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OFFICIAL REPORT  
(HANSARD)

**Tuesday, May 8, 2007**



THE HONOURABLE NOËL A. KINSELLA  
SPEAKER

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## THE SENATE

Tuesday, May 8, 2007

[Translation]

The Senate met at 2 p.m., the Speaker in the chair.

Prayers.

### THE LATE CORPORAL BENOÎT CHEVALIER

#### SILENT TRIBUTE

**The Hon. the Speaker:** Honourable senators, before we begin, I invite you to rise and observe one minute of silence in memory of Corporal Benoît Chevalier who was killed in an airplane accident while working with the Multinational Force and Observers in Sinai.

*Honourable senators then stood in silent tribute.*

• (1405)

[English]

## SENATORS' STATEMENTS

### URBAN AGRICULTURE

**Hon. Donald H. Oliver:** Honourable senators, I rise today to comment on urban agriculture, that is, how all levels of government in Canada can implement sustainable development policies for cities by using urban agriculture to improve unemployment, health, malnutrition and the environment.

In March, I received a fascinating letter from the President of Canada's International Development Research Centre, IDRC, Maureen O'Neil, who attached a recent publication entitled, *Growing Better Cities: Urban Agriculture for Sustainable Development*. This publication illustrates the research implemented by the IDRC in urban agriculture throughout the developing world, from South America to Africa to the Middle East. *Growing Better Cities* reviews two decades of research by the IDRC and its experience with international development.

Urban agriculture is defined by the IDRC as,

... an industry located within or on the fringe of a town, city or metropolis, which grows, processes and distributes a diversity of food to that urban area.

Maureen O'Neil said in her letter:

Population growth in the urban areas of the developing world is exploding. Farming in the city has traditionally been seen as a problem to be eradicated rather than as part of a solution. Urban agriculture can make the city environment more sustainable and help address

unemployment, hunger and malnutrition among the urban poor. Policymakers are beginning to realize how properly managed agriculture can make a major contribution to a city's food security while providing jobs, encouraging a more sustainable environment and making productive use of vacant spaces within a city.

The IDRC noticed slums found in urban centres in developing countries had waste piling up around houses and public spaces, creating health hazards. The IDRC, with CIDA funding, and in partnership with the government of Haiti, discovered in Port-au-Prince throughout the late-1990s, that most urban slums were composed of potential space for agricultural use, like rooftops. Most waste is organic and can be used for composting to enrich soil nutrients for gardening. Even reusing non-organic materials like old TV sets and plastic containers as a bed for gardening or composting provides opportunity for the poor to grow food like carrots and tomatoes, and flowers for floristry, which can be sold within urban centres, creating an income.

With the massive growth in population throughout the developing world, it is anticipated that the urban poor as well as pollution will increase. Urban agriculture as sustainable development is a win-win solution because it provides the basic necessities of healthy food and income to the poor while reducing malnutrition and cleaning up the urban environment.

Honourable senators, this does not mean that the IDRC's findings are limited to the developing world; they can also be applied here in Canada. *Growing Better Cities* benefits all levels of government and interested groups in our country by maximizing the potential use of so-called urban agriculture to transform Canadian cities into environmentally friendly places to live. Having urban centres throughout Canada that are greener and healthier because of urban agriculture is just one of the ways that Canadians can improve their environment.

In conclusion, honourable senators, for some time, the general consensus was that the rural countryside provides food for the urban centres. What if the urban centre could supply some of its own demand? The Standing Senate Committee on Agriculture and Forestry is in its second phase of a national study on rural poverty. It has found that Canada's rural areas, from coast to coast, are decreasing in population while urban centres continue to increase. If this trend continues, will Canada's rural population be able to maintain the food supply Canadian cities demand?

Urban agriculture has the potential to help resolve this problem; whether growing food on rooftops, balconies or backyards, or cultivating flowers for floristry, sustainable development can make cities healthier, cleaner and more resourceful.

### MENTAL HEALTH WEEK

**Hon. Catherine S. Callbeck:** Honourable senators, I rise today in recognition of Mental Health Week, a national awareness campaign that provides Canadians with the opportunity to find

out more about the value of good mental health, how to achieve it in their daily lives and reduce the stigma associated with mental health. This year's special week is being held from May 7 to 13. The campaign's theme for 2007 is "Work-Life Balance: It's a Matter of Time."

Nearly 60 per cent of Canadians report that they feel overloaded by the many aspects of their lives: work, family, friends and community involvement. That overload translates into approximately \$12 billion every year in health claims, lost productivity and absenteeism. The World Health Organization predicts that by 2020, mental illness will be the second leading cause of disability worldwide.

• (1410)

No one is immune to mental health issues. They affect people of all genders, ages and cultures, and from all occupational, educational and income levels. It is estimated that one in five Canadians will develop a mental illness at some time in their lives.

This week is important because it gives us all the opportunity to re-evaluate our lives and strive to improve our work-life balance. Small changes can enhance productivity, reduce absenteeism, increase competitiveness and, perhaps most important of all, give us more time to spend with family, friends and loved ones. In fact, Canadians spend 45 minutes less every workday with their families than they did 20 years ago.

In my home province of Prince Edward Island, the Canadian Mental Health Association is sharing this message with Islanders. These dedicated people have organized events across the province. Such events include the 3rd Annual Walk for Mental Health, educational displays, community presentations and information distribution to local businesses. Members of the Canadian Mental Health Association are doing their part to help increase awareness of the importance of balance.

Honourable senators, mental health is as vital to us as physical health. It is an integral part of every Canadian's overall health and wellness. Please join me in recognizing Mental Health Week and in sharing its message with those around us. The result may be a better life for us all.

[*Translation*]

## NEW BRUNSWICK

### GENERAL STATE OF THE ARTS AND CULTURE IN ACADIAN SOCIETY

**Hon. Rose-Marie Losier-Cool:** Honourable senators, it is with great pride that I draw your attention today to the États généraux des arts et de la culture dans la société acadienne du Nouveau-Brunswick, the francophone arts and culture summit, which took place last week in Caraquet, New Brunswick.

These five days of hard work are an important step in a process that has been under way for several months already to consider how the arts and culture and artists can attain their rightful place in Acadian society. Throughout these long months, some 600 artists, decision-makers, representatives of various associations, and private citizens considered this question in the context of several broad themes: arts and culture in the community, in schools and in the media; cultural enterprises,

industries and infrastructures; the Acadian artist throughout Acadia; the difficulties encountered by creative artists, new artists and ethnocultural artists; and relations with anglophone and Aboriginal artists.

During last week's États généraux, the individuals responsible for each of these broad themes presented a status report outlining the principal issues in their respective area and recommended solutions. The 400 participants then analyzed these reports and fine-tuned the proposed solutions before putting them to a general vote.

[*English*]

In addition to serious and chronic underfunding for artists and the infrastructures that support them, the principal issues identified were: the lack of arts and culture courses in curricula; the long-term political vision of the community and society; the inadequate representation of the arts and culture in decision-making circles; the alarming shortage of specialized teachers; and the fact that there are not enough large concerns defending artists' interests.

[*Translation*]

The final morning, the 400 delegates asked the decision-makers what commitments they intended to make. I would like to thank our premier, the Honourable Shawn Graham, who acknowledged that the arts are an investment, not an expense, and who publicly made a political and financial commitment to pursue the general objectives of the États généraux. I would also like to mention our immensely popular provincial arts council, ArtsNB, which is already working very hard on behalf of our artists and has promised to do even more with Shawn Graham's support.

Lastly, I would like to congratulate the Association des municipalités francophones du Nouveau-Brunswick, which made a commitment to ensuring that its members set aside a percentage of their budget to support arts and culture.

I would like to reiterate that the États généraux are just a starting point, and that the work did not end when the participants left Caraquet. Over the next 10 years, we can look forward to the implementation of the solutions adopted during the États généraux. I can assure you that I will be following this issue closely.

In closing, I would like to point out that, this year, the États généraux coincided with the 2007 edition of the Gala des Éloizes, which recognizes artistic and cultural excellence in Acadia. I applaud the 14 winners for 2007 and would like to mention, in particular, the award presented to a very dear friend of mine, Father Zoël Saulnier, in the category of "support for the arts". For many years, Father Zoël has worked tirelessly to support and promote arts and culture in Acadia. It is precisely this kind of commitment that the organizers and participants attending the États généraux des arts et de la culture dans la société acadienne du Nouveau-Brunswick are hoping to get from the public and from decision-makers in the coming years. Culture is a community affair.

[ Senator Callbeck ]

• (1415)

[English]

## ROUTINE PROCEEDINGS

### AGING

#### BUDGET—REPORT OF SPECIAL COMMITTEE PRESENTED

**Hon. Wilbert J. Keon**, Deputy Chair of the Special Senate Committee on Aging, presented the following report:

Tuesday, May 8, 2007

The Special Senate Committee on Aging has the honour to present its

#### THIRD REPORT

Your Committee, which was authorized by the Senate on Tuesday November 7, 2006, to examine and report upon the implications of an aging society in Canada, respectfully requests funds for the fiscal year ending March 31, 2008.

Pursuant to section 2(1)(c) of Chapter 3:06 of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

WILBERT JOSEPH KEON  
*Deputy Chair*

(For text of budget, see today's Journals of the Senate, Appendix A, p. 1456.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Keon, report placed on the Orders of the Day for consideration two days hence.

### HUMAN RIGHTS

#### BUDGET AND AUTHORIZATION TO ENGAGE SERVICES—STUDY ON ISSUES RELATED TO NATIONAL AND INTERNATIONAL HUMAN RIGHTS OBLIGATIONS—REPORT OF COMMITTEE PRESENTED

**Hon. A. Raynell Andreychuk**, Chair of the Standing Senate Committee on Human Rights, presented the following report:

Tuesday, May 8, 2007

The Standing Senate Committee on Human Rights has the honour to present its

#### ELEVENTH REPORT

Your Committee, which was authorized by the Senate on Thursday, April 27, 2006, to examine and monitor issues relating to human rights and, *inter alia*, to review the

machinery of government dealing with Canada's international and national human rights obligations, respectfully requests for the purpose of this study that it be empowered to engage the services of such counsel, technical, clerical and other personnel as may be necessary.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

A. RAYNELL ANDREYCHUK  
*Chair*

(For text of budget, see today's Journals of the Senate, Appendix B, p. 1462.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Andreychuk, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[Translation]

### OFFICIAL LANGUAGES

#### ALLEGED LEAK OF FIFTH REPORT OF THE COMMITTEE—REPORT TABLED

**Hon. Maria Chaput:** Honourable senators, I have the honour to table, in both official languages, the seventh report of the Standing Senate Committee on Official Languages concerning an alleged leak of the fifth report of the Senate Standing Committee on Official Languages entitled *Reflecting Canada's Linguistic Duality at the 2010 Olympic and Paralympic Games: A Golden Opportunity*.

