governments will not be used by those governments against the diplomats, in respect of whom we have effectively spied. We still do not know whether the Privacy Commissioner's biennial review will be adequate, because the scope of the review statutorily is extremely limited, and that can continue.

My point is not solely with respect to this legislation, which has now passed third reading and which will be proclaimed in the fullness of time. My concern is that we continue, it seems to me, to pass legislation that is not ready for passage.

I think back to the end of November of last year. We passed a fatally flawed Bill C-55 dealing with bankruptcy and insolvency, and we passed it because there was pressure from the other place to do so.

Honourable senators, I am proud of this place and the role this place plays in Canadian government and Canadian democracy. We are short changing ourselves, the system and our institution if we continue to pass legislation because of external pressures, independent of whether the legislation is good or not good, flawed or not flawed.

I want to respectfully urge each and every honourable senator to consider whether it is appropriate for us to find a way to change our rules so that we will not continue to pass legislation which ought not to be passed.

Hon. Senators: Hear, hear!

Senator Grafstein: I have only one comment in conclusion. In the bill, there is fulsome power to the Privacy Commissioner to deal with all aspects of information. It is unlimited. It is in the clauses of this bill. I urge honourable senators, when they listen to Senator Goldstein's comments, to examine the legislation in detail. It is fulsome. SIRC will be another check and balance. I do not want the record to be incomplete.

Hon. Norman K. Atkins: Honourable senators, I have been listening to this debate. One issue keeps coming up that, quite frankly, really concerns me, and it relates to the number of RCMP who will be required to deal with the investigation of money laundering. I do not know whether honourable senators have any estimate of what they think the numbers of RCMP should be, but I can tell honourable senators that we in the Standing Senate Committee on National Security and Defence feel that there is a shortage of almost 1,000 RCMP for border security. Frankly, there are not enough facilities to train the RCMP that will be required, if they are to fill all the roles required in the present circumstances. I think this is an observation that is important to make.

CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Leave having been given to revert to Presentation of Reports from Standing or Special Committees:

Hon. Donald H. Oliver, Chair of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 14, 2006

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

NINTH REPORT

Your Committee, to which was referred Bill C-19, An Act to amend the Criminal Code (street racing) and to make a consequential amendment to the Corrections and Conditional Release Act, has, in obedience to the Order of Reference of Tuesday, November 21, 2006, examined the said Bill and now reports the same without amendment.

Your Committee appends to this report certain observations relating to the Bill.

Respectfully submitted,

DONALD H. OLIVER
Chair

Observations to the Ninth Report of the Standing Senate Committee on Legal and Constitutional Affairs

Your Committee is in favour of addressing directly the problem of street racing in Canada. It has, therefore, approved Bill C-19 without amendment. We do, however, have some concerns with how the bill may be implemented.

We understand that the bill does not apply to races organized by a recognized sanctioning body and subject to all applicable laws. The Minister of Justice told the Committee "Bill C-19 would not include legitimate motor sport activities. It will not criminalize races that occur on closed tracks, circuits, or streets closed to the public, or to rallies sanctioned by recognized motor sport authorities and conducted in accordance with the law." The Minister cited the Targa Newfoundland race as an example of what would not be included in Bill C-19.

Your Committee therefore requests the Department of Justice to monitor the implementation of Bill C-19 to ensure that it is not used to criminalize currently legal, sanctioned racing. We request that a copy of these observations be forwarded to the Department of Justice so that it may carry out this monitoring function.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Donald H. Oliver: Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(b), I move that the bill be read for the third time now.

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

Hon. Senators: Agreed.

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

[Senator Oliver]

Hon. Serge Joyal: Honourable senators, I will be very brief. I would like to inform all the senators in attendance in this chamber of the substance of the observations that we are appending to the report of the committee that reports this bill with no amendments. I would like to read the observations into our journals because they have, in my opinion, legal implications for the Crown prosecutor who will be responsible for the implementation of this bill.

Your Committee is in favour of addressing directly the problem of street racing in Canada. It has, therefore, approved Bill C-19 without amendment. We do, however, have some concerns with how the bill may be implemented.

We understand that the bill does not apply to races organized by a recognized sanctioning body and subject to all applicable laws. The Minister of Justice told the committee "Bill C-19 would not include legitimate motor sport activities. It will not criminalize races that occur on closed tracks, circuits or streets closed to the public, or to rallies sanctioned by recognized motor sport authorities and conducted in accordance with the law." The justice minister cited the Targa Newfoundland race as an example of what would not be included in Bill C-19.

Your Committee therefore requests the Department of Justice to monitor the implementation of Bill C-19 to ensure that it is not used to criminalize currently legal, sanctioned racing. We request that a copy of these observations be forwarded to the Department of Justice so that it may carry out this monitoring function.

It is, honourable senators, with that in mind that we recommend to this chamber that the bill be not amended but adopted, as introduced at second reading and as reported by the Honourable Senator Donald Oliver.

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

Motion agreed to and bill read third time and passed.

• (1540)

[*Translation*]

ADJOURNMENT

MOTION ADOPTED

Hon. Gerald J. Comeau (Deputy Leader of the Government), pursuant to notice of December 13, 2006, moved:

That when the Senate adjourns on Thursday, December 14, 2006, it do stand adjourned until Tuesday, January 30, 2007, at 2 p.m.

Motion agreed to.

[*English*]

NATIONAL BLOOD DONOR WEEK BILL

THIRD READING

Hon. Art Eggleton moved third reading of Bill S-214, respecting a National Blood Donor Week.

Hon. Terry M. Mercer: Honourable senators, I want to thank the committee for its diligence on this small but very important bill. I also thank Senator Cochrane for co-sponsoring this bill with me, as well as all members of the committee who spoke this morning and met with the members of Héma-Québec and Canadian Blood Services.

This bill will focus on the need for more donors of blood, plasma and platelets to help save Canadians.

What was interesting this morning was the tremendous number of volunteers that are needed to do this job. Over 800,000 donors are required every year to maintain the blood supply for Canadians.

Honourable senators, it is important that we pass this bill today. As we head into the holiday season, there is a huge demand for blood because of highway accidents, et cetera. I encourage all senators to adopt this bill.

The Hon. the Speaker: Is the house 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 bill read third time and passed.

PERSONAL WATERCRAFT BILL

SECOND READING

On the Order:

> Resuming debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Segal, for the second reading of Bill S-209, concerning personal watercraft in navigable waters.—(*Honourable Senator Comeau*)

Hon. W. David Angus: Honourable senators, I rise to speak at second reading to Bill S-209, which is Senator Spivak's private bill concerning personal watercraft in navigable waters.

We respect and admire Senator Spivak's tenacity in pushing this legislation. This is the fifth incarnation of this bill. It came before us under the rubric first of Bill S-26, then as Bill S-10, then as Bill S-8, and finally as Bill S-12. Now we are here with Bill S-209.

Honourable senators, although in its early stages, I came to know the bill as a member of the Standing Senate Committee on Energy, the Environment and Natural Resources. I had an agreement to disagree with Senator Spivak on this bill. However, after watching her maintain her focus and push this bill forward, I have become an advocate of her position, subject to sending the bill to committee for serious study.

The officials at Transport Canada might find a way to reconcile the honourable senator's proposed legislation with their regulations under the rubric "Boating Restriction Regulations" made under the Canada Shipping Act and which pretty well covers the ground that this bill purports to cover.

This bill would allow local authorities to propose to a minister, designated by cabinet for the purposes of this act, to impose restrictions on the use of personal watercraft such as jet skis, or one of the commercial products, the Bombardier Sea-Doo or the Yamaha. These are annoying crafts that buzz around country homes and squirt water on docks and cause accidents. In Senator Spivak's view, these watercraft require direct regulation.

That this bill has come before us five times, now six, is why we empathize with Senator Spivak. She does not seem to be getting anywhere with Big Brother in the Department of Transport. It is about time we gave her a little help.

Currently, some municipalities and provinces have enacted their own restrictions on personal watercraft with anti-noise bylaws and provincial powers for environmental protection. Because the federal government has constitutional authority over navigable waterways, Senator Spivak's bill would give local authorities an explicit, federally mandated legal mechanism to impose restrictions on the use of personal watercraft on these waterways. Senator Spivak's Bill S-209 would give Canada a control measure similar to the one the Canadian Coast Guard proposed in 1994 but never adopted.

I was reading yesterday's Hansard where Senator Comeau said my speech on this bill would be a "brûleur de grange," which is a barnburner where I come from. I am finding it hard to burn down the barn. My heart is in this speech, honourable senators.

After consultation with affected communities, the bill allows local authorities to make proposals to the Minister of Transport regarding designated waterways where the operation of personal watercraft may be forbidden. These waterways will be listed as regulations in Schedule 1 of the act as established by the minister.

The bill also allows for local authorities, after consultation with affected communities, to make proposals to the minister regarding restrictions and rules governing the use of personal watercraft on waterways where their operation may be allowed, including speed limits, hours of operation and limits when approaching shorelines. These waterways will be listed as regulations in Schedule 2 of the act as established by the minister. Schedule 2 will specify the prescribed restrictions applicable to each waterway.

• (1550)

I have studied this bill and it does not give broad authority to just outlaw these watercraft, but it does give enabling powers to local authorities to designate an area, which could be a children's camp, where there is particular danger. They can set off a little area where these craft cannot go within 500 yards, or even be in the area, whereas a mile or two down the lake or waterway, perhaps, it is perfectly fine for them to be there. It is in that spirit.

I might say I have noted in the context of these five other iterations of the bill that lengthy speeches have been given in this chamber on the subject matter. I do not think the facts have changed in any way so I do not believe in trying to rewrite history. I would suggest, honourable senators, that we might incorporate in these remarks, *mutatis mutandis*, all of the nice things that were said about this legislation earlier on by Senator Spivak and others.

What I would say is that Bill S-209 contains a section on definition of terms used in the legislation, including definitions for local authority and personal watercraft.

As I understand it, honourable senators, the bill has been around for quite a few years, and so I think it is time that we send it to committee. I believe that should be the Standing Senate Committee on Energy, the Environment and Natural Resources. It should be given the appropriate sober second thought which it deserves, and if we cannot bring the officials in the Department of Transport who are revising the regulations I referred to earlier, we should send it back here, unamended, and adopt it.

I move that this bill be referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

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

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Angus, bill referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

BUSINESS OF THE SENATE

Hon. Joan Fraser (Deputy Leader of the Opposition): I would like to raise a matter which I hope will not become a question of privilege. I will call it a question of clarification for the moment.

In the foyer of the Senate, preparations are being made that appear to be for a press conference — that is what it looks like — by a person who is currently unidentified. I understand that the Internal Economy Committee did not give permission for the foyer of the Senate to be used in this manner. I would be grateful if you could use your best offices, Your Honour, to find out as quickly as possible whether permission was indeed granted for this person or persons unknown to use Senate premises in this manner before the use actually occurs.

The Hon. the Speaker *pro tempore***:** I do not see the chair of the Internal Economy Committee, or the deputy chair. I am sorry, Senator Fraser, I cannot help you. I will ask and find out as soon as possible.

Senator Fraser: The chair of the committee is very ill, as it happens. That is why I am asking Your Honour to do this for us.

Hon. Anne C. Cools: I just walked into the chamber, in time to hear the last two words. Would it be a burden to repeat or explain the situation, please? It sounded important.

Senator Fraser: What I said was that preparations are being made in the foyer for what looks very much like a press conference by an unidentified person. It is my understanding that the Internal Economy Committee was not asked for permission to use the Senate foyer in this way. I asked if Her Honour could ascertain whether such permission was indeed sought and/or granted.

Senator Cools: I have not been to the foyer and obviously the Honourable Senator Fraser seems to have some information. What makes her think that there is a press conference? What does she mean when she says "like a press conference"?

Senator Fraser: Lights and a podium, and I think I saw the beginnings of a sound system being installed.

Senator Cools: How very odd. My understanding was that from five o'clock tonight there was the Speaker's party. That was my understanding. Does anybody here have knowledge of what is happening?

[*Translation*]

Hon. Jean Lapointe: Honourable senators, I do not know who gave permission for the foyer of the Senate to be used, but I was told that Prime Minister Harper was intending to hold a press conference there.

[*English*]

Hon. Gerald J. Comeau (Deputy Leader of the Government): Since no one seems to know anything about these activities, and the chair of the Internal Economy Committee is ill and cannot answer, let us ask the Speaker to find out if what is happening is in order.

[*Translation*]

Hon. Pierre Claude Nolin: Honourable senators, in order to shed some light on the situation, I would simply like to point out that the Senate Standing Committee on Internal Economy, Budgets and Administration carefully considers the assignment of offices and rooms in the Senate, with the exception of this chamber and its foyer, the use of which is decided by the Speaker of the Senate. For that reason, I would hope that the Speaker of the Senate was the one who authorized the use of the Senate foyer.

[*English*]

Hon. David P. Smith: To clarify, I just went out and asked the officials who were setting up just what it was for, and they said that it was for a press conference to be held at 5:30 by the Prime Minister.