• (1420)

[English]

### BANKING, TRADE AND COMMERCE

#### BUDGET—STUDY ON PRESENT STATE OF DOMESTIC AND INTERNATIONAL FINANCIAL SYSTEM— REPORT OF COMMITTEE PRESENTED

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

Tuesday, May 8, 2007

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

#### EIGHTEENTH REPORT

Your Committee was authorized by the Senate on Tuesday, May 2, 2006, to examine and report upon the present state of the domestic and international financial system.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JERAHMIEL S. GRAFSTEIN  
*Chair*

(For text of budget, see today's Journals of the Senate, Appendix C, p. 1468.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Grafstein, report placed on the Orders of the Day and for consideration at the next sitting of the Senate.

BUDGET AND AUTHORIZATION TO TRAVEL—  
STUDY ON ISSUES DEALING  
WITH INTERPROVINCIAL BARRIERS TO TRADE—  
REPORT OF COMMITTEE PRESENTED

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

Tuesday, May 8, 2007

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

SEVENTEENTH REPORT

Your Committee which was authorized by the Senate on Tuesday, May 2, 2006, to examine and report on issues dealing with interprovincial barriers to trade, respectfully requests for the purpose of this study that it be empowered to adjourn from place to place and travel within Canada.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JERAHMIEL S. GRAFSTEIN  
*Chair*

(For text of budget, see today's Journals of the Senate, Appendix D, p. 1474.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Grafstein, report placed on the Orders of the Day for consideration at the next sitting of Senate.

[ Senator Grafstein ]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

BUDGET—STUDY ON STATE OF EARLY  
LEARNING AND CHILD CARE—  
REPORT OF COMMITTEE PRESENTED

**Hon. Wilbert J. Keon,** Deputy Chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, May 8, 2007

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

SIXTEENTH REPORT

Your Committee which was authorized by the Senate on Wednesday, February 21, 2007 to examine the state of early learning and child care in Canada, respectfully requests the approval of funds for the fiscal year ending March 31, 2008.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

WILBERT J. KEON  
*Deputy Chair*

(For text of budget, see today's Journals of the Senate, Appendix E, p. 1482.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Keon, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

BUDGET—STUDY ON LITERACY PROGRAMS—  
REPORT OF COMMITTEE PRESENTED

**Hon. Wilbert J. Keon,** Deputy Chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, May 8, 2007

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

FIFTEENTH REPORT

Your Committee which was authorized by the Senate on Wednesday, November 29, 2006 to examine the future of literacy programs in Canada, respectfully requests the approval of funds for the fiscal year ending March 31, 2008.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

WILBERT J. KEON  
*Deputy Chair*

(For text of budget, see today's Journals of the Senate, Appendix F, p. 1488.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Keon, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

BUDGET—STUDY ON CURRENT SOCIAL ISSUES OF  
LARGE CITIES—REPORT OF COMMITTEE PRESENTED

**Hon. Wilbert J. Keon,** Deputy Chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, May 8, 2007

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

FOURTEENTH REPORT

Your Committee which was authorized by the Senate on Wednesday, June 28, 2006 to examine and report on current social issues pertaining to Canada's largest cities, respectfully requests the approval of funds for the fiscal year ending March 31, 2008.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

WILBERT J. KEON  
*Deputy Chair*

(For text of budget, see today's Journals of the Senate, Appendix G, p. 1494.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Keon, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

• (1425)

BUDGET—STUDY ON IMPACT AND EFFECTS  
OF SOCIAL DETERMINANTS OF HEALTH—  
REPORT OF COMMITTEE PRESENTED

**Hon. Wilbert J. Keon,** Deputy Chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, May 8, 2007

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

THIRTEENTH REPORT

Your Committee which was authorized by the Senate on Tuesday, November 28, 2006 to examine and report on the impact of the multiple factors and conditions that contribute to the health of Canada's population, known collectively as the social determinants of health, respectfully requests the approval of funds for the fiscal year ending March 31, 2008.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

WILBERT J. KEON  
*Deputy Chair*

(For text of budget, see today's Journals of the Senate, Appendix H, p. 1501.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

On motion of Senator Keon, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[Translation]

CRIMINAL CODE

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-22, to amend the Criminal Code (age of protection) and to make consequential amendments to the Criminal Records Act.

Bill read first time.

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

On motion of Senator Comeau, bill placed on the Orders of the Day for second reading two days hence.

[English]

## CANADA-AFRICA PARLIAMENTARY ASSOCIATION

ORDINARY SESSION  
OF PAN-AFRICAN PARLIAMENT,  
NOVEMBER 13-14, 2006—REPORT TABLED

**Hon. A. Raynell Andreychuk:** Honourable senators, I have the honour to table, in both official languages, the report of the Canadian delegation of the Canada-Africa Parliamentary Association respecting its participation in the sixth ordinary session of the Pan-African Parliament held in Midrand, South Africa, from November 13 to 14, 2006.

[Translation]

## FOREIGN AFFAIRS AND INTERNATIONAL TRADE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE  
TO EXTEND DATE OF FINAL REPORT ON STUDY  
OF ISSUES RELATED TO FOREIGN RELATIONS

**Hon. Consiglio Di Nino:** Honourable senators, I give notice that at the next sitting of the Senate, I shall move:

That, notwithstanding the Order of the Senate adopted on Tuesday, May 9, 2006, the Standing Senate Committee on Foreign Affairs and International Trade, which was authorized to examine such issues as may arise from time to time relating to foreign relations generally, be empowered to extend the date of presenting its final report to March 31, 2008.

• (1430)

[English]

## THE SENATE

NOTICE OF MOTION TO APOLOGIZE TO SURVIVORS  
OF INDIAN RESIDENTIAL SCHOOLS

**Hon. Charlie Watt:** I give notice that on Wednesday, May 9, 2007, I shall move:

That the Senate take note and concur with the resolution of the House of Commons apologizing to the survivors of Indian Residential Schools for the trauma they have suffered as a result of policies intended to assimilate our First Nations, Inuit and Metis children, causing them harm and the loss of their aboriginal culture, heritage and language while also leaving a sad and tragic legacy of sexual, emotional and physical abuse.

## EFFECTS OF EXPANDED ETHANOL AND BIODIESEL PROGRAM

NOTICE OF INQUIRY

**Hon. Mira Spivak:** Honourable senators, I give notice that on Thursday, May 10, 2007:

I shall call the attention of the Senate to the hidden costs and benefits of an expanded ethanol and biodiesel program in Canada.

## THE SENATE

EMPLOYMENT EQUITY—NOTICE OF INQUIRY

**Hon. Donald H. Oliver:** Honourable senators, I give notice that two days hence:

I shall call the attention of the Senate to employment equity in the Senate of Canada.

**Senator Cools:** How about non-senators?

[Translation]

## QUESTION PERIOD

### PRIVY COUNCIL OFFICE

IPSOS-REID POLL ON ETHNIC COMMUNITIES

**Hon. Céline Hervieux-Payette (Leader of the Opposition):** Honourable senators, my question is for the Leader of the Government in the Senate. Last year, at the request of the government, Ipsos-Reid conducted a public opinion poll of ethnic communities regarding the government's five priorities at a cost of \$117,000.

Can the Leader of the Government tell us whether she finds using taxpayers' money to evaluate the results of its election platform justified?

[English]

**Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)):** Honourable senators, the premise of the question is false. The survey in question had nothing to do with the electoral or political platform of the government.

The survey was conducted by the Privy Council Office. For the first time, we have a government that is genuinely reaching out and trying to assist new Canadian communities and people from other parts of the world. The information was not the responsibility of the Prime Minister's Office; rather, it was the responsibility of the Privy Council Office. The results of the polling were tabled yesterday with Library and Archives Canada.

[Translation]

**Senator Hervieux-Payette:** We may not agree on the interpretation of that Ipsos-Reid poll. However, this poll concluded that the respondents did not know very much about the government's priorities and, furthermore, they did not relate to the five priorities. This report cannot be found on public lists. Yet, her colleague tells us that all contracts go out to tender. We can understand that this expense would be justified if it were required to better govern the country. However, what is not as clear is why, while you are the fine authors of the Clarity Act and that, furthermore, you are the authors of the Accountability Act,



the Canadian Press had to file an access to information request to obtain this report, which would normally be a public report.

[English]

**Senator LeBreton:** I can only answer what I said in answer to the first question. I suppose I shall be reduced to reading *The Globe and Mail* to get research on the questions that might be asked, but the fact is that the study, entitled, "Exploring the Views of Canada's Multicultural Communities," was conducted in September 2006, and the results of this particular survey should have been posted in March 2007. It was the responsibility of the Privy Council Office to do so. This has now been done, and all the outstanding information with regard to this survey, as I said, has been deposited with Library and Archives Canada.

• (1435)

## PUBLIC WORKS AND GOVERNMENT SERVICES

### REVIEW OF IPSOS-REID POLL ON ETHNIC COMMUNITIES

**Hon. Terry M. Mercer:** Honourable senators, this government is full of ministers who are not responsible for anything. The Minister of Public Works was not responsible for some things last week.

Honourable senators, I am not surprised that the Leader of the Government in the Senate has not answered the question in the way in which it was posed, as she has become adept at skirting issues. My colleague's question is relevant since the Leader of the Government in the Senate and the Minister of Public Works have launched a witch hunt into the former government's polling practices by employing separatist Daniel Paillé.

Since the Minister of Public Works is so determined to find problems in the former polling practices that are nonexistent, will he ensure in this place that Mr. Paillé will examine the government's own polling practice and find out why this \$117,000 report had not been posted?

**Hon. Michael Fortier (Minister of Public Works and Government Services):** I thank the honourable senator for the question. As honourable senators know, the work to be done by Mr. Paillé relates to contracting and how these contracts were awarded. The period being reviewed extends from 1990 right up to 2003. In the case being discussed this afternoon, we are not discussing the validity of the award, but whether or not it was posted on time. The comments are well taken. The leader agrees with me that we should be posting these awards on time and we will ensure that they are in the future.