Senator Rompkey: Of this country?

Senator Cools: The situation grows more bewildering. Let me ascertain. My understanding was that the Speaker's annual party for the staff and senators was scheduled for today at five o'clock. Am I to understand that the Prime Minister, Mr. Harper —

Senator Rompkey: Is crashing the party.

Senator Cools: — has scheduled a press conference during the party of the Senate Speaker for the staff and the senators? Am I to understand that this is what is being put before this house? It would certainly be a most unusual thing if that is what really is happening. Maybe there is some misunderstanding.

Senator Day: Maybe he is coming to our Christmas party.

Senator Cools: In a Santa Claus outfit. Honourable senators, there is something very wrong and unusual here. Perhaps Your Honour could take leave of the Senate and inquire, and then come back and inform us. I would be quite happy to wait a few minutes.

Senator Fraser: Her Honour does not need to leave the chair. She could ask some of her able staff to inquire into this matter. I am sure that we will be informed of all things in due course.

The Hon. the Speaker *pro tempore***:** I have just been told that the Speaker will be back shortly and will answer these questions.

• (1600)

[*Translation*]

CRIMINAL CODE

BILL TO AMEND—SECOND READING

On the Order:

> Resuming debate on the motion of the Honourable Senator Hervieux-Payette, P.C., seconded by the Honourable Senator Rompkey, P.C., for the second reading of Bill S-207, An Act to amend the Criminal Code (protection of children).—(*Honourable Senator Comeau*)

Hon. Céline Hervieux-Payette: Honourable senators —

[*English*]

The Hon. the Speaker *pro tempore***:** Honourable senators, I must inform the chamber that if Senator Hervieux-Payette speaks now, her speech will have the effect of closing the debate.

[*Translation*]

Senator Hervieux-Payette: Honourable senators, I would like to thank those senators who participated in debate on this very bill in other parliaments.

Our colleagues who are currently on the special committee to discuss children's rights undertook a cross-Canada tour to explore the issue of violence against children so they can approach this bill from a more knowledgeable perspective.

Honourable senators, since I announced my intention to refer this bill to committee for the second time, Greece has adopted similar legislation to combat family violence and prohibit all forms of violence, including violence against children, on October 19, 2006. There are now 15 European countries with similar legislation.

More recently, on December 12, Taiwan amended its education legislation to prohibit corporal punishment. This has become an international movement for countries concerned about human rights. On November 20, 2006, in Geneva, in its World Report on Violence Against Children, the United Nations recommended that all countries, including Canada, take action to explicitly prohibit all forms of violence against children, however light. The United Nations committee emphasized that children deserve the same protection as adults from assault, and that not all cases should lead to court action, as is the case for adults, by virtue of the *de minimis* principle.

I urge all honourable senators to support this bill so that we can resolve this issue in 2007 and give children in Canada the same rights all Canadians enjoy, that is, freedom from physical violence.

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

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Hervieux-Payette, bill referred to the Standing Senate Committee on Human Rights.

[*English*]

HERITAGE LIGHTHOUSE PROTECTION BILL

REPORT OF COMMITTEE ADOPTED

On the Order:

> Resuming debate on the motion of the Honourable Senator Rompkey, P.C., seconded by the Honourable Senator Fraser, for the adoption of the fifth report of the Standing Senate Committee on Fisheries and Oceans (Bill S-220, to protect heritage lighthouses, with amendments), presented in the Senate on December 11, 2006.—(*Honourable Senator Comeau*)

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, since I have already put my views on this report on the record at second reading, I will limit my remarks to what we learned at committee.

I always consider it my duty to make comments on matters that impact fishery stakeholders who, in this case, were not asked to provide their views. Therefore, in this case it is important that I put on the record a number of items that may impact the fisheries.

Let there be no doubt that I support the principle and the object of protecting heritage lighthouses. In fact, I believe that everyone here supports the objective of protecting and preserving all of Canada's heritage monuments — grain elevators, railway stations, heritage houses and so on. How can one not support our heritage?

The purpose of Bill S-220 is to protect and preserve heritage lighthouses by requiring that they be maintained as heritage monuments. At present, there are approximately 750 lighthouses in Canada, and Bill S-220 would provide statutory protection to many of them. In fact, it would provide protection even greater than most of Canada's historic landmarks have, including the East Block where the committee met last week to consider the bill.

The Department of Fisheries and Oceans is the accountable custodian of Canada's lighthouses. Parks Canada would designate the heritage process, but the Department of Fisheries and Oceans would be tasked with securing the funding.

I should note as well that not all heritage lighthouses are owned by the Government of Canada. Some are within the jurisdiction of various community groups. Bill S-220 stipulates that whoever is responsible for a light station is required to maintain it, whether it be DFO or a community group that takes over ownership. However, as pointed out by Senator Rompkey, the bill is not retroactive. Therefore, heritage lighthouses that are already owned by private groups or individuals will not be subject to the heritage designation process under this bill.

At present, we do not know how much it will cost, on average, to maintain heritage lighthouses. We do know that many community groups, not only in Atlantic Canada but across the country, have great difficulty raising funds as it is. Being obligated to preserve and restore heritage lighthouses will create a further disincentive for community groups, the grassroots of Canadian social life, to take over and work together to preserve Canadian heritage monuments. In fact, why would a community group take over a heritage lighthouse if the Government of Canada has a statutory duty to maintain these structures?

Honourable senators, I posed that question in committee to officials from the Department of Fisheries and Oceans. I asked:

> Why would a community group want to acquire a lighthouse if DFO is required by law to reasonably maintain a building after it has been designated as heritage? Why would any group want to assume the legal requirements and responsibilities of such a building?

The response from the officials was:

> I do not think they would...

If a community organization is unable to raise the funds necessary to preserve the lighthouses, which runs into millions of dollars, the responsibility would fall to the federal government. Specifically, we were told at committee that 95 per cent of these lighthouses would fall within the purview of the Department of Fisheries and Oceans. DFO's current annual operating budget is approximately $1.7 billion. We then learned that there is no designation for funds to implement this bill if and when it is enacted. Implementing of Bill S-220 would potentially cost serious money. Consideration must be given to whether the funding for heritage lighthouses might or will take away from the operating budget of Fisheries and Oceans and from the very important mandate it carries out, such as enforcement, patrol, small crafts harbours, habitat protection, research and science, and the Oceans Act implementation, which is sorely lacking in funds.

The Department of Fisheries and Oceans' funding to carry out these programs, which are critical to Canadians, is limited to $1.7 billion. As noted, this is not a small amount to ordinary Canadians. However, in terms of operating costs of individual departments, it is not a huge amount of money.

Honourable senators, I know how difficult it is for the Department of Fisheries and Oceans to meet its operational costs because I have monitored the work of that department for most of my adult life. I understand how difficult it is to receive government funding for the smallest of projects, let alone to seek additional funds from cabinet of hundreds of millions of dollars.

• (1610)

Senator Carney has referred extensively to Point Atkinson, which has a special place in her heart, and I am sure other senators have similar connections to lighthouses from coast to coast. I also know that senators have fisheries-related priorities that they wish addressed. The list is extensive. Senators may have many projects that are very important to their communities.

For example, I note Senator Adams here, who has been trying in vain for years to get a wharf for landing fish resources in his region of Nunavut in order for his community to process landings adjacent to his Inuit communities. These landings cannot be landed there because they do not have that wharf. As a result, fish is processed out at sea or in southern areas.

Senator Rompkey may well wish to have access to funding to purchase community quotas for towns such as Harbour Breton, Burgeo and many others. This is equally the case for Senator Cowan in his province of Nova Scotia. Community quotas might solve the problems at Canso, but the money is not there.

Senator Hubley's region might well seek funding for small craft harbours and funding to combat invasive species that are a threat and menace to the lucrative shellfish stocks.

Senator Watt has been a timeless champion for further scientific studies on the effects of pollutants on marine mammals and fisheries.

Senator Johnson, not to be forgotten, has been seeking science funding for Lake Winnipeg, the forgotten lake as it is called, for handling the serious algae problem — again, funding that has been very short up to now and we would need much more.

Bill S-220 is entirely open-ended. As we heard at committee from Parks Canada and the Department of Fisheries and Oceans, it is hard to predict how much the implementation of Bill S-220 will cost. All the departments can do at the present time is make predictions. This is what officials told us at committee.

There are three ranges of cost estimates. The first is based on expectations that various groups will want to protect as many lighthouses as possible. The officials called this the 100 per cent

cost level of designation. In this scenario, at least 760 lighthouses will be designated at a cost of at least $384 million over five years and $30 million per year thereafter.

The second cost estimate, the one which is most likely, is based on a 60 per cent level of designation. In this scenario, 450 lighthouses would be saved and the cost would be about $235 million over five years and $18 million thereafter.

The third scenario, the least likely, is based on just 8 per cent of federal lighthouses being designated. That would cost $85 million over five years and $7 million thereafter.

About 95 per cent of costs to preserve these lighthouses, honourable senators, would be the requirement of the Department of Fisheries and Oceans Canada.

The amended version of this bill states that heritage lighthouses would be designated to "include any related site or built structure that the Minister considers should be included in the designation." This includes not only the lighthouses themselves but also the resources necessary to protect lighthouses. It could include many things, such as building helicopter landing pads, paving roads, building docks for landing vessels, and so on. The definition is very cloudy.

I have been advised that based on these amendments, the level of designated lighthouses could certainly be near 100 per cent, or $384 million. That is, at the present time, 23 per cent of DFO's total budget.

Let us assume it is the second scenario, Bill S-220. This would comprise 14 per cent of DFO's total budget. Even if the Department of Fisheries and Oceans receives the necessary funds from the federal government to implement Bill S-220, what about the funds it already requires to carry out its current responsibilities?

Honourable senators, I believe I have made my point with respect to the financial impact of Bill S-220. I will conclude my remarks by saying that all honourable senators, on each side of this house, need to look hard and be concerned with the serious limitations this bill may place on the Department of Fisheries and Oceans. As I have said before, I support the objectives of Bill S-220. However, as an Atlantic Canadian and as an advocate of East Coast fisheries my entire life, I cannot help but be concerned that the necessary funds associated with this bill may seriously impact DFO's ability to carry out its day-to-day operations.

At committee, I introduced 17 amendments based on 10 recommendations that I was advised the Minister of the Environment had supported and that Senator Carney had supported as well. My position has since been reaffirmed by the minister's office. However, I will not be introducing at third reading the amendments that I put forward, which were rejected by committee members. That has not been the purpose of my remarks today. The purpose of my remarks is to let honourable senators know that this bill, although it is a noble bill, has some side effects that honourable senators need to be aware of.

The Department of Fisheries and Oceans, regardless of whether it receives additional funds from the federal government, cannot be the sole custodian of over 750 heritage lighthouses. Its operational budget simply cannot sustain such a task. I encourage honourable senators and all members from the other place who may read my remarks — and hopefully they will — once this bill receives third reading to consider the financial impact of Bill S-220 and some of the other issues that I have just raised.

The Hon. the Speaker *pro tempore***:** Senator Lapointe, do you want to speak on the bill?

[*Translation*]

Hon. Jean Lapointe: Honourable senators, I have just one comment. We know how much this bill meant to Senator Forrestall. I personally had lent my full support to the bill. In his memory, I believe that we should do the same.

Heritage lighthouses are among our country's most beautiful landmarks. In addition, these structures have saved the lives of many sailors. When lives are saved, in my opinion, cost becomes secondary.

Senator Comeau: I agree completely. Senator Forrestall attached great importance to this bill. However, the purpose of the bill is not to save lives, but to designate certain lighthouses as heritage monuments. These lighthouses will be so designated by the Department of the Environment, through Parks Canada. If the request is granted, Fisheries and Oceans Canada will take charge of maintaining the lighthouse so as to preserve its heritage character.

Lighthouses that serve as navigational aids come under a different mandate of Fisheries and Oceans Canada. These lighthouses are currently used and will continue to be used for that purpose.

My comments were not intended to take away from the value of the structures covered by the bill, but to underscore the bill's financial impact. This impact would be felt by a budget that currently does not have the funds to meet the bill's requirements.

As Senators Adams and Johnson have pointed out, there is simply not enough money at present to do what is needed. Giving Fisheries and Oceans Canada additional responsibilities, such as responsibility for protecting heritage buildings, will have a highly negative impact on its ability to meet its current obligations.

[*English*]

Hon. Willie Adams: Honourable senators, I have difficulty with this bill, especially after I asked my chairman a question about it yesterday. The same thing happened today with Senator Comeau's speech. This bill does not have a clause to cover when these lighthouses will be turned over in the future, either to the municipality or to a private interest. Over 700 lighthouses will become heritage sites if that bill passes.

• (1620)

I think there should be another clause in the bill. We do not have lighthouses in Nunavut; we have beacons that are not considered heritage. I have some difficulty with that because if DFO will not make a change in the policy for funding, we will need to spend a lot of money on maintenance of those beacons. Perhaps they should come under heritage as well, and in that way funding could be provided and they could continue to be used. Otherwise, DFO might want to tear them down.