**Senator Mercer:** Honourable senators, it is heart warming to know that the government will actually start doing what they should have been doing in the first place.

Honourable senators, if the Minister of Public Works will not authorize Mr. Paillé to examine this issue, I believe today we have another person who, in the minister's words, may be as qualified as Mr. Paillé, since the only qualification I can see for examining polling practices is to be a separatist. As of today, André Boisclair is available. I understand he is a separatist. He is obviously not a good one, but a separatist nonetheless. I have printed off Mr. Boisclair's résumé as the minister may not have had time to do so. I will be happy to provide that to the minister.

Will the minister be hiring Mr. Boisclair sometime soon to examine the minister's and government's own backyard to tell us why their polling practices are not put in the open in a timely fashion?

**Senator Fortier:** Honourable senators, currently we do not have any openings, so we will take Mr. Boisclair's résumé and put it away in case we need it.

## FINANCE

### REVIEW OF COST OF FOREIGN ACQUISITIONS

**Hon. Jeremiah S. Grafstein:** Honourable senators, my question is for the Leader of the Government in the Senate. I wish to return to a previous question. I do not want to try her patience too much, but my question is in regard to the question of the deductibility of interest on foreign subsidiaries by Canadian companies. Honourable senators will recall that the issue was raised in the budget on March 19, and I first raised the matter in the Senate on March 21 as a problem. The problem has become more intense. The criticism from the business, academic and expert communities has intensified. I suggest that the government look at this question more quickly, because it has now been close to 50 days of increasing uncertainty in the business community here and abroad.

I have some history for the honourable senator. This measure was introduced some 35 years ago by the Trudeau government. It came at a time when Canadian companies were increasingly under competitive pressure domestically and internationally. This measure was meant to increase the competitiveness and the defensiveness of Canadian companies.

I understand the minister's dilemma. He has been misinformed and misadvised by the Department of Finance on this measure. They have done a U-turn. Some years ago they fended off criticism of this particular measure and now they have done a 380-degree turn, as has been suggested in the press.

Honourable senators, I have a suggestion for a way out, if the Leader of the Government is interested. My simple suggestion is that the government immediately suspend the application of this proposal, it then give the Standing Senate Committee on Banking, Trade and Commerce a reference. The committee would then consult broadly and return a report to the government as quickly as possible. The Banking Committee is mostly bipartisan and would look at this subject in an objective fashion. To me, this would be a way out of the government's dilemma. Please accept this advice.

• (1440)

**Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)):** I thank the honourable senator for his advice. Minister Flaherty has said all along, and I think most people would agree, that he is opposed to tax havens and loopholes. The minister repeated that again yesterday when he appeared on *Mike Duffy Live*.

I remind honourable senators that the Governor of the Bank of Canada told the Standing Senate Committee on Banking, Trade and Commerce that one should be very careful about jumping to conclusions about what the minister will have in the planned legislation.

The Minister of Finance will shortly announce details on the question of tax deductibility on foreign acquisitions. I believe we all agree that we should ensure that not only is industry competitive in this country, but also that they pay their fair share of taxes.

**Senator Grafstein:** Honourable senators, I think the Minister of Finance is compounding this problem. He is about to come down with a measure without a full and public consultation. The best way to approach this situation when one makes a mistake — and this is advice from this side, for we have had problems as the result of previous budgets — is to publicly consult. Whenever the facts have become known as the result of a broad consultation, the facts have spoken for themselves.

The minister is now caught in a bind because, on one hand, he does not want to make Canadian companies less competitive at home and abroad, and on the other he is worried about egregious conduct where people take advantage of a provision.

Having said all of that, would it not be better to have a public consultation, decide with transparency and examine the officials of the Ministry of Finance who have put the minister and the ministry in this particular box? This suggestion is not meant to be critical; it is meant to be helpful.

**Senator LeBreton:** Honourable senators, Senator Grafstein makes the assumption that the minister has not consulted publicly with many of the interested parties. That is an incorrect assumption.

I will repeat what I said a moment ago: Minister Flaherty will shortly announce the details of his next move on this particular issue. In the interests of tax fairness for all Canadians, there is no doubt that the competitiveness of our industries is of paramount importance.

In addition, I do not think industries, and particularly Canadians who work hard and pay their fair share of taxes, would want to see these companies not doing the same.

**Senator Grafstein:** Honourable senators, the Minister of Finance has indeed consulted, but he has consulted privately. There is a difference between public and private consultation.

Therefore, I suggest to the Leader of the Government in the Senate, and through her to the minister, that the papers and the studies upon which the minister made his decision be made public. In doing so, the experts in Canadian business and the academics could review them, and our committee would undertake to study them as well, to see if this is an appropriate measure in light of the intense criticism.

**Senator LeBreton:** Honourable senators, I will be happy to pass on Senator Grafstein's suggestion to the Minister of Finance. I know the minister always appreciates that the honourable senator thinks in the interests of him and our government.

[ Senator LeBreton ]

[*Translation*]

## HERITAGE

### SUPPORT FOR THE ARTS— AMENDMENTS TO COPYRIGHT ACT

**Hon. Jean Lapointe:** Honourable senators, my question is for the Leader of the Government in the Senate. The Conservatives have been in power for just over 16 months now, and it is clear that this government has decided not to defend the interests of our country's artists. It is truly disturbing to see that the Conservatives do not consider arts and culture a priority.

• (1445)

For example, there is the issue of copyright, which is so important to creators and all those who want to see their works receive appropriate recognition. The Conservatives promised a new bill that would provide a proper framework for creators and their works. They have not kept that promise.

Why is it so difficult for the Conservative government to put Canadian artists front and centre again?

[*English*]

**Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)):** Honourable senators, I thank the honourable senator for his question. However, before I answer his question, I would like to congratulate Senator Lapointe who has been named the arts and culture critic. Honourable senators, I was very pleased to read that his leader made this appointment, which was announced in the newspaper today.

**Hon. Senators:** Hear, hear.

**Senator LeBreton:** As the senator pointed out, we have been in government for over one year, and in that time our government has dramatically proven how committed we are to art and culture across the country.

In our first few months, we increased the budget for the Canada Council for the Arts by \$50 million. That budget increase is providing funding for artists and arts and cultural organizations across the country. In Budget 2006, we exempted donations of publicly traded securities to public charities from the capital gains tax, a measure that greatly benefited the arts and culture sector.

In Budget 2007, we extended the elimination of capital gains tax to private foundations, which will largely benefit the arts sector. We also announced an additional \$60 million over the next two years for local arts and heritage activities in our communities across the country.

Five million dollars per year is set aside for museums in small communities to hire student interns. On December 4, 2006, Minister Oda announced \$100 million over five years for the urgent needs of five national cultural institutions. Last December we directed Canada Post to maintain its support for the Publications Assistance Program, which helps Canadian magazines and community newspapers.

Minister MacKay also recently said that the Department of Foreign Affairs and Department of Canadian Heritage will work with artistic communities to promote the Canadian cultural presence abroad. I could also mention the Human Rights Museum in Winnipeg.

With regard to the specific question about the copyright, as the senator quite rightly pointed out in his question, we were elected and formed government last February. When most governments make commitments, they consider them over the term of the government, and we are still in our early days. I am happy to let the senator know that I will take the question with regard to the Copyright Act as notice, and I will get an answer for him as to when the legislation might proceed as quickly as possible.

**Some Hon. Senators:** Hear, hear.

[Translation]

**Senator Lapointe:** I would like to correct you. I have not been chosen as the official Senate arts and culture critic. I am a scrapper, as I believe you will learn in the coming weeks and months.

I congratulate you on all the great achievements you take such pride in. You have made progress. However, I am not sure you mentioned everything. I think you left a few out.

That said, would it be too hard for the Conservatives to admit that creators and their works enrich the lives of Canadians and the cultural heritage of people both here and abroad?

• (1450)

I have learned that you have made cuts in areas like assistance to artists abroad, the preservation of works in museums, the transportation of such works, et cetera. Do as you wish, but, in my opinion, that is like cutting down the blossoming and growth of our own identity.

My question is very important because it speaks to Canadians from coast to coast, regardless of language. Can the Leader of the Government in the Senate tell us whether the Minister of Canadian Heritage intends to learn French in the coming weeks, months or even years? It might be too late.

[English]

**Senator LeBreton:** Honourable senators, I thank the senator for the question. I should know better than to believe what I read in the newspapers because I did read today that he had been asked by his leader to be the critic on matters of arts and culture.

There are many elements to the one question of the honourable senator, some of which I may take as notice. However, I do not want people to spread the mythology that we have cut funding to arts and cultural organizations. That is not true. There are major commitments to many parts of the country, small and large; to museums, cultural organizations and the Canada Council. Minister MacKay is working closely with the artistic community to promote Canadian artists abroad.

With regard to the minister to whom the honourable senator made reference, she is a very hard-working minister and understands her portfolio well. I believe she has done more for

arts and culture in this community in the short year and a few months that she has been minister than had been done for many years before she took the portfolio.

[Translation]

**Senator Lapointe:** As I recall, some \$100 million — more or less — was granted to Telefilm Canada. Cuts have been made, as evidenced by the fact that, in 2003, 20 Canadian films were made and subsidized by Telefilm Canada, while last year there were just 11 films. Can the minister tell us what happened?

[English]

**Senator LeBreton:** We have made significant improvements and increases in funding to the overall spending envelope for arts and culture. We are a new government. We were elected on a platform. We were not elected specifically to follow every single program of the previous government.

• (1455)

The most recent example is that, for the first time, the Canadian government is supporting a national museum outside the boundaries of the Outaouais, which is a very important step. This is a big country. We put \$100 million into the Canadian Museum for Human Rights, and we have also taken over the responsibility of managing it as a national museum. That was not done by the previous government. We have different programs in which we are investing our arts and culture dollars. When that measure was announced with the Canada Council, it was very well received in the arts and cultural community.

Having said that, Senator Lapointe — probably more than any person — speaks with great passion on this particular subject matter. He is to be congratulated for his interest and ongoing efforts in this area.