Senator Comeau: In response to the question of the Honourable Senator Adams, I can only advise him that the problem with initiating this type of bill from the Senate is that it must be done in a certain way. The implementation of this bill must be done with current money because we cannot introduce money bills in the Senate. This is why there are certain limitations as to how we can word money bills. In other words, we cannot introduce money bills in the Senate. That is a downside. As a result, it raises concerns that some of this money could be transferred from operational budgets.

I believe the honourable senator raised the question of whether any other groups might wish to take over lighthouses from now on. That will not happen if the government is paying now. It is hard enough as it is right now to take over a lighthouse because one must raise private funds. Why would anyone want to do that if the government undertakes to do it?

Finally, if someone wishes to take over a lighthouse and create a bed and breakfast, it will be extremely difficult under this bill if it is a heritage lighthouse because there are severe limitations as to how a bed and breakfast can be run out of a heritage lighthouse. Therefore, it will not happen. Without the limitation of the heritage designation, these things are happening right now. Some people do take over those lighthouses.

Having said that, I think we should approve the passage of the bill. I urge the honourable senator to allow the bill to go through and see what the progress is in the other place. Let us see if it goes somewhere. There may be ways of ensuring that the concerns we have raised are acted upon in the other place.

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.

THIRD READING

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

Hon. Senators: Question!

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

Motion agreed to and bill, as amended, read third time and passed.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the tenth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of the Opposition Whip and the Leadership of the Opposition), presented in the Senate on December 11, 2006.—(*Honourable Senator Furey*)

Hon. Joan Fraser (Deputy Leader of the Opposition): I move the adoption of this report.

Hon. David Tkachuk: Honourable senators, I have a couple of questions.

In this report, there is a budget increase of $75,000 for the Senate opposition leader and $10,000 for the opposition whip. It seems to me that this increase was included in a previous report that was withdrawn earlier on in the session, and now it appears again. Are these amounts, $75,000 and $10,000, in addition to the general increases in the budget that these offices receive annually?

Senator Fraser: I see the deputy chair of the committee here. If he wishes to respond to Senator Tkachuk, that would be fine with me.

[*Translation*]

Hon. Pierre Claude Nolin: Honourable senators, no matter the source of these figures, with the adoption of this report both leaders and both whips will have equal budgets.

[*English*]

Senator Tkachuk: Is this a new practice of the Senate chamber that there will now be equal budgets in both the government office and the opposition office, and the government whip and the opposition whip?

[*Translation*]

Senator Nolin: That is correct. It is a new practice which, according to the Standing Committee on Internal Economy, Budgets and Administration, appears to be the most equitable.

[*English*]

Senator Tkachuk: I understand there will be another report forthcoming with more information. However, we were in opposition for some 12 or 13 years and we managed our budget within the guidelines set forth. The opposition has 66 members at $133,000 a year, some $8.7 million, already available to the opposition for hiring staff. This additional amount seems a little untoward. I do not understand this immediate need that came up all of a sudden for an extra $75,000, and I want that point made clearly. I think taxpayers' money should be treated with a little more care than what seems to be shown in this particular policy.

Hon. Senators: Question!

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

Hon. Senators: Agreed.

An Hon. Senator: On division.

Motion agreed to and report adopted, on division.

• (1630)

ELEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the eleventh report of the Standing Committee on Internal Economy, Budgets and Administration (allocation for transportation for the Leader of the Opposition), presented in the Senate on December 11, 2006. —(*Honourable Senator Furey*)

Hon. Joan Fraser (Deputy Leader of the Opposition) moved the adoption of the report.

Hon. David Tkachuk: I understand that this budget is for a car for the Leader of the Opposition in the Senate. Is money allocated for a driver as well?

[*Translation*]

Hon. Pierre Claude Nolin: Honourable senators, providing the financial resources to pay a driver will be at the sole discretion of the opposition leader. He will decide how he wishes to allocate his budget.

The eleventh report of the Committee on Internal Economy does not cover the expense for a driver. It only covers providing a vehicle for the opposition leader, as is the case in the House of Commons.

[*English*]

Senator Tkachuk: I find it rather interesting that a car is to be provided. Was it asked whether the initial $75,000, which was approved in the previous report, would include an expense for a driver for this car for the Leader of the Opposition?

Senator Fraser: Senator Nolin made it clear in the discussion on the previous report that the budgets of the two leaders' offices for their senatorial duties would be the same. This does not affect the ministerial budget that goes to the Leader of the Government in the Senate, which is another matter that is beyond our control. This budget amount applies to the senatorial budgets of the two leaders. The car, as Senator Nolin said, is covered in this eleventh report before the Senate for consideration. The expense for a driver will come out of the budget of the Leader of the Opposition, should he choose to take advantage of the availability of the car.

I wanted to rise because it is entirely appropriate for this chamber to recognize, as the House of Commons recognizes, that the Leader of the Opposition is entitled to a car. Certainly, we will not see any stretch limousines under this rubric. It is a matter of essential understanding and recognition in each chamber of the work done by the Leader of the Government in the Senate and by the Leader of the Opposition in the Senate.

Senator Tkachuk: I do not understand that at all. Is the honourable senator answering the questions on this item or is the Deputy Chair of the Internal Committee answering the questions? I would like to know whether the Prime Minister's Office and the Office of the Leader of the Opposition in the other place have the same budgets.

Senator Nolin: Are we talking about the car or the budget? We have dealt with the budget.

Senator Tkachuk: I am talking about both budgets.

Senator Nolin: We will have to be focused.

[*Translation*]

Honourable senators, what we have before us is, quite simply, a report asking for our permission to provide a car for the Leader of the Opposition in the Senate. Period. That is the issue.

[*English*]

Senator Tkachuk: With my apologies to the Deputy Chairman of the Committee, I did not raise the issue; rather, the Deputy Leader of the Opposition in the Senate raised the issue of the budget. I asked about the car and the honourable senator went back to the first item, so perhaps she should answer the question.

Senator Fraser: Honourable senators are going in circles on this item. I answered Senator Tkachuk's earlier question by saying that it had been covered earlier in the proceedings. A second question has been answered by Senator Nolin in clear terms, in my view. I attempted to repeat those clear terms, and the answers are on the record several times.

The Hon. the Speaker: It was moved by the Honourable Senator Fraser, seconded by the Honourable Senator Milne, that this report be adopted now.

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

Some Hon. Senators: No.

Some Hon. Senators: Yes.

Motion agreed to and report adopted, on division.

STUDY ON SOFTWOOD LUMBER AGREEMENT

REPORT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE COMMITTEE ADOPTED

The Senate proceeded to consideration of the fifth report (interim) of the Standing Senate Committee on Foreign Affairs and International Trade (Canada-United States agreement on softwood lumber), tabled in the Senate on November 29, 2006.—(*Honourable Senator Segal*)

Hon. Hugh Segal moved the adoption of the report.

He said: Honourable senators, the fifth report of the Foreign Affairs Committee speaks to the meetings held with respect to the softwood lumber policy and trade issue in general, not to Bill C-24, which was dealt with in another report. That interim report to the Senate indicated that further study, to amplify what was said by the Leader of the Opposition and by Senator Mitchell earlier, would continue on the issue and be consistent with the undertakings given at committee yesterday.

Motion agreed to and report adopted.

FOREIGN AFFAIRS AND INTERNATIONAL TRADE

BUDGET—STUDY ON EVACUATION OF CANADIAN CITIZENS FROM LEBANON— REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourth report of the Standing Senate Committee on Foreign Affairs and International Trade (budget—study on the evacuation of Canadian citizens from Lebanon in July 2006 — power to hire staff), presented in the Senate on November 23, 2006. —(*Honourable Senator Segal*)

Hon. Hugh Segal moved the adoption of the report.

He said: Honourable senators, the fourth report lays out for approval of the Senate a modest budget of the committee to continue its hearings on the evacuation of Canadians from Lebanon some months ago. The budget total is $5,500 and involves no travel beyond the precincts of the nation's capital.

Motion agreed to and report adopted.

STUDY ON ISSUES RELATING TO FISCAL BALANCES AMONG ORDERS OF GOVERNMENT BUDGET

INTERIM REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the seventh report (interim) of the Standing Senate Committee on National Finance entitled: *The Horizontal Fiscal Balance: Towards a Principled Approach*, tabled in the Senate on December 12, 2006. —(*Honourable Senator Day*)

Hon. Joseph A. Day moved the adoption of the report.

He said: Honourable senators, I will take this opportunity to provide background on the report, which has been circulated. Senators have had an opportunity to review the seventh report of the committee. The report revisits a subject studied by the committee in 2001-02 on equalization. The Senate mandated that the Standing Senate Committee on National Finance be authorized to examine and report on issues relating to the vertical and horizontal fiscal balances among the various orders of government in Canada.

• (1640)

Honourable senators, in this report, we start with definitions which are important. Fiscal balance refers to the balance between the expenditure responsibilities of the various orders of government and the ability to fund the services resulting from those responsibilities. Normally, economists divide fiscal balance into vertical fiscal balance or imbalance and horizontal fiscal balance and we have discussed both in this particular study. For the purposes of my remarks, this report being an interim report dealt with the horizontal aspects only. Horizontal fiscal balance is the difference between the various provinces to deal with their responsibilities. We typically refer to equalization and the equalization program as dealing with, and devised to deal with, horizontal imbalances between the various levels of government.

Vertical imbalance deals with the various orders of government. We have the programs of the Canada Health Transfer and the Canada Social Transfer payments based on a per capita basis as opposed to dealing with the imbalances by virtue of the inability to raise funds. They are direct transfers based on per capita and that we will go into at a later time in our study on the mandate you have given to us.

We felt that it was important for us to deal with the equalization aspects, the horizontal aspects, quickly and initially because the federal government in the budget in May of this year indicated that it was intending to move on the fiscal imbalances on equalization. It was intending to move in conjunction with negotiations and discussions with the provinces on this particular aspect.

Prior to the change of government, one study was ordered by the government and that study was forthcoming. I will refer to that as the "expert panel report." That report was before us for study. A second study was commissioned by the provinces for study and that particular report is now available.

Honourable senators, in addition, we have our previous report that was done in 2002. There are three reports available as part of the record for the federal government and the provinces to consider in dealing with this issue of equalization.

Honourable senators may recall that subsequent to our report of 2002, Mr. Martin's government proceeded with a change in the programs, which is now in place but which most parties find to be unsatisfactory, and that is the new framework which was based on an envelope of money, not based on a formula.

We have studied that particular new framework where the formula was suspended, and to be fair to the Martin government, that was intended to be an interim program. That government ordered a study and the expert panel's report was a result of that previous government's initiative. The provincial government's look at this particular matter was commissioned by the provinces, and so now we have the federal government saying it will proceed with the change and we have this history of three reports.

We felt we should analyze these reports, bring in some witnesses to consider the various issues and come forward with a report. That is what we have done with respect to this equalization report.

There is surprising similarity between the three approaches. In fact, there is also our previous report of this committee as well, so there are four different reports. There is surprising similarity in relation to the various reports; return to a formula base, keep the matter simple, stay on principle and try to avoid to the extent possible the very complicated changes and twigging to that formula that have resulted in the past in making this rather difficult. Try to have predictability to smooth out the swings and return to a 10-province standard from a five-province standard.

The divergence comes with respect to natural resources. The advisory panel and the expert panel diverge in that regard. The advisory panel says all natural resources should be included. The expert panel, the federal government panel, recommends 50 per cent of natural resources to reflect the ownership principle; the province that owns natural resources should reap some benefits and that is the suggestion.

The expert panel, in suggesting the 50 per cent issue, is also recommending a cap on payments. A cap is suggested because if a receiving province has natural resources and keeps 50 per cent of those resources out of the calculations, they may develop a fiscal capacity that is even higher than a non-receiving province. Ontario, for example, does not receive equalization; it is a non-receiving province and therefore the federal government sends funds to other receiving provinces that have a higher per capita fiscal capacity than Ontario. They said that is unfair. That is brought about as a result, in large part, of the 50 per cent only of natural resources being included. The federal advisory expert panel says 50 per cent and we should have a cap. There is no cap in the provincial government report of 100 per cent of natural resources.

We had a divergence of views in our committee on that issue, but the majority felt we should go with the provincial government advisory panel report of 100 per cent natural resources; keep it simple. To keep it simple, we will keep away from caps and percentages and if, as a result of the 10-province 100 per cent natural resources there is a major swing, then that should be dealt with from the point of view of affordability and should be dealt with at the time. Major swings occur when natural resources are very hot in the marketplace, such as right now. If there are major swings and they bring the total amount of equalization higher than the federal government feels it can afford at a particular time, that should be dealt with as a political matter, openly and transparently, when it happens, as opposed to twigging with formulas and the various revenue bases.

That really was the only point on equalization that I wanted to bring to your attention. There was a lot of good discussion here and a lot of interesting points.