[Translation]

## HUMAN RESOURCES AND SOCIAL DEVELOPMENT

### FUNDING FOR MILLENNIUM SCHOLARSHIP FOUNDATION

**Hon. Claudette Tardif (Deputy Leader of the Opposition):** Honourable senators, my question is for the Leader of the Government in the Senate. When the Auditor General of Canada tabled her report on Monday, May 1, 2007, she said:

I am pleased about the good management practices we found in these programs aimed at giving young Canadians better access to higher education.

In her report, she came to the conclusion that the Canada Millennium Scholarship Foundation is making progress toward improved access to post-secondary education. However, an article in the *Ottawa Citizen* on May 2, 2007, suggested that the foundation would no longer receive funding in 2008-09.

Can the minister tell us whether funding for the Canada Millennium Scholarship Foundation will be renewed?

[English]

**Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)):** Honourable senators, we were very pleased by the Auditor General's report on all fronts. The government was pleased to have a report and committed, in those areas where responses were needed, to respond.

With regard to a report in the *Ottawa Citizen*, every single day we are subjected to some person or other coming out and making an accusation about something the government will or will not do. We simply cannot be put in a position of responding to newspaper articles written by people who speculate and pass on misinformation. I did not see the article myself, and I have no idea what the senator is referring to exactly.

[Translation]

**Senator Tardif:** I would like an answer to my question, even if it is just speculation. Will this program be renewed?

[English]

**Senator LeBreton:** I will take that question as notice. I am asked this type of question quite often. There were various students' programs that we were supposedly cancelling; in fact, we did not cancel them, we enhanced them. The list goes on and on. I will simply take that question as notice.

[Translation]

**Senator Tardif:** Given that the foundation provided \$40 million to 20,000 people from under-represented groups, such as low-income Aboriginal students from rural areas, will the government renew its support, or is it going to withdraw its support to less fortunate students?

[English]

**Senator LeBreton:** Honourable senators, obviously the government is expending a significant amount of money on our students in all areas, particularly on Aboriginal students and minorities. In that respect, this government is unlike Justin Trudeau, who obviously has not figured out what minority language rights are. When I heard what Justin Trudeau had to say, I thought to myself that his big backers, former Senator Hebert and Senator Fairbairn, should take him out and give him a good history lesson on the BNA Act and the Charter of Rights and Freedoms.

• (1500)

## FINANCE

### CHILD TAX BENEFIT

**Hon. Catherine S. Callbeck:** Honourable senators, in the last Conservative budget many initiatives were announced that truly make the rich richer and the poor poorer. For example, under the Canada Child Tax Benefit, a professional earning \$100,000 per year, with one child, receives a tax credit of \$2,000, which becomes \$310 in his or her pocket, whereas a single mother living in my province of P.E.I. earning \$20,000 per year receives absolutely nothing under this initiative.

Does the Leader of the Government in the Senate think that it is fair that a single mother living below the poverty line cannot benefit under this government's tax credit initiative?

**Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)):** Honourable senators, in Minister Flaherty's Tax Fairness Plan, many Canadians have been taken completely off the tax rolls. As well, a host of tax measures and many incentives are directed specifically at lower income Canadians. As I have done on many occasions before, I would be happy to take the question as notice and provide the honourable senator with the full list of all measures taken in Budget 2006 and Budget 2007 to assist low-income Canadians. These measures and incentives were very well received.

[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 in the Senate. The first response is to a question raised by Senator Spivak on February 21, 2007, regarding the effect of the change to the mandate of the Canadian Wheat Board on the port of Churchill, Manitoba. The second response is to a question raised by Senator Hays on March 28 regarding the ability of the Canadian Wheat Board to function as dual marketing entity.

## AGRICULTURE AND AGRI-FOOD

### CANADIAN WHEAT BOARD—EFFECT OF CHANGE TO MANDATE ON CHURCHILL, MANITOBA

(Response to question raised by Hon. Mira Spivak on February 21, 2007)

Canada's New Government campaigned openly during the last election on providing marketing choice for western wheat and barley farmers, allowing them to maximize their returns, while preserving a strong, viable, yet voluntary Canadian Wheat Board (CWB).

Prairie grain producers should be able to decide for themselves if CWB marketing is beneficial to them.

The Government is committed to moving forward in an orderly and transparent fashion to maximize and provide choice for Canada's farm families.

This government remains committed to implementing marketing choice for Western Canadian wheat and barley producers.

Marketing choice is about individual grain farmers being free to take advantage of marketing opportunities of selling their wheat and barley to any domestic or foreign buyer.

The Government intends that a strong, viable and voluntary CWB will be one of the choices available to farmers.

Marketing choice will not change the ability of the CWB or any other exporter of Canadian grain to move grain to export markets via Churchill, Manitoba.

CANADIAN WHEAT BOARD—MARKETING  
OF BARLEY—ABILITY TO FUNCTION  
AS DUAL MARKETING ENTITY

*(Response to question raised by Hon. Daniel Hays on March 28, 2007)*

The Government expects that the domestic and export demand for barley will remain strong.

This Government believes that there can be a strong Canadian Wheat Board (CWB) within a marketing choice environment. The Government sees a bright future for a strong, viable and voluntary Wheat Board, so loyal customers will be able to continue buying their grain through it. At the same time, Western Canadian wheat and barley producers will have the freedom to sell their products to other buyers, which may well increase overall sales and returns.

The Government hopes that the CWB would not refuse farmers the service of marketing their barley out of some political desire to resist the Government. The majority of farmers have clearly indicated that they no longer wish to be compelled to market their barley through the CWB. The Government intends that farmers will be provided with marketing choice for barley by August 1, 2007.

Canada's New Government is hopeful that the CWB will respect the wishes of the barley farmers. The results of the recently concluded producer plebiscite on barley marketing in Western Canada clearly indicate that over 60 per cent of the producers who cast votes indicated that they want to end the Canadian Wheat Board's monopoly on barley.

It is premature for the Government of Canada to respond to the CWB's request that the federal government assist it to purchase port facilities and grain elevators as we have yet to see a concrete plan from the CWB for how they will operate in the new environment.

[English]

PAGES EXCHANGE PROGRAM  
WITH HOUSE OF COMMONS

**The Hon. the Speaker:** Honourable senators, before proceeding to Orders of the Day, I would like to take the opportunity to introduce a House of Commons page who is participating this week in the Page Exchange Program. Elie Salamon, of Toronto, Ontario, is enrolled in the Faculty of Public Affairs and Policy Management at Carleton University. Welcome to the Senate of Canada.

## ORDERS OF THE DAY

### FIRST NATIONS LAND MANAGEMENT ACT

#### BILL TO AMEND—SECOND READING— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator St. Germain, P.C., seconded by the Honourable Senator Segal, for the second reading of Bill S-6, to amend the First Nations Land Management Act.

**Hon. Robert W. Peterson:** Honourable senators, the Framework Agreement on First Nations Land Management provides signatory First Nations the opportunity to take control of their reserve lands and resources under their own laws.

The Framework Agreement was originally signed by a group of 14 First Nations and Canada in 1996 and the opportunity was available only to them. At that time, no Quebec First Nations expressed interest in being part of this group.

Over the years, First Nations have acknowledged the benefits of the Framework Agreement. To name just a few examples, the Whitecap Dakota community in Saskatchewan developed a whole industry in tourism with its award-winning golf course and casino; the Kitselas, in British Columbia, developed an ecotourism industry. As a result of these successes, in 2002 it was agreed that the Framework Agreement would be open to additional First Nations. The department, Indian and Northern Affairs Canada, authorized a "rolling 30 approach," allowing a maximum number of signatory First Nations in the development phase at any given time. In 2004, for the first time, a Quebec First Nation, the Essipit Innu, expressed interest in adhering to the Framework Agreement, thereby bringing further impetus to amend the Framework Agreement to make it bijural. Other Quebec First Nations are expected to follow in the near future.

It is therefore proposed to amend the Framework Agreement and the First Nations Land Management Act to incorporate the legal concepts and terminology of the civil law applicable in Quebec, which is the essence of Bill S-6.

The Lands Advisory Board, a First Nations organization that jointly manages this initiative with Indian and Northern Affairs Canada, strongly supports the proposed changes to the First Nations Land Management Act. The 17 First Nations, operating under the First Nations Land Management regime, have reached consensus on amendments to the Framework Agreement to incorporate civil law concepts and Essipit has become the forty-seventh signatory First Nation.

Land is one of the most valuable First Nations' assets, both economically and culturally. This amendment, when approved, will fulfill a commitment to support Quebec First Nations to move along the self-governance spectrum at a time and place of their choosing.

We have heard many times at Aboriginal peoples' hearings that you cannot have social justice until you have economic justice. I urge honourable senators to deal with Bill S-6 as expeditiously as possible.

On motion of Senator Tardif, debate adjourned.

[Translation]

#### ACCESS TO INFORMATION ACT

BILL TO AMEND—SECOND READING—  
DEBATE CONTINUED

On the order:

Resuming debate on the motion of the Honourable Senator Milne, seconded by the Honourable Senator Fraser, for the second reading of Bill S-223, to amend the Access to Information Act.—(*Honourable Senator Stratton*)

**Hon. Gerald J. Comeau (Deputy Leader of the Government):** Honourable senators, earlier today I indicated to Senator Milne that I was most interested in speaking to this bill. However, I would like to take the time to prepare to address certain points in particular. I hope to be able to do so next Tuesday. Therefore, I move that debate of this bill be adjourned in my name until next week.

On motion of Senator Comeau, debate adjourned.

[English]

#### PARLIAMENTARY EMPLOYMENT AND STAFF RELATIONS ACT

BILL TO AMEND—SECOND READING—  
DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Joyal, P.C., seconded by the Honourable Senator Robichaud, P.C., for the second reading of Bill S-219, to amend the Parliamentary Employment and Staff Relations Act.—(*Honourable Senator Andreychuk*)

**Hon. A. Raynell Andreychuk:** Honourable senators, I am in agreement in principle with Bill S-219 as proposed by Senator Joyal. Honourable senators will recall a motion that the Senate Rules Committee look at how the Charter of Rights and Freedoms applies in this respect. Bill S-219 is the result of Senator Joyal's study as well as the decision in the *Vaid* case. I would like to express my views on the bill at another sitting of the Senate.

On motion of Senator Andreychuk, debate adjourned.