This report is divided into two parts: The first part is equalization and the second part is territorial formula financing, a term used for the three territories in the North.

I would like to conclude by referring you to pages 29 and 30 of this report, where we make two very important recommendations.

• (1650)

The first one is that the government should bring to an early conclusion devolution and resource revenue-sharing negotiations with the territories and make them the principal beneficiaries of those revenues, which they are not now. The negotiations should take into account Aboriginal rights, needs and participation, including land claims and Aboriginal self-government arrangements.

It was pointed out that Nunavut, as our newest territory, has extraordinary expenses that should not be included in a traditional type of territorial formula financing. While financing should be based on a formula, these extraordinary expenses should be dealt with separately in a bilateral arrangement.

Nunavut is growing in terms of population at the rate of 24.5 per cent a year. It is building a new territorial or provincial structure, and they obviously have additional expenses. We believe it is time for our federal government to get on with concluding the long outstanding negotiations and put them on a footing similar to the provinces, so they can do long-term planning and be self-sufficient and self-administering to the extent possible.

The final recommendation is that the government provide Nunavut with adequate funding to meet its immediate and extraordinary needs. The funding should be provided through specific federal program transfers rather than through adjustments to the territorial funding formula, and should be excluded from calculations under the normal territorial funding formula.

That is a general overview, honourable senators, of this particular document, the interim report on the first phase of the committee's study, which is the horizontal fiscal balance between the different levels of government. We look forward to continuing the study on vertical imbalances between the federal government and the provinces, and between the provinces and the municipalities.

Honourable senators, I respectfully request your support of this particular report.

Hon. Art Eggleton: Honourable senators, I rise to provide a different view from that just expressed by my colleague. While there was a fair bit of agreement on some of the fundamentals at the committee, there was disagreement on others. In fact, the final vote on the areas of disagreement was 6 to 4, which shows how close it was. If one vote had switched, this report would not be here today. I think it is something that requires further attention from this chamber before we proceed with this matter.

An important principle that we would all agree on is the fact that people across Canada should have access to reasonably comparable public services, and they should pay comparable levels of tax. That has been one of the fundamental parts of the equalization formula. What has not been very clear about the equalization formula is how the calculations are done. There has been a lot of disagreement between the provinces and regions of the country and between the provinces and the federal government on what it takes to address this imbalance.

We must find a compromise, a balance. This report, as Senator Day says, deals with horizontal fiscal imbalance, or what we usually refer to as equalization. The vertical imbalance will come in a further study by the committee.

In the past year, two separate reports have been published on this issue. They became the basis for the committee's consideration, although the committee did look at other information, including past work by the committee itself. This year, we had the O'Brien report, as it is called. Mr. Al O'Brien was the former deputy provincial treasurer for the Province of Alberta and he and his panel were commissioned by the Harper government on this whole question. I am sorry, that is wrong. The report was made to the Harper government. It was commissioned by the previous one.

Then there was the second report, which is the advisory panel report of the Council of the Federation. The provincial governments, in effect, commissioned that report; so I will refer to the O'Brien report, which is the federal report, and the advisory panel report, which is the provincial Council of the Federation report.

As I said, there is much that committee members did agree on. We did some good work. We did agree on the fact that there needs to be a return to a formula-based approach. The framework

agreement from the Martin government was not considered in that category. We feel we need to move back to a formula-based approach and a return to a 10-province standard instead of a five-province standard, which is what we have been using until now. We also feel that we should retain the representative tax system approach, while simplifying to make it more transparent. We used to have 33 different categories in this system; we are talking now about five or six, which is a much better process upon which to operate. We also agreed on implementing a smoothing mechanism, based on a three-year moving average, lagged two years.

A lot of things about the O'Brien report and the advisory panel report were agreed on. As well, all committee members agreed on changes to the territorial formula financing, including swift implementation of the O'Brien report recommendations in that regard, finishing negotiations with the territories on resource revenues and providing Nunavut with separate funding to meet its extraordinary needs and costs.

This is where agreement ended and debate began. To me, there are three key parts of equalization that have been forgotten: affordability, fairness and, as I indicated earlier, compromise.

With respect to affordability, the committee had to make an important decision. To make the program affordable for the federal government, the O'Brien report recommended a 50 per cent inclusion rate for natural resources. The inclusion of the 50 per cent rate also results in several other benefits. It passes the fairness test to both receiving and non-receiving provinces; it gives provinces a net benefit for the resources they own; it gives them encouragement and reason to develop their natural resources, getting more benefit from them; and it protects the provinces from volatility in the price of natural resources.

The committee, in the split vote of 6 to 4, decided to include 100 per cent of natural resource revenues, picking the provincial advisory panel recommendation. The recommendation of the committee means that the value of equalization programs for 2005-06 would be over $13 billion. That would mean over a $2 billion increase for that fiscal year, which represents a 19.9 per cent increase from the existing framework.

There is no proof that there has to be an increase in the size of the program by that amount. To the contrary, Don Drummond, Chief Economist at TD Bank, wrote that enriching the equalization program would be like "attaching a ball and chain around Ontario's ankle." Further:

> If you compromise Ontario's ability as an economic powerhouse, you hurt the ability of the province to back up equalization.

Honourable senators, over the past four years, the equalization program has already gone up over 30 per cent. Now we are talking about an additional 19.9 per cent. Even under the current framework from the Martin government, the program would have grown at 3.5 per cent annually. However, the National Finance Committee has asked that the government increase the program by 19.9 per cent, with no clear reasons, which I cannot support.

The inclusion of 50 per cent of revenues does mean an increase in the program. However, it is an increase of $1 billion, which represents 9.2 per cent — far more reasonable than 19.9 per cent. Prime Minister Harper, during the election campaign, promised to exclude all resource revenue from the equalization program — not 50 per cent, all of it.

• (1700)

The Saskatoon *Star Phoenix* said:

> Harper could have acted in the national interest had he waited for the O'Brien panel and fought on principle to adopt its call to include 50 per cent of all resources revenues in the results of formula.

This shows that there is some general agreement for inclusion of resource revenues. The 50 per cent is a reasonable increase to the program. It is a compromise, yes, but I think that is important.

Mentioned in the report, but not highlighted in the recommendations, is a scaling plan. This comes from the advisory panel. This is their tool, which perhaps would help affordability. The "scale-back" would involve lowering the equalization standard by a percentage amount. This method would not affect the distribution of entitlements. It would simply lower payments on an equal per capita basis to receiving provinces. It would be up to the provinces and the federal government to, hopefully, agree on the percentage, or the federal government would make decisions for all parties on the amount to scale back. All this does is bring us back to a yearly negotiation of equalization payments, but with a program of a much higher value. This, honourable senators, is no solution.

The secondary area where the committee, instead of seeking compromise, abandoned a key principle is fairness. Fairness for this purpose is simply that a province receiving equalization payments should not end up with a better fiscal capacity than a non-receiving province. This is all about fiscal capacity, raising the fiscal capacity of the non-receiving provinces. However, we are getting to a point where some non-receiving provinces are about to pass, could pass, a receiving province, or the other way around. There is something very wrong in that kind of a violation. There must be some stopping point to payments. Otherwise, all we are doing is trading today's problems in the equalization program for future problems.

In the O'Brien report, he wrote that this idea

> ...runs counter to a fundamental principle of equity that should underlie any changes to the Equalization program.

That is what Mr. O'Brien said. To protect against this type of problem, O'Brien recommended the implementation of a fiscal cap. The cap would be equal to the level of fiscal capacity of the lowest non-receiving province. Once a province received an equalization payment equal to the fiscal cap, no more equalization payments would be made. That is fair, but unfortunately the committee did not adopt this idea.

The reason for this appears to be those famous offshore agreements with Newfoundland and Labrador and Nova Scotia and the issue of when, where or if they should be part of the equalization program. To help this concern, some members of

the committee, in a compromise, suggested there may be a period of time for the offshore accords to be excluded. This would allow those provinces to make up for the years that they lagged behind — for those years they were a receiving province.

Professor Paul Boothe, from the University of Alberta, in his testimony, stated:

> Two principles exist harmoniously: The first says that even equalization-receiving provinces should receive some net benefit from their ownership of natural resources; the second says that receiving such a benefit should not be allowed to pervert the fundamental fairness of the evaluation program.

Again, in a compromise, some members were willing to make an exception and put that directly in the equalization program to protect those provinces and their signed offshore accords.

Finally, on the question of compromise, in his presentation to the committee, the Honourable Michael Baker, the Minister of Finance for Nova Scotia, said:

> In order for equalization to work effectively for all Canadians...and in order for equalization to be acceptable, everyone may need to compromise.

I concur that compromise is required, but our report misses the two places, affordability and fairness, where compromise could have happened. The O'Brien report, on the other hand, is just that. It is compromise. The 50 per cent inclusion is a compromise with benefits for all provinces and the federal government. A fiscal cap is a compromise. Exclusion of offshore accords for five years is a compromise as well. Five years is not bad. Because these measures are not included, I cannot support the report. It does not meet the test of affordability, it does not meet the test of fairness and it does not meet the test of compromise.

Honourable senators, before I end, I want to touch on one last area of the report I think is key. In section 6 of the recommendations, we briefly talked about associated equalization, or what Mr. O'Brien refers to as "back door equalization." In the recent fiscal update, Minister Flaherty wrote that the federal strategy aimed at fixing the so-called fiscal imbalance must treat provinces equally when dealing with transfer programs such as the CHT, the Canada Health Transfer, or the CST, the Canada Social Transfer. He further wrote that direct transfers to governments other than equalization should be based on the principle of providing support for all Canadians. I agree with Minister Flaherty and what he has said.

The committee also heard from the Minister of Intergovernmental Affairs from the Province of Ontario, who made similar points in saying that Ontario receives $86 less cash per person through the CHT and CST than equalization-receiving provinces. That is $86 less per person for education, for some of the fundamental requirements in our province. In 2004-05, federal support for job training amounted to $1,143 per unemployed Ontarian, compared to $1,827, which is $700 more per person, in the rest of Canada. That is not fairness, and that is not equitable. The average unemployed Ontarian receives $3,640 less in federal employment insurance benefits than an unemployed person in other parts of Canada. This is what Mr. Flaherty is concerned about and certainly what Mr. O'Brien is concerned about.

In the Finance Committee's next report, this needs to be addressed. Every other direct transfer program should be modeled on a per capita basis.

In conclusion, honourable senators, I ask you to vote against this report. I cannot support the recommendations that are not based on affordability, fairness and compromise. I cannot support a report where the fiscal capacity of a receiving province would be higher than a non-receiving province.

O'Brien, in his recommendations, said there was no way to please everyone, so he tried to draw a compromise between everyone. That is the direction I think this Senate should be taking.

Hon. Lowell Murray: Honourable senators, let us be very clear about the implications of what we have just heard.

My honourable friend is advocating an approach to this problem, the approach set out in what he and I will both refer to as the O'Brien report, which would involve a reduction of almost $205 million in equalization payments to the Province of Newfoundland and Labrador next year over the present year. That is a $205 million reduction in equalization payments to Newfoundland and Labrador. That, honourable senators, is not a compromised balance. That, I submit, is cruel and unusual punishment inflicted on the poorest province in the country. I cannot and do not accept it.

In some of the rhetoric that one hears surrounding the issue of equalization — I certainly do not accuse the honourable senator of this, because he made his argument in a very fair and moderate fashion. However, in some of the rhetoric, there is —

An Hon. Senator: Name names.

Senator Murray: No, I need not name names. I cannot even remember who they are. They are to be found in op-ed pieces and the publications of some think tanks, and they are to be found occasionally even among some politicians, though none in this place.

• (1710)

In some of the rhetoric, there is the clear suggestion that some recipient provinces, notably Newfoundland and Labrador, are somehow living high off the hog from equalization payments, that their prosperity has grown such that it is matching or exceeding the most prosperous provinces in the country, and that payments must stop or at least be severely curtailed.

Our friend Mr. Drummond was cited by Senator Eggleton as saying that enriching equalization would be a ball and chain on Ontario. Ontario taxpayers, because of the progressive tax system we have, pay 40 per cent of the revenues that go into the federal treasury; so you could say that enriching the musical ride is a ball and chain on the taxpayers of Ontario, or National Defence or any other activity of the federal government. Why single out equalization?

The point I want to make about Newfoundland and Labrador in particular, because this is the one that keeps coming up, is that in terms of equalization payments over a period of time, we see in

the O'Brien report — and I refer honourable senators who may have it here, or who may want to see it at another time, to pages 31 and 32 — that, in looking at the equalization entitlements of each province from 1993-94 to 2006-07, Newfoundland and Labrador's equalization entitlements are at their lowest point ever in 2006-07. They were at a high of $1.1 billion in 1999-2000. They were at $900 million in 1993-94. They were down to $762 million in 2004-05. They have been slowly decreasing to the point where they are now, in 2006-07, at $687 million. This does indicate that, slowly but surely, among other things the economy and the revenues of Newfoundland and Labrador have been improving over the years. They have been getting less equalization as a result.