[ Senator Peterson ]

• (1510)

#### ACCESS TO INFORMATION ACT CANADIAN WHEAT BOARD ACT

BILL TO AMEND—SECOND READING—  
DEBATE ADJOURNED

**Hon. Grant Mitchell** moved second reading of Bill S-224, to amend the Access to Information Act and the Canadian Wheat Board Act.—(*Honourable Senator Mitchell*)

He said: Honourable senators, I have presented this bill to the Senate in the context of the broader bill, Bill C-2, the government's so-called accountability act. By way of context, while the government has said that it places priority on that bill, C-2, it is interesting to note the contradiction in its actions — that is, that so much of the bill has still not been proclaimed, despite the fact that the government repeatedly criticized us for taking time to try to improve that bill.

It is not as though the government does not need greater transparency and accountability. We need only look to events of this week in the other place with respect to a minister's failure to report, openly and adequately, travel expenses to know that this government certainly needs to be pushed in the areas of transparency, openness and accountability. Having made such an issue of this in the past, one would expect the government would be absolutely on top of this legislation, but sadly, and clearly, they simply are not.

It is with too great an exuberance, I would argue, that they included in Bill C-2 the provision to subject the Canadian Wheat Board to access to information legislation. The reason I say they were overly exuberant is that I believe that subjecting the Canadian Wheat Board to access to information puts that commercial enterprise in jeopardy. I would argue that the reason, in fact, the government has been so aggressive in that regard is that not only do they want dual marketing in the area of wheat and other products, but I would say that this is evidence, along with other corroborating evidence, to suggest that in fact they want the Canadian Wheat Board out of the picture entirely and that dual marketing would simply be a first step.

If the Canadian Wheat Board is forced to reveal information under access to information legislation, it is entirely conceivable that it could be forced to reveal the kind of information that would hurt it competitively. While the government will say that the Canadian Wheat Board is not competitive but, rather, a monopoly, in fact it is not entirely a monopoly. Within the provincial boundaries, the Canadian Wheat Board has to compete for the sale and marketing of certain products, and internationally the CWB competes with some of the most competitive and aggressive companies that can be found in any industry.

I would argue that this provision in Bill C-2, veiled as it is as another political intention, could damage the Canadian Wheat Board fundamentally in its ability to operate and fulfil the mandate that it has fulfilled successfully for decades.

However, it is not as though this is being done to create greater accountability or transparency. As I said before, the government is not committed to greater accountability or transparency; otherwise we would know exactly how much that minister had

spent on which flights, when and to where. The real reason is that the government wants to damage and perhaps ruin the Canadian Wheat Board by a thousand cuts. As we have seen over the last number of months, that is a specific and calculated strategy.

A second major indication that the government does not care if the Canadian Wheat Board fails, and perhaps would even promote its failure — and the government does not, in fact, set as its objective the competitiveness of a Canadian Wheat Board in a dual-marketing structure — is an observation that I made some months ago in this chamber by way of a question to the Leader of the Government in the Senate. My question was premised upon this observation: The government says that if the Canadian Wheat Board is so good — and believe me, it is so good — then why would it be afraid to compete in an open market with the many huge, often American, and other multinationals which clearly are fundamentally competitive and aggressive?

The government says that, but they must acknowledge that over the decades that this Canadian Wheat Board has existed and functioned; anything that would have otherwise been construed as profits has been returned to the farmer. All those years, all of that excess value the Canadian Wheat Board has created due to their work, marketing expertise and efforts on behalf of the farmers, and their being able to accumulate the efforts and products of farmers, has been passed along to farmers to give them better prices and to support their farming operations. All the while their international competitors have been building that profit, taking some, if not all, of that profit or excess value and putting it into capital, into building their systems, hiring people and creating capital projects and investments that support their operation.

I do not have a figure, and I am sure the government does not have a figure, as to what would be required by way of capital injection into the Canadian Wheat Board to allow it to de facto recoup all of that money that, in essence, its competitors have used to make themselves far more competitive than the Canadian Wheat Board possibly could be with the level of capital and investment that they currently have and that they could ever hope to achieve without some form of government support.

The answer was that the government has not thought about that. I will give them credit for being much smarter than that. I think they have thought about that and they have discounted it because it is not truly their objective to ensure that the Canadian Wheat Board, if they do cut it loose and make it a dual-marketing system, will in fact be competitive. I predict that if they do make the Canadian Wheat Board a dual-marketing system, it will be exceptionally difficult for the CWB to be competitive.

In essence, Bill C-2 is the first step on a slippery slope. This is a first major cut in damaging the competitiveness of the Canadian Wheat Board. The second step will be that, when and if they are able to cut the Canadian Wheat Board loose through their various techniques and create a dual-marketing board, they will in fact seriously damage the ability of the Canadian Wheat Board to ever be competitive because it simply does not have the capital that it needs to compete with the huge multinationals that it would face within that dual-marketing system.

It is interesting that often the proponents of doing away with the Canadian Wheat Board argue for it in the context of the World Trade Organization negotiations over the competitiveness

of agricultural products internationally. They ironically often use the argument that they need to do away with the Canadian Wheat Board, and shortly after they say — and they will start to do this, too — to do away with supply management because it hampers their ability to negotiate with the U.S. and with the European common market, where there are huge subsidies and where our farmers have to compete with minimal subsidies by comparison.

What is interesting, of course, is that the WTO has, on many occasions, indicated clearly that the Canadian Wheat Board does not represent unfair competition of any form. What is also interesting is that to do away with the Canadian Wheat Board and supply management would have a minor impact on the United States. It is not that the United States would gain anything by our doing away with that. It is not that it gives us any leverage in those negotiations. It has such a miniscule impact on the overall markets that the U.S. and European agriculture communities confront. It is not that such proponents use the argument that they really believe that doing away with the Canadian Wheat Board will give us leverage on an international scale. It is ludicrous to imagine that it would. The real problem in competing with the U.S. is the level of U.S. subsidies to their farmers and the level of European common market subsidies to European farmers. If they were serious about wanting to negotiate away subsidies, one would think that they would be focusing on the fact that our subsidies are much lower than both those of the U.S. and European Common Market now. On the basis of that observation, if this were leverage, the U.S. and European Common Market would reduce to our level before we get into any leverage, as it were.

• (1520)

I brought this bill forward to draw the attention of the Senate and the Canadian people to the fact that this initiative under Bill C-2 to subject the Canadian Wheat Board to the access to information legislation is not at all what it appears to be; it is quite the contrary. It is not designed for transparency and openness; it is designed, I would argue, honourable senators, to hurt the Canadian Wheat Board and it is part of a building process to hurt the Canadian Wheat Board much more significantly now than later.

On motion of Senator Tkachuk, for Senator Gustafson, debate adjourned.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

### FIFTEENTH REPORT OF COMMITTEE— DEBATE ADJOURNED

The Senate proceeded to consideration of the fifteenth report of the Standing Committee on Internal Economy, Budgets and Administration (committee budgets—legislation), presented in the Senate on May 3, 2007.—(*Honourable Senator Furey*)

**Hon. Wilfred P. Moore:** Honourable senators, I wish to move the adoption of the fifteenth report of the Standing Committee on Internal Economy, Budgets and Administration, standing in the name of Senator Furey.

**Hon. Terry Stratton:** Honourable senators, I would like to speak to this at a later date. Therefore, I wish to adjourn the debate.

On motion of Senator Stratton, debate adjourned.

[Translation]

## OFFICIAL LANGUAGES

### BUDGET—STUDY ON OPERATION OF OFFICIAL LANGUAGES ACT AND RELEVANT REGULATIONS, DIRECTIVES AND REPORTS—REPORT ADOPTED

The Senate proceeded to consideration of the sixth report of the Standing Senate Committee on Official Languages (*budget—study on the application of the Official Languages Act*), presented in the Senate on May 3, 2007.—(*Honourable Senator Chaput*)

**Hon. Maria Chaput** moved the adoption of the report.

[English]

**Hon. Terry Stratton:** Honourable senators, I wish to ask a question or two.

This report speaks to a figure of, I believe, \$148,100; would the honourable senator indicate whether I am correct? The expenses cover primarily a trip to Vancouver for public hearings for two days and a fact-finding mission in Whistler for one day. The honourable senator was in that region not long ago. Is this a follow-up to that initial trip?

[Translation]

**Senator Chaput:** I thank the honourable senator for his question. Yes, during the trip scheduled for early in 2008, we will be updating the work we have done and the report we submitted. We will be following up, one year later, on progress in terms of services to be offered in both official languages at the Olympic Games.

[English]

**Senator Stratton:** To the knowledge of the honourable senator, after having gone, would there be a third trip, or does she think this will wrap it up? I am looking for value for dollars for the Canadian taxpayer, as Senator Massicotte would say. We want to ensure that is being achieved. I am not being critical, but the question must be asked if, having done this, does she feel that the committee will have accomplished what it will have needed to accomplish?

[Translation]

**Senator Chaput:** I can certainly say, honourable senators, that our first trip to Vancouver increased the level of interest and stakeholders' willingness to offer services in both languages. We raised the level of awareness. There is no doubt that work will happen faster thanks to the official languages committee's follow-up activities.

I would really like to be able to tell you that after the next meeting, we will not have to return the following year. Right now, that is what I am hoping for, but I do not know what will happen afterward.

[English]

**Senator Stratton:** That is about as reassuring as we can achieve, I suppose, in this instance.

My next question is fairly standard. The committee has nine members. As I understand it, the committee is composed of nine senators; two committee staff, one analyst, two stenographers, three interpreters and one media relations person, for a total of 18 individuals. Nine senators and nine staff. That seems like a great many folks to travel out there for three days. If the committee travels with fewer than nine senators, the money will be returned to the Senate. When I look at the staffing, two committee staff, one analyst, two stenographers, and three interpreters — that is for interpretation, I would expect — what is the requirement for two committee staff and one analyst, particularly the analyst? I do not understand the reason for that person.

[Translation]

**Senator Chaput:** I have asked, this year as I did last year, the clerk to check what the standards are with respect to how many staff members have to travel with committees. It is Parliament travelling.

I have checked the number of employees we have with us right now. It is the standard number of employees who usually travel with committees of the Senate whenever simultaneous translation is required and the services of an analyst are needed to prepare the report we have to produce.

I would like to add that we will look into the possibility of hiring qualified personnel locally, in Vancouver, as we did last year. Hiring locally would represent a savings of perhaps two people. I can assure Senator Stratton that we have looked at each item of expense and that we are aware that this is quite a chunk of money, and that it is public money, not ours. We realize that we are accountable and, if not all senators travel and we are able to save on personnel costs, any unspent amount shall be returned.