Interestingly enough, to stay with Newfoundland and Labrador, as a percentage of provincial and local government revenues, I find that in Newfoundland and Labrador equalization accounts for a smaller proportion of their provincial and local government revenues than in any other province in the Atlantic region.

In terms of equalization entitlements per capita, Newfoundland and Labrador is lower than any province in the Atlantic region. Slowly but surely their economy is improving, but their equalization payments have been going down as a result, and that is the way that equalization is supposed to work.

My friend, with the authority of the O'Brien report, is suggesting that a cap must be put on equalization payments so that no recipient province, after equalization, has a higher fiscal capacity than the lowest non-recipient province; that is, Ontario. As a principle, that sounds good, and it is good.

The problem is that the O'Brien report would include in the measurement of Newfoundland's fiscal capacity the offsets negotiated first by the Mulroney government in 1985 — the negotiations started in 1981 or 1982 under the Trudeau government but were concluded in 1985 by the Mulroney government as the Atlantic accord — and amended almost two years ago by the Martin government.

The O'Brien report would include those offsets in a measurement of Newfoundland and Labrador's fiscal capacity. That is how we come to a situation in which, if the report were adopted, there would be a $205 million hit on Newfoundland beginning April 1. There would also be a hit on Nova Scotia, although it would not come quite as soon.

Honourable senators, I do not want to tire you with a lengthy disquisition on the Atlantic accords, but I do have to say something about it. Let me just outline briefly what the Atlantic accord — the offshore revenue accord reached between the Martin government and the Government of Newfoundland — provides for. There will be 100 per cent protection from equalization reductions or clawbacks for eight years. That is one year longer than had been anticipated in the original Atlantic accord.

The agreement provides for a further eight-year extension as long as the province receives equalization in 2010-11 or 2011-12. Clearly, it is foreseen as a possibility, at any rate, that Newfoundland and Labrador will cease receiving equalization as its economy improves. When it does cease receiving equalization, there will be a two-year transitional period, the kind of period that Senator Eggleton was talking about, after which there will be no further transitional payments.

It is important to understand something of the intent of the accords when they were being negotiated. I want to quote you from a speech made by the Honourable Jean Chrétien, who was then the Minister of Energy, Mines and Resources for Canada. He says: "When will the provincial government be expected to share some of these revenues" — he means the offshore revenues — "with other Canadians?" He gives this answer:

> Not until the Newfoundland government's fiscal capacity reached 110 per cent of the national average, with an adjustment for regional unemployment that would now raise this to about 125 per cent.

Then he continued on a little bit later, and this is very important to understand in terms of why Mr. Martin and those two provinces, Newfoundland and Labrador and Nova Scotia, had to amend the agreement in 2005. Mr. Chrétien said in April 1984 that in Newfoundland's case, "provincial revenues from Hibernia might be large enough to make Newfoundland a 'have' province within five years of production." This "should be a cause for celebration even if it entailed a loss of equalization payments."

The problem with the original accords signed in the 1980s is that they anticipated a certain pace of exploration and development in the offshore. Matched to that was a deadline in terms of the offsets for equalization. Through nobody's fault, the anticipated rate of exploration and development offshore did not materialize. Newfoundland and Labrador, in the one case, and Nova Scotia in the other case did not reap the benefits that the original accords anticipated they would reach.

Therefore, the Martin government, in office in 2005, had to negotiate an amendment to those accords to provide for continuation for another eight years, at least, and perhaps beyond that, if exploration and development and, therefore, revenues do not materialize as hoped for.

That, in a nutshell, is the story about the offshore accords. It would be extremely unjust for the government or Parliament, in calculating the fiscal capacity of Newfoundland and Labrador and Nova Scotia, to include those offsets at this point.

• (1720)

To implement the O'Brien report, as suggested by our friend Senator Eggleton, would mean that when we come to legislate the equalization program, we would need to, by legislation, negate the offshore accords that the government signed less than two years ago with Newfoundland and Labrador, and with Nova Scotia.

When the Minister of Intergovernmental Affairs from Ontario was before the committee, she complained, I think rightly so, that there seemed to be a prospect that the present government would claw back from an agreement made with the Government of Ontario before the election worth about $6.8 billion, and that the present government was finding ways to claw some of that back by including part of it in new agreements that had been signed with all provinces. I think that would be reprehensible, if it

happened. However, I think we ought to deplore it and oppose it as strongly in the case of Newfoundland and Labrador and Nova Scotia as we would in the case of Ontario.

I frankly do not see how this government, or any other government, would take it upon itself, less than two years after agreements had been signed or renewed with Newfoundland and Labrador and Nova Scotia with regard to the offshore oil exploration and development and the revenues therefrom, to simply negate those agreements by legislation.

Let me conclude on this point. There have been four reports, as the chairman, Senator Day, has pointed out and as Senator Eggleton has pointed out. The first was the report of our own Senate Finance Committee back in March of 2002. The Council of the Federation, the provinces and territories, completed their report at the end of March of this year. With full disclosure, I can tell honourable senators for the record that I was a member of that panel. There was the expert panel appointed by the federal government that reported in May of 2006 and there was again the National Finance Committee that reported on December 12.

Let me take a minute to underline the many areas on which the four reports are agreed. All of us agree that the purpose of the program is to equalize fiscal capacity across the country. We agree that in order to measure fiscal capacity, we must have 10 provinces in the measurement to reach a national average; not three, five or seven provinces, but 10 provinces. If we are to have a true measure of fiscal capacity, we must include all the revenue sources of provincial governments. That, to us — and indeed to the expert panel of the federal government — means including 100 per cent of natural resource revenues.

The expert panel differs with the rest of us only in this respect: They say that 100 per cent measurement of natural resources is necessary in order to measure fiscal capacity, but only 50 per cent measurement in order to arrive at the payout. Then, of course, in imposing the cap, they include the 100 per cent of natural resource revenues, including the offsets to the provinces of Nova Scotia and Newfoundland and Labrador.

We are agreed on all of that. The affordability issue should not really be an issue. The Standing Senate Committee on National Finance, which reported in December, believes, as do the advisory panel of the provinces and territories, that if we take this principled position — 10-province standard, all revenues, 100 per cent of natural resource revenues — we will have a principled approach, and the principled approach will produce a number, an allocation to all of the provinces.

At that point, having measured fiscal capacity fairly and properly, having produced a number in terms of allocation of equalization payments to the provinces, if there is an affordability problem — and there always is with the federal government — the federal government, which has the final say on this, simply scales back proportionately. No one province takes an unfair hit. The scale-back is done per capita, and every province will be hit in the same way.

The problem with this formula, in my humble opinion, is that over the years, government after government, in order to produce the outcome that the Department of Finance wants, have fiddled with and manipulated the formula, time after time. That is no way to go, in my opinion. Adopt the principled approach, see the number it produces, and then, if there is an affordability problem, scale back, in the sight of man and God and woman, and defend it politically. That, it seems to me, is the proper way for a responsible government to act.

The Hon. the Speaker: If questions and comments are to be made in respect to Senator Murray, we will require an extension of his time. Is five minutes agreed?

Hon. Gerald J. Comeau (Deputy Leader of the Government): Five minutes is agreed.

Senator Eggleton: I appreciate Senator Murray's comments about all of this. He has had a fair amount of experience. I do agree we need a formula-based approach. After all of the tinkering with the system, I think that is very important, and we are all agreed on that.

However, I do not agree with what the honourable senator said about affordability. Surely there is an affordability problem here when we see an increase of 19.9 per cent on top of an over 30 per cent increase in three years. What program would this house approve with those kinds of percentage increases? There is very much an affordability problem.

I want to ask the honourable senator about the question of Newfoundland, because he has painted a dire picture of Newfoundland and Labrador. That will rouse a few people, I am sure.

In the proposition that I suggested of having a compromise, a five-year phase-in, those numbers do not apply. In fact, I think the honourable senator would find there would not be a reduction in equalization payments to that province if there were that kind of a five-year formula. Does the honourable senator not agree?

Senator Murray: Honourable senators, the Atlantic Accord, signed by the Martin government in January of 2005, provides for a transitional period when the time comes that Newfoundland is no longer entitled to equalization. The nub of the issue is whether the offsets from the offshore accords agreed to between Newfoundland and Labrador and Ottawa ought to be included in measuring Newfoundland and Nova Scotia's fiscal capacity. That is the nub of the issue.

I have already read to the honourable senator for the record what Mr. Chrétien said 22 years ago, about Newfoundland having to achieve somewhere between 110 and 125 per cent of national fiscal capacity.

Adding to that, I would say that those provinces, and the federal government, have always considered those offshore accords not a part of equalization, not part of section 36(2) of the Constitution Act, 1982 but, rather, of section 36(1) of the Constitution Act, 1982, which imposes upon all of us federal and provincial obligations for regional economic development.

Even with my friend's five-year phase-in — and I have not examined that proposal in much detail — we are still at the nub of the issue, which is whether, in terms of the fiscal capacity of Newfoundland, those transfers ought to be measured as part of their fiscal capacity. We say no, they should not be measured

as part of their fiscal capacity, any more than money that goes to this province or another, from Ottawa, for infrastructure or what have you, should be measured as part of their fiscal capacity.

• (1730)

Hon. Serge Joyal: I would like to pick up the issue where the honourable senator left it.

Has the committee taken into account the Blue Book from the last budget wherein the Minister of Finance reviewed the financial capacity of the federal government in terms of surplus versus what the overall financial burden of the federal government would be if we were to implement the formula that the majority of the committee seems to promote, including Senator Murray? In other words, if we increased the level of fiscal transfer in equalization payments to 19 per cent, how much of the federal surplus would be needed for that annually? Do we have the money to fulfil the commitment we would assume if we were to implement the proposed formula, which is 100 per cent of all natural resources revenue, renewable and non-renewable?

Senator Murray: Honourable senators, I do not have the numbers in front of me. I will, however, make several points.

We looked at this in relation to the provincial-territorial panel. We agree that fully implementing the proposal in the two Senate committee reports and the provincial-territorial panel report would require approximately a $5 billion increase in the equalization program.

Second, in terms of the hit on the federal treasury — and I have the numbers somewhere but I do not have time to unearth them at the moment — equalization has been decreasing considerably as a percentage of federal revenues. It has also been decreasing considerably as a proportion of GDP over a period of at least 20 years. Therefore, the strain on the federal fisc is not very large.

That being said, when we saw that our proposals would cost another $5 billion, more or less, we all recognized that if the federal government had an affordability problem it could scale back and do so in a fair, transparent, proportional and equitable way.

Finally, we will probably be overtaken by events anyway. The Ministers of Finance are meeting tomorrow in Vancouver under the chairmanship of Mr. Flaherty, and he may present them with an entirely new formula. Some people who are more politically inclined than I think that he may punt beyond the next election and extend the present program for another year. Stay tuned.

On motion of Senator Oliver, debate adjourned.

NATIONAL FINANCE

BUDGET—STUDY ON ISSUES RELATING TO FISCAL BALANCES AMONG ORDERS OF GOVERNMENT—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the eighth report of the Standing Senate Committee on National Finance (budget—study on fiscal balance), presented in the Senate on December 12, 2006.—(*Honourable Senator Day*)

Hon. Joseph A. Day moved the adoption of the report.

He said: Honourable senators, this is the budget for the balance of the fiscal year 2006-07. There is no travel involved; it is just meant to continue the work on the mandate the Senate has given us and is in the amount of $17,500.

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

Motion agreed to and report adopted.

ANTI-TERRORISM ACT

SPECIAL COMMITTEE AUTHORIZED TO EXTEND DATE OF FINAL REPORT AND TO MEET DURING ADJOURNMENT OF THE SENATE

On the Order:

> Resuming debate on the motion of the Honourable Senator Joyal, P.C., for the Honourable Senator Smith, P.C., seconded by the Honourable Senator Robichaud, P.C.:
>
> That, notwithstanding the Orders of the Senate adopted on Tuesday, May 2, 2006, and on Wednesday, September 27, 2006, the date for the Special Senate Committee on the Anti-terrorism Act to submit its final report be extended from December 22, 2006, to March 31, 2007; and
>
> That the Committee be empowered, in accordance with Rule 95(3), to meet on weekdays in January 2007, even though the Senate may then be adjourned for a period exceeding one week.—(*Honourable Senator Comeau*)

Hon. David P. Smith: Honourable senators, I rise to speak briefly on the motion to extend the reporting deadline of the Special Senate Committee on the Anti-terrorism Act. I would like to thank the Honourable Senator Joyal, who moved this motion on my behalf on Monday evening because I had to be out of the country for a family funeral.

I want to take a moment to clarify something. As many senators know, two provisions of the Anti-Terrorism Act are subject to sunset provisions, specifically those concerning preventive arrest and investigative hearings. I think that senators are familiar with these concepts. These provisions will expire on March 1 unless a motion extending them is adopted by both Houses before that date. A simple resolution is all that is required.

Although we have requested a new reporting deadline of March 31, it is our intention to table our report in the first week that we are back in February and the necessary motions can be made in both Houses within that time frame.

The committee would, however, like to have the opportunity to respond to other developments that may occur, most specifically a pending Supreme Court of Canada decision with respect to security certificates. We selected the date of March 31 because it is the end of the fiscal year. That was agreed upon in committee.

I can assure senators that the committee is cognizant of the legislative deadlines in the act and will ensure that this chamber has sufficient time to address these issues.

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

Motion agreed to.

RULES, PROCEDURES AND THE RIGHTS OF PARLIAMENT

COMMITTEE AUTHORIZED TO STUDY PROVISIONS OF CONSTITUTION ACT, 1867 RELATING TO SENATE

On the Order:

Resuming debate on the motion of the Honourable Senator Hays, seconded by the Honourable Senator Fraser:

That the Standing Senate Committee on Rules, Procedure and the Rights of Parliament be authorized to examine and report upon the current provisions of the *Constitution Act, 1867* that relate to the Senate and the need and means to modernize such provisions, either by means of the appropriate amending formula in the *Act* and/or through modifications to the *Rules of the Senate*. In particular, the Committee shall be authorized to examine:

(*a*) section 23 of the *Constitution Act, 1867*, with respect to the qualifications of a Senator;

(*b*) sections 26 and 27 of the *Constitution Act, 1867*, with respect to the addition of Senators in certain cases and the reduction of the Senate to its normal number;

(*c*) section 29 (1) of the *Constitution Act, 1867*, with respect to tenure in the Senate;

(*d*) section 31 of the *Constitution Act, 1867*, with respect to the disqualification of Senators;

(*e*) section 34 of the *Constitution Act, 1867*, with respect to the appointment of the Speaker of the Senate;

(*f*) section 36 of the *Constitution Act, 1867*, with respect to voting in the Senate;

(*g*) any other related section of the *Constitution Act, 1867*; and

That the Committee submit its final report no later than June 21, 2007.—(*Honourable Senator Tkachuk*)

Hon. Daniel Hays (Leader of the Opposition): Honourable senators, I move that the motion be adopted. I do not have the opportunity to speak a second time.

Hon. Anne C. Cools: The honourable senator spoke before he moved the motion.

Senator Hays: That is correct. I think I may well have spoken before moving the motion. I know that is not a normal practice, but this is the way I presented my comments, and I made them on matters that I wish to refer to the Rules Committee; I believe it would be timely in terms of the work we are doing on other matters involving the Senate for this matter to now be referred to that committee.

An Hon. Senator: Question!

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

Motion agreed to.

• (1740)

SPEAKER'S DELEGATION TO BELGIUM AND REPUBLIC OF CROATIA

REPORT TABLED

Leave having been granted to revert to Tabling of Documents:

The Hon. the Speaker: Honourable senators, I have the honour to table, in both official languages, a document entitled "Official Visit Report to Belgium and the Republic of Croatia," August 21 to 30, 2006 and the Republic of Croatia from August 24 to 30, 2006.

SPEAKER'S DELEGATION TO ITALY, THE HOLY SEE AND THE SOVEREIGN MILITARY HOSPITALLER ORDER OF ST. JOHN OF JERUSALEM, OF RHODES AND OF MALTA

REPORT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table, in both official languages, a document entitled "Visit Report to Italy, the Holy See and the Sovereign Military Hospitaller Order of St. John of Jerusalem, of Rhodes and of Malta" from October 7 to 15, 2006.

INAPPROPRIATE USE OF OBSERVATIONS ACCOMPANYING COMMITTEE REPORTS

INQUIRY—DEBATE ADJOURNED

Hon. A. Raynell Andreychuk rose, pursuant to notice of October 26, 2006:

That she will call the attention of the Senate to the inappropriate use of observations accompanying committee reports.

She said: I am standing to ask for a rewinding of the clock, and I am asking for the adjournment.

The Hon. the Speaker: Is it agreed, honourable senators, that we restart the clock regarding Item No. 18 under Inquiries?

Hon. Senators: Agreed.

On motion of Senator Andreychuk, debate adjourned.

BUSINESS OF THE SENATE

Hon. Daniel Hays (Leader of the Opposition): I have some comments that I would like to make under my inquiry on Senate reform. They are lengthy and I know that they will probably take us to or beyond six o'clock, but I beg your indulgence.

Hon. Anne C. Cools: Perhaps somebody can clarify, either the Leader of the Government in the Senate or His Honour the Speaker, but it is now 20 to six or thereabouts, and at six o'clock we will rise.

I do not know what is happening in terms of this evening. The entire Senate staff out there believes that we are having a party. I was wondering if I could have some indication as to when we might sit. I know that Senator Segal has to deal with the motion that he has, which it is very important for him to have adopted since it has to do with him engaging in certain work of the committee in our break. I am wondering if we could have an idea of our timeline, what is going on here and what is the plan.

Hon. Gerald J. Comeau (Deputy Leader of the Government): Six o'clock is approaching and I see we have Senator Hays with a number of comments, and possibly Senator Joyal. We have talked with Senator Segal, who does need to have his item dealt with this afternoon. Those would be the last three items, or there may be a fourth one, the last item.

My suggestion at this point is that we continue to work. At six o'clock we might wish not to see the clock. Otherwise, we must come back at eight. My suggestion to the Senate is that we not see the clock.

[*Translation*]

ROYAL ASSENT

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

December 14, 2006

Mr. Speaker,

I have the honour to inform you that the Right Honourable Michaëlle Jean, Governor General of Canada, signified royal assent by written declaration to the bills listed in the Schedule to this letter on the 14th day of December, 2006, at 5:24 p.m.

Yours sincerely,

Sheila-Marie Cook
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

Bills assented to, Thursday, December 14, 2006:

An Act to amend the Judges Act and certain other Acts in relation to courts (*Bill C-17, Chapter 11, 2006*)

An Act to amend the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and the Income Tax Act and to make a consequential amendment to another Act (*Bill C-25, Chapter 12, 2006*)

An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence (*Bill C-24, Chapter 13, 2006*)

An Act to amend the Criminal Code (street racing) and to make a consequential amendment to the Corrections and Conditional Release Act (*Bill C-19, Chapter 14, 2006*)

[*English*]

ELECTED SENATE

PROPOSED MODEL—INQUIRY—DEBATE ADJOURNED

Hon. Daniel Hays (Leader of the Opposition) rose, pursuant to notice of December 13, 2006:

That he will call the attention of the Senate to the issue of developing a model for a modern elected Senate, a matter raised in the First Report of the Special Senate Committee on Senate Reform.

He said: This is an inquiry that I believe is timely and relevant, since two other matters concerning Senate reform are currently before this chamber in addition to what I wish to speak about, and that is the idea of an elected Senate or, more precisely, what a modern Senate would look like or what elements it would have in terms of the kind of thing we should have in mind, particularly when we consider steps towards the objective of something that has not yet been fully described.

Any attempt to develop a framework for an elected Senate should begin with mention of the primary reason why such an institutional change is a timely proposition. A desire for inclusion is how I would qualify the motivation underlying proposals for electing the Senate. As an Albertan, I am aware that Canadians from the Western provinces and the Atlantic region often feel like observers to the national decision-making process. The reason for this has to do with the very nature and structure of our government, which allows central Canada, whose population is far greater, to have a stronger voice in our national institutions.

As an aside, I will be talking about the objective of a fully elected Senate with the other elements that should accompany it, but I do acknowledge that there are good arguments for an appointed Senate using a different methodology than the one we have been using since 1867. For instance, some of the studies done here have rejected election: The 1972 Molgat-McGuigan report; the Government of British Columbia in 1978; and in 1979, the Pepin-Robarts Task Force, have all argued for an appointed Senate, while elected status has been at the centre of the 1985 Alberta Select Committee, the 1984 Molgat-Cosgrove Report, the 1985 MacDonald Commission and the 1992 Beaudoin-Dobbie Report.

This desire to return to the main point, this desire for inclusion and the means for achieving it were eloquently spelled out in the

1992 report of the Special Joint Committee on the Renewal of Canada, which said:

> Neither Western nor Atlantic Canadians want out of Canada. They both want in. We must equip ourselves with the instruments of federalism possessed by every other successful federation to give the people of Canada's regions a real voice and influence in the national political life of our country, counterbalancing in fair and appropriate ways the weight that central Canadians now enjoy through representation by population.

• (1750)

One of the best ways to bring Canadians from outlying regions and provinces into the mainstream of our national life and institutions, in the view of many, would be through taking the necessary steps to ensure the election and greater democratic reinforcement of our Senate. This process, I would argue, can only be achieved in a lasting and equitable fashion through broad negotiations with all the interested parties that should be involved in such a decision.

Honourable senators, I will not try to convince you that having an elected Senate would solve all of our problems, because it would not. What it would more likely achieve, however, is to give greater weight to the views and concerns of Canadians from outlying regions. In this regard, I must commend Senators Murray and Austin for having initiated a process by moving a motion that addresses this issue in a true Canadian spirit of fairness, openness and compromise.

[*Translation*]

I should mention in passing the speech Senator Murray gave yesterday on this matter. In my opinion, those of you who may have missed it should take the time to read it and enjoy it. This is one of the best speeches I have ever heard on this issue.

[*English*]

Although the purpose of this inquiry is to discuss the development of a model or framework for a modern Canadian Senate, Bill C-43, which was given first reading yesterday, cannot pass without comment, since it attempts to fulfill a promise made by the Prime Minister during the last election campaign.

According to the government, Bill C-43 builds on commitments it made during the last election to "make the Senate an effective, independent, and democratically elected body that equitably represents all regions." The bill, however, does not fulfill that promise. For those of us who have examined the bill, it gives the Senate a process of consultation. It leaves me confused as to whether that can be taken as "election," as is held out by many who believe in the bill, or whether it is not, as it must not be if the bill is to be passed and come into force without the necessary constitutional approval involving the provinces.

The so-called elections provided for in the bill, as consultative, are not binding. As the government's backgrounder says, "the appointment process remains the same."

[*Translation*]

This means the government would consult the public on who should be appointed. This will generally occur during federal elections to enhance the appearance of democratic legitimacy.

[*English*]

Honourable senators, I question whether this is a valuable change to our structure of governance. We will get to the bottom of it in due course, but it can be regarded as tinkering in the form of a non-binding referendum.

It is, moreover, evading a duty and responsibility to engage the provinces and all Canadians in the process of institutional reform. As well, it runs the risk of thwarting further meaningful reform, which is to say that with "consultation senators" will not be reluctant to flex the muscle of their new-found legitimacy by resisting changes that do not suit their views or agenda.

In examining Bill C-43, it is important to consider whether the changes it makes might lead to a constitutional challenge. I remind honourable senators that section 42(1)(*b*) of the Constitution Act, 1982, stipulates that the method of selecting senators can only be changed by Parliament if it has the support of seven provinces representing two thirds of the population.

Although the bill does not mention that senators will gain office through election, its spirit is clearly to move in that direction to achieve non-constitutionally what it lacks the vision, energy and resolve to do constitutionally. It is a well-established principle of our law that one cannot do indirectly what cannot be done directly. Besides, if the government moves to empower Elections Canada to hold senatorial consultations with the accompanying spending of federal money on such procedures, viewed by many as elections, this gives rise to the following question: Does such a change involve only the Prime Minister's discretion, or is it a fundamental change requiring constitutional action and procedures?

Arguably, the purpose of Bill C-43 is to change the method for selecting senators. This brings us to a constitutional issue that could see the initiative fail.

Honourable senators, true, equitable and lasting reform must be carefully considered and be ready to face the significant and inevitable hurdle of constitutional amendment requiring provincial consent. Accordingly, the best place in my view to start discussing an elected Senate would be by examining the process used to elect its members.

In addressing this issue, I would suggest that Senate elections be federal in nature and be governed by a single transferable vote, which is one of the two families of proportional representation. One of these systems requires the electors to vote for parties; the other for candidates. A single transferable vote requires a vote for candidates rather than party lists. I think that is by far the preferable option in that it provides the flexibility needed to ensure Canadian voters have all the options available to them. It is a complex system I will not get into.

I will discuss more fully the issue of minority group representation, which requires a certain size of constituency and a minimum number of positions to fill for the single transferable

vote, or STV, to work. I personally would prefer a constituency of five to seven Senate seats. That representation should be provincially rather than regionally based. Assuming the Murray-Austin motion passes, that would mean one Senate constituency for Newfoundland, one for Prince Edward Island, two for Nova Scotia, two for New Brunswick, six for Ontario, six for Quebec, one for Manitoba, one for Saskatchewan, two for Alberta and two for British Columbia. These would be large enough to accommodate minority constituencies. I believe, however, that Senate representation should be provincially rather than regionally based. It is now based on divisions. That is a matter I spoke to in the notice of motion that we discussed a moment ago. That is something the Rules Committee will hopefully study.

Honourable senators will note that I refer to provinces and not regions. The reference to regions in 1867 was a good solution for that time. Ontario and Quebec required equal representation in the Senate, and the two Maritime provinces were too small to have the same number of seats individually.