Motion agreed to and report adopted.

• (1530)

[English]

## CANADA'S COMMITMENT TO DARFUR, SUDAN

### INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Dallaire calling the attention of the Senate to the situation in the Darfur region of Sudan and the importance of Canada's commitment to the people of this war-torn country.—(*Honourable Senator Andreychuk*)

**Hon. Consiglio Di Nino:** Honourable senators, this item stands in the name of Senator Andreychuk. I should like to add a few words of support for this item, following which I shall move that the item continue to stand in the name of Senator Andreychuk.



The tragedy that has unfolded in the Darfur region of Sudan is a human catastrophe of monstrous proportions. I commend colleagues who have sought to keep this issue in the spotlight, particularly Senator Dallaire, whose tenacity in this regard reminds us all of our collective responsibility to our fellow human beings with whom we share this planet.

When I first spoke about Darfur in this chamber on October 7, 2004, the conflict had taken the lives of some 50,000 people and had displaced 1.4 million. I had wondered then, perhaps naively, when the atrocities would end. Now, almost three years later, we are told that hundreds of thousands have been killed and that more than 2 million men, women and children have been displaced by the brutal onslaught of the Janjaweed militia and the Sudanese military.

There are no cameras sending daily feeds to our television sets or disturbing photos in newspapers that adequately report the terror and misery of the genocide taking place in Darfur. However, what has gone on and continues unabated is a challenge to the conscience of the world.

For four years, the international community has failed to come together and, in my opinion, has, at best, been indifferent to this humanitarian crisis. The United Nations has adopted the principle of Responsibility to Protect, but what has that principle done for the beleaguered people of Darfur? Why has the UN been unable to discharge its moral obligation and its purpose under article 1 of the Charter of the United Nations, namely, to “maintain international peace and security”? Even after a number of resolutions have been adopted by them authorizing a variety of actions, why is the maiming, raping and killing of civilians still happening after four long years?

The world must not tolerate the continuation of what the UN itself has called the worst humanitarian emergency on the planet. In my comments on this issue in 2004, I asked, “Is a Black life worth less than a White one?” To that, I would add this question: If these atrocities were committed against our grandchildren, would we be as passive?

Frankly, I do not expect real changes to happen in Darfur any time soon, at least, until the government of Darfur accepts its responsibility or the UN uses its authority to force it to.

What should Canada do? Canada is a middle power, with limited resources, and our overseas commitments may already be at capacity. However, to the degree that we can do more, then we must. Time and again, as others have mentioned, Canada has shown principled leadership in the world and punched above its weight. On this issue, I believe we must once again step up to the plate, bolster our efforts and be among those who will finally bring an end to the death and destruction being inflicted on this vulnerable people whose suffering continues because we, the rest of the world, have failed to act.

**Hon. Joan Fraser:** Would Senator Di Nino take a question?

**Senator Di Nino:** Yes.

**Senator Fraser:** Honourable senators, as I understand it, part of the difficulty is that, at the United Nations, many of the African countries are very reluctant to give any impetus to a move that

might, in their view, erode African sovereignty over African countries. Given the history of colonialism, one can understand that it would be a sensitive issue. However, I am sure we all share the view that this situation is too serious not to be acted upon.

Does the honourable senator happen to know whether Canada, which has some credibility as a middle power with no actively colonial background, is using its good offices to try to work with the African countries to persuade them that they should be seeking to have the United Nations act? Does he know whether we are doing that kind of thing? It is a very naive question, but maybe only naive approaches will end up having any influence here.

**Senator Di Nino:** Honourable senators, I should first like to suggest that I do not believe it is only African nations that are holding back the authority to act on this. There are, too often, too many nations in the world, under the guise of “national interests,” that do things that we should all be ashamed of, particularly in these kinds of situations. That is my opinion, obviously; however, if you check the records with the UN, I believe you will find that I am correct in making that statement.

To the degree that I have been able to, I have talked to some people at Foreign Affairs. I believe Canada is probably still punching above its weight, and it continues to do that. I am quite proud of the principled stances we have taken around the world on these issues, but it does no harm for us all to remind those who are in a better position than you and I or the rest of us in this chamber that we all have a responsibility to the innocent people of this world. If we have to take action that may not be palatable to all to stop the situation, then so be it.

**Hon. Hugh Segal:** In asking this question, I want to express parenthetically, as a member the Foreign Affairs Committee, my sincere joy at your election as chair and my best wishes for your work on all our behalf on these difficult and compelling issues.

In so doing, I want to pursue the issue you raised about whether we would be acting more expeditiously if these people were not Black, which Senator Dallaire has also raised in many places. In the end, as Senator Fraser thoughtfully pointed out, we could find ourselves, if we were determined to act, in a multinational force operating against the wishes of the OAU, which is very concerned about “a European force” arriving to deal with a matter that should be within the sovereignty of the African nations.

Can the honourable senator give us a sense of his thinking on how far he thinks Canadians should be prepared to go, specifically since the previous government endorsed what I believe we all have some affinity for, namely, the responsibility-to-protect doctrine, which is now part of the UN imprimatur and which came from a former and distinguished foreign minister in the previous administration?

**Senator Di Nino:** Maybe I am being naive, but why did we create the UN if it was not to act as a world body on issues where regional authorities or regional groupings cannot solve a problem that exists? That, I thought, was why the UN was created.

The UN has had some strong resolutions. The Darfur government has, in my opinion, totally disregarded any of the UN resolutions. I made the comment about if these children were

White instead of Black in 2004, some three years ago, and I understand some of the contrary opinions that if we go there, we may, unfortunately, create problems for some civilians as well.

• (1540)

As an example of a situation we should have resolved many years ago — world history is strewn with these kinds of situations — the Democratic Republic of Congo has had a problem for 10 years. From the information we can gather, approximately 1,000 people a day are still being killed by a bunch of hoodlums in that country. When we were doing our Africa study, we met with the Pakistani general who was in charge of the UN forces in the Democratic Republic of Congo, which was the largest force ever put together by the UN. When I asked him the question he said to me, “I can solve the problem; all I need is the mandate. All I need is the authority.”

We allowed 1,000 people a day to be killed for 10 years because we were afraid that some civilians might suffer death or injury by not taking any action. I do not want to play God but, my dear friends, which is better? One thousand people a day for 10 years; do the numbers.

**Hon. Pierre De Bané:** Will the honourable senator entertain a question?

**Senator Di Nino:** Absolutely.

**Senator De Bané:** Does the senator share my sadness that in the report to which he alluded from the Standing Senate Committee on Foreign Affairs and International Trade, that of the 44 recommendations not one deals with Darfur?

**Senator Di Nino:** I wish to thank the honourable senator for the question. Yes, we should have made some commentary. The problem is we did not visit Darfur, and we did not have any real or direct evidence on that issue. That created a problem for the drafters of the report. It does not take away from the severity of the situation or from our responsibility to keep this flame alive.

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

It is fair to say that most of humanity is deeply bothered by the situation in Darfur. I have listened quite carefully, yet I still cannot quite grasp what the honourable senator is proposing that Canada should do in a concrete way within our scope and possibility.

A few years ago Mr. Bush was so certain that he was cleaning up one problem, and it seems now he has created 1,000 new ones. In terms of a measure that we could get our minds around in this place, what concretely could Canada do?

**Senator Di Nino:** Honourable senators, we should first recognize that the action that Mr. Bush took was unilateral. We are talking about an issue which has had resolutions in the UN and is under their mandate and auspices. Canada has and continues to make this an issue of importance at the UN and other multilateral and bilateral meetings.

My hope is that with all of the commentary and words of support for this cause that have come from this chamber and otherwise, that we can ask the Government of Canada to take a

stronger leadership role at the UN or any multilateral meeting, whether it is the Commonwealth, IPU or USCE. This is an enormous tragedy that is taking place. I hope that the sponsor will put that sentiment into some sort of motion eventually. We continue to hear discussion and support for UN mandates, and changing them, if necessary, as a world body, so that we can keep the flame alive. If we allow this to continue without the strong commentary that we as parliamentarians can make, my fear is it will be forgotten. God bless us if that happens.

**The Hon. the Speaker pro tempore:** Senator Di Nino, you must ask for more time.

**Senator Di Nino:** Five minutes, please.

**Senator Cools:** For the record, Your Honour, Senator Di Nino did not ask for time, I note.

**The Hon. the Speaker pro tempore:** Senator Di Nino, are you asking for more time?

**Senator Cools:** I am just trying to make the point that the system is that the individual asks for the time and then time is granted.

**Senator Di Nino:** I have four minutes left of the five that my leader had asked for on my behalf.

**Senator Cools:** Actually, his leader did not ask either, if the record will show.

My recollection of the war in Iraq is Mr. Bush was not acting alone. He was supported by other world powers. The Darfur situation is especially bothersome to many of us. In respect of Senator Di Nino's suggestion, would it be possible for him to discuss this matter with Canada's foreign minister, Mr. MacKay, who could perhaps ask Canada's ambassador to the UN to advance this issue on the floor of the UN?

**Senator Di Nino:** I would be delighted to do that.

**Senator Cools:** That would be good.

**The Hon. the Speaker pro tempore:** Will you move the adjournment of the debate?

On motion of Senator Di Nino, for Senator Andreychuk, debate adjourned.

• (1550)

## BUDGET 2007

### HEALTH AND SOCIAL TRANSFERS—INQUIRY— DEBATE ADJOURNED

**Hon. Wilfred P. Moore** rose pursuant to notice of March 29, 2007:

That he will call the attention of the Senate to the matters of the Canada Social Transfer and the Canada Health Transfer contained in the Harper budget tabled on March 19, 2007.

He said: Honourable senators, I understand I have 15 minutes. I may require another two or three minutes, so I should like to have agreement to that extra time now, rather than interrupt my remarks.

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

**Senator Moore:** Honourable senators, it is my pleasure today to speak to The Budget Plan 2007: *Aspire to a Stronger, Safer, Better Canada*. In particular, I should like to speak to the manner of the transfer of funds from the federal government to the provinces. I wish first to address the spirit in which the transfer system in Canada developed over the years.

The federal government has for four decades been involved in post-secondary education, health care delivery and social programs. The main vehicle of this involvement has been through the delivery of transfer payments to the provinces. Between 1965 and 1968, the minority Pearson government created major programs that would form the basis of Canada's social programming. They were: Medicare, the Guaranteed Income Supplement, post-secondary education financing, and the Canada Assistance Plan. The people of Canada desired a nation that cared for its citizens, and these programs were created in that spirit. Often hailed as the "glory days" for federalism in Canada, both provincial and federal levels worked together to improve social standards provincially and for the country as a whole.

The Canadian federation was not built on shared sentiment alone, however. There was another major component. These programs were funded on a 50-50 basis by both levels of government. The equal cost sharing between governments recognized the different abilities of each province to deliver these programs and created a more equal level of availability of services nationwide.

On April 1, 1997, Established Programs Financing, or EPF, became the largest transfer to the provinces, encompassing health care insurance and post-secondary education. There were two components of EPF — a tax transfer and a cash transfer. The cash transfers were financial contributions made to each province periodically. The federal government also transferred tax points to the provinces, which provided the provinces with more tax room with which to afford these programs. These tax points amounted to 13.5 points of income tax and one tax point of corporate income tax. The intent of this system was to give the provinces the authority to levy and collect taxes to enable them to have the funds needed to provide these programs to their residents.

The aim was to provide equity to the Canadian tax system and the standard of services available to all citizens. The key to this system for provinces such as my own, Nova Scotia, was a recognition by all parties that a tax point differed in value from province to province. It was acknowledged by the federal and provincial governments that one tax point was of more value; that is, it generated more tax revenues for Alberta, for example, than one tax point would generate for Nova Scotia.

The key to this system for provinces such as Nova Scotia was the recognition by all parties that a tax point differed in value from province to province. Thus, the provinces with less fiscal strength than the provincial standard received an equity payment,

bringing their transfer payment up to that standard. This was the principle on which every calculation in transfer payments has been based since 1977 — until this year.

The Conservative Budget Plan 2007 announced a shift to a flat per capita transfer formula, which effectively ignores the differences in the value of tax points from province to province and erases equity of the formula that has existed for 30 years.

Based on 2006-07 tax point values, this new per capita based formula would have very negative effects on the smaller provinces which it was originally intended to assist. Nova Scotia, for example, would lose \$19 million; Prince Edward Island would come up short \$3 million; New Brunswick would lose \$15 million; Newfoundland and Labrador would receive \$13 million less; Manitoba loses \$21 million; Saskatchewan, \$22 million; B.C. \$73 million; and Quebec is out \$159 million. The big winners are Ontario, which gains \$197 million, and Alberta, which will receive \$125 million more.

Mr. Harry Van Mulligen, Minister of Intergovernmental Relations for the Province of Saskatchewan, said this when appearing before the Standing Senate Committee on National Finance:

We all understand "per capita," which is not an issue for us. Rather, the issue is the value of the taxes and a clear recognition that many more head offices of corporate and industrial enterprises are located in Ontario and Alberta, therefore creating a percentage of tax that will generate far more per capita or otherwise in those jurisdictions than in Saskatchewan.

The worry for provinces such as Saskatchewan is the widening gulf between themselves and a province like Alberta — a gulf that can have extremely detrimental effects. Competition between the two for labour alone could be devastating. How can Saskatchewan provide a similar living environment as Alberta when the ability to deliver services is widening daily?

Mr. Van Mulligen clearly stated the concern of his province when he said — and I quote:

We are highly sensitive to any further changes or distortions in fiscal capacity between Alberta and Saskatchewan. This is a huge issue for the province.

Furthermore, commencing on April 1, 2014, the same per capita formula will be applied to the Canada Health Transfer, CHT. If the changes to the Canada Social Transfer seem dire, the effects of this funding shortfall to health care in most provinces could prove disastrous. The budget speech delivered by Mr. Flaherty stated — and I quote:

The people of Saskatchewan have contributed much to Canada, but perhaps nothing as fundamental to our Canadian fabric as the concept of universally accessible health care.

How strange is it then that this Conservative government recognizes this fact by reducing the funding level of the Canadian Health Transfer to Saskatchewan and every other province except Ontario and Alberta?

In his budget speech, the Minister of Finance noted that Canada is a wealthy country. Why then is he and the Prime Minister putting in place this per capita CST and CHT formula that will only handcuff our Atlantic provinces? I always believed that the national wealth was for sharing by all Canadians, not just the chosen few, let alone the few who least need it.

In Nova Scotia, funding for health care, as in all provinces, is the largest government expense, and growing, not to mention the fact that Canadians are living longer and accessing the health care system much more frequently as we age. Any changes to the funding levels that exist today can only be seen as an attack on the system itself. How sustainable can we possibly make health care in this country when we are looking at actually cutting funds to many provinces?

I am reminded of a speech delivered in 2005 by Michael Ignatieff, now the Deputy Leader of the Liberal Party in the other place, who said:

... each Canadian citizen, wherever she may come from, wherever he may live, has the same rights, the same responsibilities, the same entitlements. Common citizenship means national programs, standards, rights and responsibilities that define us as Canadians and maintain our distinctness as a free people.

I happen to agree with this concept of Canadian citizenship. It speaks to that special relationship we have as a community of people in provinces that combine to form this country, a country that has always been about equality and quality of citizenship.

What does it mean to be a citizen of Canada today? What is the value of citizenship in this country? It is not about tax points or equalization payments. It is not about basing our Canadian citizenship on the lowest common denominator. It is not about taxes being more important than equality of citizenship. It is not the taxes paid that define us as Canadians. I am reminded of a quotation that attempts to explain the difference between a tax payer and a citizen:

Taxpayers are just full of anxiety. Citizens seek to participate in a constructive manner. Taxpayers seek always to reduce public life to a balance sheet. Citizens seek ways of broadening and deepening public life. Taxpayers, by definition, live in a private world, and they don't much like government penetrating that world. The word "taxes" symbolizes that penetration. Citizens seek life in the polis. Citizens live in a world of values, which, when agreed upon, determine how we will live.

Is my Canadian citizenship worth less because of my province's lower tax-point value?

This government has chosen to ignore a reality of the Canadian federation, a reality that was recognized in 1977 and agreed to by the Trudeau government and all provincial governments as well as all subsequent nine federal governments.

As Tom Kent, an architect of Canada's social programs has described so ably:

Inequalities of provincial revenues are inherent in the nature of the economy. But now, as in the beginning, Canada is a nation thanks to defiance of some economic

considerations and thereby under all the more necessity to get other economic priorities right. Significant differences in public services available and the taxes payable in different provinces are not only unfair citizenship. They impede the mobility and adaptability that are imperative for the efficiency of a national economy.

• (1600)

In a time where leadership is required to preserve the institutions which provide Canadians with these programs and services, not to mention the sense of identity as a Canadian citizen, we are witnessing an abdication on the part of our federal government.

Honourable senators, I have spoken in this chamber on many occasions expressing my concern about the levels of funding for post-secondary education, as well as the method of allocation of these funds. Canada's federal government has played a leading role in the funding of post-secondary education and spends a great deal of money doing so. All of my research into this area has led me to believe that there exists a major discrepancy between the federal monies available to Atlantic Canada and the amount delivered to the rest of the country. I have spoken before about the need to break this cycle of bias to enable the universities in Atlantic Canada to participate equitably in this national wealth.

Sadly, this is the situation today, without factoring in the decrease in funding through this per capita formula as applied to the Canada Social Transfer.

Atlantic Canada does not possess the private pool of financing and corporate citizenry available in other provinces, such as Alberta, to bolster post-secondary research investment. The value of federal funding which is invested in post-secondary education in Atlantic Canada is immeasurable in this light. The per capita formula serves only to further widen the financial gulf that exists between regions in this country.

What is fair about this? It is absolutely the wrong approach at a time when the knowledge economy is the wave of the future. This funding policy is simply insidious. Strong leadership by our federal government is required to ensure the participation of all regions in this country in building this great future for Canada.

If Canada is to move forward and leave no region behind, the powers that be must be sensitive to the particular needs of each province in our federation. To make this change to per capita funding for post-secondary programs is to ignore this reality.

It is not good enough for Peter MacKay, Nova Scotia's representative in the federal cabinet and a person who has benefited from our post-secondary system, to tell our provincial government to "get over it and move on." We can never fail to recognize that the starting point of politics and policy is the human heart. Setting up roadblocks to the participation by all is not productive, nor is it good public policy.

Status of office without sensibility and without authentic knowledge of Canada, her origins and how she has developed, is lethal. The financial policies of the Harper government confirm that lack of sensibility and knowledge, so much so that they could cause one to weep for our country. Mr. Harper talked about

building a firewall around Alberta. With his budget, he has built a welfare wall around Atlantic Canada. He is ensuring that his perceived “culture of defeat” becomes a reality in Atlantic Canada.

These policies will deprive the citizens of our lowest populated provinces of health, education and other social services for decades to come. This approach is clearly an attack against the weakest provinces in our federation. These policies confirm Steve Harper as being the “economic hit man.”

Therefore, I call on all Atlantic senators to speak out on behalf their respective regions. Remember the constitutional obligations to represent regions and minorities. Do not let this man divide our country. Canada is a land of sharing and equity; it is not a country based on the survival of the fittest. These policies will not make Canada stronger, safer or better.

**Hon. Lowell Murray:** Honourable senators, I am not an Atlantic Provinces’ senator, although I have roots there. However, I do have some interest in the issues that have been discussed by Senator Moore today, and some experience with them.

Senator Moore has done us a service by raising this issue because probably sooner rather than later, the Government of Canada and the Parliament of Canada will have to revisit the issue. The question of going to equal per capita cash for the social transfers is one, as it is now designed, that will create very considerable hardship on most of the provinces of this country when it comes to financing post-secondary education, social services and, after 2014, the health care system.

I certainly would not argue with Senator Moore’s recital of the historical background to this policy, and I do not think I have very much to add to it. At the risk of sounding somewhat like our old friend John Buchanan, I was there in 1976 at two first ministers’ conferences. I was there as an adviser to the New Brunswick government when Prime Minister Trudeau persuaded the provinces to accept that, in future, the federal contribution to the hospital plan, to health care and to post-secondary education would be half by way of tax points and half by way of cash; that this would be a block grant.

In my mind’s eye, I can still see Mr. Trudeau selling the benefits of this arrangement to the provinces, particularly that it would give the provinces more flexibility to follow their own priorities and all this kind of thing. They did not, of course, at that time, see the Canada Health Act and other legislative initiatives of the Government of Canada coming down a few years later.