As Professor Phillip Resnick, from the University of British Columbia, said before the Special Committee on Senate Reform:

> I [am not] trying to retroactively re-think 1867. The arrangements made perfect sense, given the regional breakdown of the country back then and that Western Canada, at that point, was largely still an unpopulated tract of land with very a small population compared to central and even Maritime Canada.

However, much has changed in the last 140 years. Growth patterns have moved westward, and Newfoundland and Labrador and the three territories cannot fit into a region at all. I expect considerable discussion on how many constituencies each province should have, but the need to move to provincial and territorial representation seems clear and worthy of study.

Senator Watt is not here, but he would not want me to pass by this matter without explaining how difficult it will be to ensure that minority representation in this place would continue if we went in this direction. I will not say more than that. This challenge will have to be met if we are to continue to see this place representative of Canada and the way it has evolved.

Clearly, honourable senators, this degree of reform would require careful study and much thought. I do feel that this body, the Senate, is best equipped to deal with the reform of the Senate. As we know, the other place, and other experts, do not fully understand the nature of our role. I hope that we embrace the challenge and conduct a careful study in the future on how this place should evolve and the procedures that should be taken to achieve that evolution.

Another important issue in determining the nature and function of an elected Senate is the length of time senators would serve.

• (1800)

As honourable senators know, I support the principle of Bill S-4, although, like many senators, I find the term of eight years to be too brief. A term of 12 years has been frequently mentioned. The Prime Minister, when he came before the special committee, appeared to be open to that kind of amendment.

No discussion of a possible model for an elected Senate would be complete without review of the powers such a body would have. As the Wakeham report on reforming the House of Lords noted:

> A second chamber which was wholly or even largely directly elected would certainly be authoritative and confident, but the source of its authority could bring it into direct conflict with the House of Commons.

Since the powers of the Canadian Senate to delay, amend and reject legislation are real and substantial, the election of Canadian senators will likely result in conflict in many instances and deadlock between the two chambers, given that senators will feel they have a popular mandate to exercise their powers.

Perhaps the simplest approach to the issue of powers within the model for an elected Senate would be to maintain the current situation, whereby the Senate enjoys co-equal powers with the House of Commons in all but money matters. However, this would require an effective mechanism to break deadlocks between the two Houses. Currently, all we have to break deadlocks is section 26 of the Constitution Act, 1867, which allows the appointment of eight extra senators. This is a draconian measure and one that is completely ineffective when, as is now the case, one party has a majority of more than eight. If the House of Commons now insists on its amendments and refuses a request for a free conference — a procedure that exists only in the rules of the Senate and the House of Commons — the Senate is left with rejecting the measure outright.

Many upper houses are no longer independent in the legislative process but must accede to the wishes of the lower house in terms of the final version of a bill. In many jurisdictions, the shuttle system, where bills pass between houses until both have adopted the same version, is restricted by constitutional provisions whereby the decision of the lower house will carry the day. For example, in the U.K., the powers of the Lords have been severely curtailed through the Parliament Acts of 1911 and 1949 which provide that certain bills may be presented for Royal Assent without the consent of the Lords. The Lords have only a suspensive veto on public bills and can delay their enactment for up to 13 months.

On the other hand, the conference committee procedure is used extensively in the United States Congress and most conferences reach an agreement. Conference committees are called the Third House of Congress and are seen as low-cost negotiating institutions used to achieve stability on important legislation and effectively facilitate bicameral agreement. I believe that the conference model works better than the suspensive veto.

Canadian parliamentary practice does provide for conference committees, or "free conferences." The process is described in rules 78(3) and (4) and rule 79, and described in Beauchesne's Sixth Edition at citations 745 to 752. The procedure has fallen into disuse in recent years, the last one being in 1947. Resurrecting it would allow the Senate to exchange in a more meaningful and open dialogue with the House of Commons than is presently the case.

At the present time, reasons for the Senate disagreeing with the House of Commons are drawn up and communicated to the other place by message, in accordance with rule 78(1). We have recently been through this experience with Bill C-2.

There is no direct dialogue with members of the House of Commons. Negotiations between the two Houses, if they do occur, are behind the scenes. Because the relations between the two Houses in terms of disagreement on legislative matters are unpredictable and hidden, senators are reluctant to formally amend legislation — more so than they should be, I believe. Only between 5 and 10 per cent of bills are formally amended in the Senate each session.

The use of conferences is within the federal power of amendment to the Constitution under section 44 of the Constitution Act, 1982, as it affects only the federal Parliament and executive government. Such an amendment would be in the spirit of a motion I moved and spoke to, as I said a moment ago, and has actually been passed in reference to our Rules Committee.

A section 44 amendment to the Constitution would be desirable in this case, providing that if there is disagreement on a public bill whereby either the Senate or the House of Commons insists on its amendment, a free conference must be called to attempt to reach an agreement between the two Houses. Time frames would be established whereby a conference report must be made to each house. Each house could accept or reject the conference report. In the event of the two Houses being unable to agree on the final form of the bill, no action would be taken.

If the will of both Houses is that the House of Commons remain the superior body, issues could be resolved by a joint sitting of the two Houses, in which senators would inevitably be outnumbered by the Commons.

Honourable senators, what I have attempted to do in speaking to this inquiry is propose a preliminary discussion framework for development of a model of a modern and elected Senate. There are many other aspects of Senate reform I could mention, but I thought I would limit myself to a preliminary discussion of the fundamentals to perhaps help guide us through the next stage of reform initiated by the government through Bill S-4 or Bill C-43 and its strong desire to move on the issue.

Honourable senators, I sincerely believe that we must continue to expand our understanding of the Senate and how it may evolve and change. We must not hesitate to examine all the elements of comprehensive Senate reform, which is to say how senators might be elected, the powers an elected Senate might have and how seats might be distributed among the province or regions. Most of all, we must not be afraid to engage the provinces and all Canadians in this process. Senate reform should be carried out not through sound bite solutions or piecemeal proposals, but rationally and thoroughly and in keeping with the history and evolution of our country.

As the Report of the Royal Commission on Reform of the House of Lords said:

> The more successful second chambers are those which best fit with the history, traditions and political culture of the country concerned and complement most effectively the characteristics of its lower chamber.

Honourable senators, those words of vision provide an accurate description of the challenge ahead. I urge all of you to join me in this exercise to further explore the means of modernizing the Senate of Canada in accordance with the history and evolution of our country and institutions.

Hon. Anne C. Cools: Would the honourable senator take a question?

Senator Hays: Yes.

Senator Cools: I thank the honourable senator for his words. I know that he has given a lot of thought to these questions and has put in a fair amount of work.

I have not yet spoken on this subject matter; I shall in the New Year. In the honourable senator's work, has he tackled or attempted to comprehend or grasp the phenomenon of the workings of an elected Senate and an elected House of Commons with an unelected Prime Minister? We all forget that the position of Prime Minister in this country is an appointment. He has a commission on his wall, as we do. It is an appointed position, and it takes its legitimacy from another place.

We are not comparable to the U.S. There is not a prime minister in the U.S., but there is a president. Has the honourable senator looked at this matter? I would say it is unworkable. If he has not, I understand.

Senator Hays: I have read a comment on that point. No, Canada would not be true to itself if it attempted to adopt a congressional system such as we see in the U.S.

Whether the second chamber is elected or appointed, as is the case now or in a different way, its role in the bicameral structure and its role in the institutional structure would not change. If we had a more effective deadlock-breaking mechanism, I think the Senate would be in a better position to use its power. From where I sit, it is very difficult knowing that we have the same powers as the House of Commons. It is difficult for my colleagues to know whether or not the powers should or should not be used and to what extent. We saw this play out today and have seen it on many other occasions.

• (1810)

I believe that an arrangement between the two Houses that gave the Senate a greater role would force the House of Commons to consider more carefully, what it said to the Senate. It would force the Canadian public service to think more carefully about what they do in supporting the government in terms of legislation. This would give us better governance.

Senator Cools: I do not believe the honourable senator responded to my question. We can deal with this in the future because the time is drawing late.

My question deals with the role of an unelected Prime Minister functioning with an elected House of Commons and an elected Senate. It is a very particular constitutional question and I have yet to hear anyone address it; however, we can get there in the future.

Hon. Roméo Antonius Dallaire: Honourable senators, I am finding it very difficult to understand why anyone would want to go through an election process in the first place, unless there was an obvious demonstration that the Senate would gain a lot more power.

If you want to expend the funds to go through an election process and go through an extensive process of being elected and truly push the limits of democracy to mean that elections would not be some sort of circuitous route of providing advice and so on, but actually being elected, then why would one want to put oneself through all that and present oneself in front of the electorate if one knows that one has extensively limited powers in the legislative process?

If we move down that route, it would seem to me the only logical process would be to balance out the powers of legislation within the two Houses. To me that means the House of Commons loses and the Senate wins. That is a process that ultimately could move us to republicanism.

Senator Hays: I will make a brief comment and then I will not take further questions.

The Senate has the power to function in the same way as the U.S. Senate. The power exists. Our Constitution provides for that. We have had a practice of deferring to the lower House because it is elected. In my view, it is because we are an appointed body. I think that was always in the minds of the Fathers of Confederation when they phased out the election of the House of Councillors in the United Canadas and made this an appointed body. The Fathers of Confederation wanted to ensure that when it came to a conflict that the elected House would prevail.

The power is there. It is a question of whether or not we want the Canadian Senate to use it, either as an elected or an appointed body. As an appointed body, we have tended to defer to the House of Commons but not always. An elected Senate clearly would use the power and then we would have to deal with the other matters that would create deadlock.

We could still benefit our system if we provided for a deadlock mechanism that made the Senate more relevant to the legislative process by not having to defer so often. I think, as I said a moment ago, if we were in that position everyone would pay more attention to the legislative process, to legislation from the bureaucracy to the House of Commons.

On motion of Senator Tkachuk, debate adjourned.

FOREIGN AFFAIRS AND INTERNATIONAL TRADE

COMMITTEE AUTHORIZED TO EXTEND DATE OF FINAL REPORT ON STUDY OF MATTERS RELATING TO AFRICA

Hon. Hugh Segal, pursuant to notice of December 12, 2006, moved:

> That, notwithstanding the order of the Senate adopted on Thursday, September 28, 2006, the Standing Senate Committee on Foreign Affairs and International Trade, which was authorized to examine and report on issues dealing with the development and security challenges facing Africa; the response of the international community to enhance that continent's development and political stability; Canadian foreign policy as it relates to Africa; and other related matters, be empowered to extend the date of presenting its final report from December 22, 2006 to February 15, 2007; and
>
> That the Committee retain until March 31, 2007 all powers necessary to publicize its findings.

He said: Honourable senators, the purpose of this motion is to put off the date for the final report on the Africa inquiry made by our committee to February 15, to make up for the time which the committee afforded relative to the consideration of the softwood lumber legislation, which emerged rather quickly this week. This will allow staff and members of the committee to continue to work with the authorization of this place.

Hon. Senators: Question!

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

Motion agreed to.

THE SENATE

IRAN—MOTION TO CONDEMN HOLOCAUST DENIAL CONFERENCE ADOPTED

Hon. Jerahmiel S. Grafstein, pursuant to notice of December 12, 2006, moved:

> That the following Resolution be adopted by the Senate:
>
> RESOLUTION TO CONDEMN THE HOLOCAUST DENIAL CONFERENCE HELD DECEMBER 11-12, 2006 IN IRAN
>
> Whereas Iranian President Mahmoud Ahmadinejad has sponsored an international Holocaust denial conference entitled "Study of Holocaust: A Global Perspective", on December 11 and 12, 2006, in Tehran;
>
> Whereas the Iranian Government is openly supportive of Holocaust revisionists, who resolve that the systematic state sponsored murder of 6,000,000 Jews and other targeted groups by Nazi Germany and its collaborators during World War II was either fabricated or exaggerated;
>
> Whereas in August 2006, Iran staged a reprehensible international contest of cartoons on the Holocaust, endorsing and promoting prevailing anti-Semitic and anti-Israeli stereotypes and Holocaust denial;
>
> Whereas President Ahmadinejad wrote in a letter in July 2006 to German Chancellor Angela Merkel, "Is it not a reasonable possibility that some countries that had won the war (World War II) made up this excuse to constantly embarrass the defeated people ... to bar their progress.";

Whereas on October 26, 2005, in a conference entitled, "The World without Zionism", President Ahmadinejad stated in a speech that "Israel must be wiped off the map.";

Whereas thereafter, these anti-Semitic comments were broadly condemned by the United Nations and others, including resolutions of various Parliaments;

Whereas President Ahmadinejad's current sponsorship of an international Holocaust denial conference is only the latest abominable act he has taken in a series of threatening and anti-Semitic, Holocaust denial statements and actions since he rose to power;

Whereas to deny the Holocaust's occurrence is in itself an act of anti-Semitism;

Whereas one who denies the Holocaust, denies the greatest tragedy of the Jewish people and the most extreme act of anti-Semitism in history;

Whereas President Ahmadinejad's past and present declarations and actions—spewing outrageous anti-Semitic, anti-Israel rhetoric, remaining a primary source of funding, training, and support for terrorist groups seeking to destroy Israel, and openly threatening Israel and other democracies — prove President Ahmadinejad is on a national crusade of hatred and ultimate destruction against Israel and the Western civilized world;

Whereas the longstanding policy of the Iranian regime aimed at destroying the democratic State of Israel, highlighted by statements made by President Ahmadinejad, underscores the threat posed by a nuclear Iran:

Now, therefore, be it resolved, that the Senate of Canada—

(1) Condemns in the strongest terms the international Holocaust denial conference held in Iran on December 11—12, 2006, and any and all vile anti-Semitic statements made by Iranian President Mahmoud Ahmadinejad and other Iranian leaders;

(2) Calls on the United Nations to officially and publicly repudiate all of Iran's anti-Semitic statements made at such conference and hold accountable United Nations member states that encourage or echo such statements;

(3) Calls on the United Nations Security Council to strengthen its commitment to taking measures necessary to prevent Iran from possessing nuclear power;

(4) Calls on the Government of Canada to condemn the anti-Semitic Holocaust denial conference;

(5) Reaffirms the Canada's longstanding friendship and support for the State of Israel; and vows to never forget the horrendous murder of millions in the Holocaust and affirms that such genocide should never happen again.