The provinces welcomed the flexibility and welcomed the new arrangement. The richer provinces — or, to put it another way, the provinces that have more buoyant economies — welcomed the tax points. These were growth-related and they would produce buoyant revenues as the economy grew. There was no argument that the tax points would be equalized; nobody in the Government of Ontario or Alberta suggested that there was anything wrong with this. Everyone agreed that there was everything right with it. The only way you could make the tax point transfer work was to have them equalized for the less prosperous provinces.

The equalized tax points, which were paid out to sometimes seven but more often eight provinces, were paid out in a separate

cash payment to the provinces. In 2005-06, I think the total amount was \$1.3 billion. If one asked any federal government what they were paying for post-secondary education, health and hospitals, they would always include that amount in the total. The \$1.3 billion, I may say in parenthesis, was paid out through the general equalization program. If one asked them how much they were paying in equalization, they would include the \$1.3 billion in that total, too; so they counted it twice but paid it once.

However that may be, there was another supplementary equalization that I will not detain you with because it is too complex. There was the revenue guarantee, as an honourable senator has just mentioned, but that was done away with at the time of the 1977 established program financing. There was another supplemental equalization that was entered into the formula and that amounted to about \$2.6 billion in 2005-06. The health portion of that is still there and will be there until 2014, when the agreement negotiated by the former Martin government expires. The federal government has given notice that it intends to put that transfer also on an equal, per capita, cash basis.

• (1610)

There came to office in 2003 a new Government of Ontario headed by the Honourable Dalton McGuinty. I do not want to paint that government as the culprit, and I have to say that Ontario, over the past 10 years or so, has had serious challenges both economically and in its fiscal situation. It is no longer realistic to expect that Ontario will automatically agree to many initiatives to bring less prosperous provinces up to a national standard.

Mr. McGuinty began his career as premier by launching a campaign based on his declaration that there was a \$2.3-billion gap between what Ontarians paid into the federal treasury, through taxes and so forth, and the money that came to Ontario from the federal government. The \$2.3 billion, as any analysis will show, was accounted for — almost all of it — by the fact that Ontario has a more buoyant economy, more income per capita and corporation tax revenue going into the federal coffers, less unemployment, and therefore, less Employment Insurance coming into Ontario. Ontario does not receive equalization and so on. Those factors account for almost the entire \$2.3-billion gap.

Mr. McGuinty then turned his attention to the transfer programs and he saw this associated equalization. He saw that, as a result of it, the cash payments going out to the provinces were higher per capita to the eight provinces that were recipients of equalization than to Ontario and Alberta. He found this to be unfair. He said that the only equalization payments to poorer provinces should be under the general equalization program; all other federal transfers should be equal per capita cash. That was his argument. In the next breath he added that the general equalization program should not be enriched either, because he felt Ontario taxpayers were carrying too great a burden in that regard.

I was a member of a panel appointed by the provincial and territorial premiers to look into fiscal imbalance. We examined this and we agreed that certainly in terms of the appearance of equity, equal per capita cash is the way to go. However, we also saw that to do so could impose an unfair burden on the equalization-recipient provinces in terms of the Health and Social Transfers. We suggested that the associated equalization, which

as I said was approximately \$1.3 billion in total in 2005-06, ought to be taken out and put in a separate tax point adjustment program and subject to some escalator over the years. It would not have added anything to the burden on the federal fisc, but you would go then to equal per capita cash payments for the Health and Social Transfers.

Premier McGuinty kept referring to this as “hidden equalization.” This was picked up by another panel appointed by the federal Department of Finance, headed by Al O’Brien. They picked up the quote and said that the associated equalization should be dispensed with. The same term — “hidden equalization” — was repeated, apparently with approval, in Mr. Flaherty’s budget documents of 2007.

We taxed Ms. Barbara Anderson with the issue when she was at the Standing Senate Committee on National Finance last week. Ms. Anderson’s argument was that the equalization-recipient provinces are losing out on going to equal per capita cash. She said to remember that the federal government has put \$300 million more into the Canada Social Transfer — \$300 million that had already been provided for in legislation — and was adding \$687 million this year. The government was adding \$687 million first, to increase the payments to Ontario and Alberta, and second, to keep the recipient provinces whole so that they do not suffer in 2007-08. That may be the case, but there is absolutely no undertaking to keep them whole going forward. This is what so exercised the Minister of Finance of Saskatchewan when he was before our committee, and also the Minister of Finance of Nova Scotia in his budget address that I will come to in a minute. Nor is it true, I am sure, that the difference is made up in the enrichment of the general equalization program. It is not. It is just not there and the provinces that are affected know that perfectly well.

Let me just finally quote for you what the Honourable Michael Baker, Minister of Finance of Nova Scotia, said in his budget address a few weeks ago.

Measures in the federal budget will widen — not close — the gap that exists between the richer and poorer provinces in this country.

Then he goes on to speak about the problems with the general equalization formula and the offshore accord, which is being respected more in the breach than in the observance by Mr. Flaherty. Then he says:

And new methods of allocating other federal transfers, based on a cash amount per capita, actually favours the more-populous provinces like Alberta and Ontario — the ones that already have a far greater fiscal capacity relative to Nova Scotia.

The best example of this is the Canada Social Transfer, which is used to cover the cost of higher education and social services. The federal government will increase national CST funding for post-secondary education by \$800 million in 2008-2009.

But Nova Scotia will see only \$6 million more.

This for a province which is blessed, I think, with more universities and more university students per capita than most of the provinces of the country and has a special problem in that regard.

Honourable senators, as I said at the beginning, this is a problem that the government will have to revisit sooner rather than later. The answer is not to be found in the one-off increase of \$687 million, even if you allow for the escalator of 3 per cent going forward from 2009. This is not going to keep the poorer provinces whole. It will not enable them to provide adequate service to their people in terms of post-secondary education, social services and health care; not at all. It will have to be revisited by the government and by Parliament, and we might as well face that fact now.

By the way, the 3 per cent escalator to cover post-secondary education in particular is, in my humble opinion, inadequate. We all know post-secondary education has been crowded out for more than a decade by the demands of health care. Something has to be done to increase the federal transfer to provinces in that area. Something has to be done to increase the transfers, and if someone wants to argue against that, I invite them to do so. Three per cent per year will prove to be inadequate, given the fact — and I do not want to bring back too many unpleasant memories — that in 1995 they ended the Canada Assistance Plan. They lumped the Canada Assistance Plan together with health, hospitals and post-secondary education. The total amount was \$18 billion and they immediately reduced it to \$12 billion. We have been playing catch-up in all these areas during most of that time. While it is arguable that the health care transfer is now on a good track out to 2013-14, we are still playing catch-up in the other areas, and most emphatically in the area of post-secondary education. Something has to be done to restore federal financing to its pre-1995 levels.

• (1620)

**Hon. Bill Rompkey:** Honourable senators, may I make some remarks on this debate now?

**The Hon. the Speaker *pro tempore*:** Yes.

**Senator Rompkey:** I was not prepared to speak to this matter today, but a full discussion is necessary on the whole budget issue, including equalization, the accords and so on. I will put some points on the record, at least for future reference.

I take up the last point made by Senator Murray about post-secondary education. It is necessary to have some strings attached to the payments for education and, although I stand to be corrected, currently there are none. As well, there is no onus on the province to spend money targeted to post-secondary education on post-secondary education. I remember a report by Mr. Al Johnson that showed that many provinces, including my province of Newfoundland and Labrador, spent a great deal of that money on highways. One point that must be considered is the necessity to attach strings so that money targeted to education is spent on education. That must be considered because it will be so important for those provinces that need help with employment and other considerations.

The other point that needs clarification is in respect of the burden of Ontario. I understand Senator Murray’s point, however, the burden does not fall to Ontario but rather to all the provinces because equalization is derived from all revenues of

Canada, and all provinces contribute to the fund that is shared in the equalization program. To be clear, this is not a matter of Ontario and Alberta transferring payments to the rest of Canada, but rather it is a Canadian fund into which all provinces pay.

The equal per capita cash will cause problems, as Senator Murray alluded to, in the provinces that are losing people. Again, I speak of my province where a direct flight can be taken from St. John's to Fort McMurray. Newfoundland and Labrador exports more people than it ever exported before. As the population in a province declines so too does the cash decline. When taken on a per capita basis, provinces with decreasing population stand to be the losers over the long term.

That raises another point: If my province is losing people and, therefore, losing cash, now that the fishery is gone, we have only oil to depend upon. If we were Alberta and if that oil were on land, then we would be in the money. However, the fact is the oil is not on land but is under the sea and under disputed ownership. We have gone through court cases and, during the days of the Mulroney government, we decided to put aside the question of ownership and establish a joint board. That was a reasonable accommodation except that the original intent and the original words of the 1985 Canada-Newfoundland Atlantic Accord were not honoured. The original words of the Atlantic Accord stated that the revenues from oil would go to Newfoundland and Labrador as if the resource were onshore; but that did not happen.

Until about 2003, 80 per cent of all federal cash went to the Government of Canada and 20 per cent went to the Government of Newfoundland and Labrador. The initial intent in the wording of the Atlantic Accord was not honoured up to 2003. That should be remembered when we talk about catch-up and the relationship between the Atlantic Accord and the equalization program.

Honourable senators, those points are to be considered as the debate ensues on the relationship between the equalization program and the Atlantic Accord. Although I am not prepared

to speak to this at length and in depth today, some of those points did come to mind and I offer them to honourable senators for future reference.

On motion of Senator Fraser, debate adjourned.

### THE SENATE

#### MOTION TO URGE GOVERNMENT TO SEVER DIPLOMATIC RELATIONS WITH ZIMBABWE ADOPTED

**Hon. Hugh Segal**, pursuant to notice of March 22, 2007, moved:

That the Senate call upon the Government of Canada to immediately withdraw its High Commissioner in Harare and sever all diplomatic relations until further notice in view of:

- (a) the massive violations of human rights by president Robert Mugabe;
- (b) the oppression of the black majority and white minority citizens of Zimbabwe;
- (c) the confiscation of legally-held land; and
- (d) the brutal and illegal beating and imprisonment of Zimbabwe's leader of the opposition, Morgan Tsvangirai; and

That a message be sent to the House of Commons requesting that House to unite with the Senate for the above purpose.

Motion agreed to.

The Senate adjourned until Wednesday, May 9, 2007, at 1:30 p.m.

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