Hon. Anne C. Cools: When is Senator Grafstein planning to speak to the motion? Will we have a debate? Could the honourable senator provide us some background to this? I have read the motion and there are many propositions contained in one. I would have loved some debate on this because it is so frightfully important and some of the things going on are just so terrible.

Senator Grafstein: I will speak on this very briefly. The resolution is self-explanatory and I will explain why.

I rise to address this resolution to condemn the President of Iran for a conference that he held, which was a Holocaust denial conference, this week, on December 11 and 12 in Iran, which in itself is self-explanatory.

Parliaments, government leaders and political leaders around the world have risen to quickly condemn the President of Iran's actions, which started immediately after he gained his presidency almost two years ago.

What to do? The same rationale propelled me to publish my first book in 1995, entitled *Beyond Imagination: Canadians Write About the Holocaust*. In the foreword I wrote these words and I will repeat them for your consideration in support of this resolution.

> How does one challenge evil? How does one repair the cracks when evil seeps into the world? When confronted with evil, evil beyond imagination, good can only overcome we are taught, by each soul attempting small gestures, or tiny acts, minor deeds, to set about to repair the damage.

This was the challenge of the ancient Jewish Talmudists to Jews who were confronted with evil in their time. I am confronted with evil in my time and this is a small, modest gesture done by Parliaments and leaders. Both the Leader of the Government and the Leader of the Opposition have condemned this act in the last two days, and I would hope that we could send this message to Iran immediately to immediately condemn the president's actions.

Hon. Senators: Hear, hear!

Senator Cools: I think it is fair to say that everyone we know condemns the evil of which Senator Grafstein speaks. I would have loved to hear a bit more because I know the honourable senator may be following this very closely, but I know little about that conference or who spoke there or the debates. I thought this was an opportunity for him to put a very important subject matter on the floor.

In any event, honourable senators, these questions in respect to man's inhumanity to man are so enormous that we need to give them the time and consideration they deserve. I know very little of some of this. In any event, Senator Prud'homme is not here. He is away being honoured this evening, honourable senators, by the Ambassador of Hungary. He is being honoured, as we speak, for his efforts in 1956 in support of the Hungarian people around the revolution and the assistance to refugees and so forth. He wanted to be with us this afternoon. Senator Prud'homme had hoped to have the opportunity to speak to this motion because he is very supportive of the resolution. The motion has a long preamble but

Senator Prud'homme had said that he would love to speak to the five substantive parts of the motion, in overwhelming support of No. 1 and then with questions on the other parts.

• (1820)

Honourable senators, Senator Prud'homme has asked me to move the adjournment of the debate in his name.

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

Hon. Senators: Question!

The Hon. the Speaker *pro tempore*: It is moved by Senator Cools, for Senator Prud'homme, that debate be adjourned to the next sitting of the Senate. Will an honourable senator second the motion?

Seeing no one, I will return to the main motion.

It is moved by the Honourable Senator Grafstein, seconded by the Honourable Senator Joyal, that the following resolution be adopted by the Senate:

Resolution to condemn the Holocaust Denial Conference —

Shall I dispense?

Hon. Senators: Dispense.

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

Motion agreed to.

The Senate adjourned until Tuesday, January 30, 2007, at 2 p.m.

THE SENATE OF CANADA

PROGRESS OF LEGISLATION

(*indicates the status of a bill by showing the date on which each stage has been* ***completed***)

(1st Session, 39th Parliament)

Thursday, December 14, 2006

(**Where royal assent is signified by written declaration, the Act is deemed to be assented to on the day on which the two Houses of Parliament have been notified of the declaration.*)

GOVERNMENT BILLS
(SENATE)

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
S-2	An Act to amend the Hazardous Materials Information Review Act	06/04/25	06/05/04	Social Affairs, Science and Technology	06/05/18	0	06/05/30		
S-3	An Act to amend the National Defence Act, the Criminal Code, the Sex Offender Information Registration Act and the Criminal Records Act	06/04/25	06/06/22	Legal and Constitutional Affairs	06/12/06	0 observations			
S-4	An Act to amend the Constitution Act, 1867 (Senate tenure)	06/05/30		(subject-matter 06/06/28 Special Committee on Senate Reform)	(report on subject-matter 06/10/26)				
S-5	An Act to implement conventions and protocols concluded between Canada and Finland, Mexico and Korea for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income	06/10/03	06/10/31	Banking, Trade and Commerce	06/11/09	0	06/11/23	06/12/12	8/06

GOVERNMENT BILLS
(HOUSE OF COMMONS)

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
C-2	An Act providing for conflict of interest rules, restrictions on election financing and measures respecting administrative transparency, oversight and accountability	06/06/22	06/06/27	Legal and Constitutional Affairs	06/10/26	156 Observations + 3 at 3rd (including 1 amend. to report) 06/11/09 Total 158	06/11/09 Message from Commons- agree with 52 amendments, disagree with 102, agree and disagree with 1, and amend 3 06/11/21 Referred to committee 06/11/23 Report adopted 06/12/07 Message from Commons- agree with Senate amendments 06/12/11	06/12/12	9/06
C-3	An Act respecting international bridges and tunnels and making a consequential amendment to another Act	06/06/22	06/10/24	Transport and Communications	06/12/12	3 observations	06/12/13		
C-4	An Act to amend An Act to amend the Canada Elections Act and the Income Tax Act	06/05/02	06/05/03	Legal and Constitutional Affairs	06/05/04	0	06/05/09	06/05/11	1/06
C-5	An Act respecting the establishment of the Public Health Agency of Canada and amending certain Acts	06/06/20	06/09/28	Social Affairs, Science and Technology	06/11/02	0 observations	06/11/03	06/12/12	5/06
C-8	An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2007 (*Appropriation Act No. 1, 2006-2007*)	06/05/04	06/05/09	—	—	—	06/05/10	06/05/11	2/06
C-9	An Act to amend the Criminal Code (conditional sentence of imprisonment)	06/11/06							
C-12	An Act to provide for emergency management and to amend and repeal certain Acts	06/12/11							
C-13	An Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006	06/06/06	06/06/13	National Finance	06/06/20	0	06/06/22	06/06/22*	4/06

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
C-15	An Act to amend the Agricultural Marketing Programs Act	06/06/06	06/06/13	Agriculture and Forestry	06/06/15	0	06/06/20	06/06/22*	3/06
C-16	An Act to amend the Canada Elections Act	06/11/06	06/11/23	Legal and Constitutional Affairs					
C-17	An Act to amend the Judges Act and certain other Acts in relation to courts	06/11/21	06/12/11	National Finance	06/12/12	0 observations	06/12/13	06/12/14*	11/06
C-19	An Act to amend the Criminal Code (street racing) and to make a consequential amendment to the Corrections and Conditional Release Act	06/11/02	06/11/21	Legal and Constitutional Affairs	06/12/14	0 observations	06/12/14	06/12/14*	14/06
C-24	An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence	06/12/06	06/12/12	National Finance	06/12/14	0 observations	06/12/14	06/12/14*	13/06
C-25	An Act to amend the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and the Income Tax Act and to make a consequential amendment to another Act	06/11/21	06/11/28	Banking, Trade and Commerce	06/12/14	0 observations	06/12/14	06/12/14*	12/06
C-28	A second Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006	06/12/11							
C-34	An Act to provide for jurisdiction over education on First Nation lands in British Columbia	06/12/06	06/12/11	Aboriginal Peoples	06/12/12	0	06/12/12	06/12/12	10/06
C-38	An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2007 (*Appropriation Act No.2, 2006-2007*)	06/11/29	06/12/05	—	—	—	06/12/06	06/12/12	6/06
C-39	An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2007 (*Appropriation Act No.3, 2006-2007*)	06/11/29	06/12/05	—	—	—	06/12/06	06/12/12	7/06

COMMONS PUBLIC BILLS

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.

SENATE PUBLIC BILLS

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
S-201	An Act to amend the Public Service Employment Act (elimination of bureaucratic patronage and geographic criteria in appointment processes) (Sen. Ringuette)	06/04/05	06/06/22	National Finance	06/10/03	1			
S-202	An Act to repeal legislation that has not come into force within ten years of receiving royal assent (Sen. Banks)	06/04/05	06/05/31	Legal and Constitutional Affairs	06/06/15	1	06/06/22		
S-203	An Act to amend the Public Service Employment Act (priority for appointment for veterans) (Sen. Downe)	06/04/05	Dropped from the Order Paper pursuant to Rule 27(3) 06/06/08						
S-204	An Act respecting a National Philanthropy Day (Sen. Grafstein)	06/04/05							
S-205	An Act to amend the Food and Drugs Act (clean drinking water) (Sen. Grafstein)	06/04/05	06/10/31	Energy, the Environment and Natural Resources					
S-206	An Act to amend the Criminal Code (suicide bombings) (Sen. Grafstein)	06/04/05	06/10/31	Legal and Constitutional Affairs					
S-207	An Act to amend the Criminal Code (protection of children) (Sen. Hervieux-Payette, P.C.)	06/04/05	06/12/14	Human Rights					
S-208	An Act to require the Minister of the Environment to establish, in co-operation with the provinces, an agency with the power to identify and protect Canada's watersheds that will constitute sources of drinking water in the future (Sen. Grafstein)	06/04/06							
S-209	An Act concerning personal watercraft in navigable waters (Sen. Spivak)	06/04/25	06/12/14	Energy, the Environment and Natural Resources					
S-210	An Act to amend the National Capital Act (establishment and protection of Gatineau Park) (Sen. Spivak)	06/04/25	06/12/13	Energy, the Environment and Natural Resources					
S-211	An Act to amend the Criminal Code (lottery schemes) (Sen. Lapointe)	06/04/25	06/05/10	Social Affairs, Science and Technology	06/06/13	0	06/10/17		
S-212	An Act to amend the Income Tax Act (tax relief) (Sen. Austin, P.C.)	06/04/26	Bill withdrawn pursuant to Speaker's Ruling 06/05/11						
S-213	An Act to amend the Criminal Code (cruelty to animals) (Sen. Bryden)	06/04/26	06/09/26	Legal and Constitutional Affairs	06/12/06	1	06/12/07		
S-214	An Act respecting a National Blood Donor Week (Sen. Mercer)	06/05/17	06/10/03	Social Affairs, Science and Technology	06/12/14	0	06/12/14		

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
S-215	An Act to amend the Income Tax Act in order to provide tax relief (Sen. Austin, P.C.)	06/05/17							
S-216	An Act providing for the Crown's recognition of self-governing First Nations of Canada (Sen. St. Germain, P.C.)	06/05/30	06/12/13	Aboriginal Peoples					
S-217	An Act to amend the Financial Administration Act and the Bank of Canada Act (quarterly financial reports) (Sen. Segal)	06/05/30	06/10/18	National Finance					
S-218	An Act to amend the State Immunity Act and the Criminal Code (civil remedies for victims of terrorism) (Sen. Tkachuk)	06/06/15	06/11/02	Legal and Constitutional Affairs					
S-219	An Act to amend the Parliamentary Employment and Staff Relations Act (Sen. Joyal, P.C.)	06/06/27							
S-220	An Act to protect heritage lighthouses (Sen. Carney, P.C.)	06/10/03	06/11/28	Fisheries and Oceans	06/12/11	16	06/12/14		
S-221	An Act to establish and maintain a national registry of medical devices (Sen. Harb)	06/11/01							

PRIVATE BILLS

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
S-1001	An Act respecting Scouts Canada (Sen. Di Nino)	06/06/27	06/10/26	Legal and Constitutional Affairs	06/12/06	0	06/12/07		

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