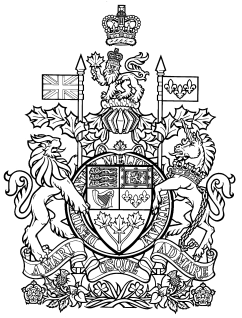

CANADA

Debates of the Senate

1st SESSION • 39th PARLIAMENT • VOLUME 143 • NUMBER 112

OFFICIAL REPORT
(HANSARD)

Thursday, June 21, 2007

THE HONOURABLE NOËL A. KINSELLA
SPEAKER

CONTENTS

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

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

THE SENATE

Thursday, June 21, 2007

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

Prayers.

THE LATE SERGEANT CHRISTOS KARIGIANNIS
THE LATE CORPORAL STEPHEN BOUZANE
THE LATE PRIVATE JOEL WIEBE

SILENT TRIBUTE

The Hon. the Speaker: Honourable senators, before we proceed, I would ask senators to rise and observe one minute of silence in memory of Sergeant Christos Karigiannis, Corporal Stephen Bouzane, and Private Joel Wiebe, whose tragic deaths occurred yesterday while serving their country in Afghanistan.

Honourable senators then stood in silent tribute.

SENATORS' STATEMENTS

NATIONAL ABORIGINAL DAY

Hon. Gerry St. Germain: Honourable senators, today is National Aboriginal Day, a day for all Canadians to celebrate the unique heritage and contributions of Aboriginal peoples in Canada.

June 21 was chosen as National Aboriginal Day because it is the day of the summer solstice. For hundreds of generations, it has also been an occasion for Aboriginal people to celebrate their cultures. Although Aboriginal people share many similarities, they each have their own cultural practices and spiritual beliefs.

First Nations, Inuit and Metis have helped to shape Canadian society in several ways, including environmental protection, social change, the arts and economic development.

National Aboriginal Day is an occasion for First Nations, Inuit and Metis people to express their deep pride in their heritage and accomplishments. Their cultures form the cornerstone of Canada's history and enrich the lives of all Canadians. Canadians from all walks of life are invited to participate in the many National Aboriginal Day events taking place across the country. I encourage all members of this chamber to participate in these activities and to share in the celebration of this great day.

[*Translation*]

CONGRATULATIONS TO SHEILA WATT-CLOUTIER ON RECEIVING UNITED NATIONS AWARD MAHBUB UL HAQ FOR HUMAN DEVELOPMENT

Hon. Céline Hervieux-Payette (Leader of the Opposition): Honourable senators, this being National Aboriginal Day, I am honoured to inform you that Sheila Watt-Cloutier, a Canadian Inuit activist, has received the prestigious Mahbub ul Haq award from the United Nations for her outstanding contribution to human development and the protection of our global environment.

[*English*]

Chosen by an international panel of judges from a list of 50 candidates, Ms. Watt-Cloutier received the Mahbub ul Haq Award last night in New York from UN Secretary-General Ban Ki-moon. Named after a renowned Pakistani economist and co-founder of human development theory, the award is presented to a world leader who has successfully put human development at the heart of his or her country's political agenda. It is in recognition of these contributions in influencing development groups and policy leaders around the world that the judges rightly bestowed this lifetime achievement award on Ms. Watt-Cloutier.

• (1340)

[*Translation*]

A well-known environmental activist and 2007 Nobel Peace Prize nominee, Ms. Watt-Cloutier is originally from Kuujjuaq in Nunavik. She has dedicated her life to environmental conservation and protecting the interests of the Inuit.

As president of the Inuit Circumpolar Council, she succeeded in convincing the organization's member states to sign an agreement banning the production and use of pollutants that contaminate the Arctic food chain.

In 2005, she received the Sophie Award from Norway and the Governor General's Northern Medal for her leadership on environmental issues. Ms. Watt-Cloutier was also named an Officer of the Order of Canada in 2006. That same year, she received the Canadian Environment Awards Citation of Lifetime Achievement.

I, and I hope all my colleagues, would like to congratulate Sheila Watt-Cloutier on her social and environmental activism, applaud her for earning the prestigious Mahbub ul Haq award, and thank her for being an example to all her fellow citizens in promoting human understanding and development.

What a great gift she has given us for this National Aboriginal Day!

[*English*]

CANADA-UNITED STATES RELATIONS

DEVILS LAKE, NORTH DAKOTA— EFFECT OF FLOOD CONTROL SYSTEM ON MANITOBA

Hon. Janis G. Johnson: Honourable senators, another unfortunate and nasty chapter on the Devils Lake outlet began on Monday, June 11, when the State of North Dakota, without notification, operated the outlet. This is a concern of epic

proportion for Manitoba. The province opposes this water diversion project that routes questionable water north through Manitoba to Lake Winnipeg.

At issue are the high levels of pollutants such as sulphates, arsenic and phosphorus, as well as invasive species, including parasites, in the lake water. One really cannot blame Manitobans for being concerned.

This issue has consumed me over the years. I have monitored it since the beginning, when the United States denied Canada's request to let the International Joint Commission deal with North Dakota's flood plan. We watched in awe as they set aside the Boundary Waters Treaty of 1909, a contract that promises we will work together to preserve the quality of our shared water. This is an accord that has kept relations working like clockwork through peace, war and the Depression. Who knew its undoing would be the Devils Lake outlet?

Devils Lake flooding has caused hundreds of millions of dollars in damage in the state of North Dakota. Flooding has swallowed thousands of hectares of farmland and caused hundreds of households to move. Governor John Hoeven says his state acted to protect "life and limb."

Manitobans are empathetic but also worried. They, too, have a right to protect life and limb, to have clean water flowing from this outlet. Their concerns have been largely ignored. The outward disregard for our lives and limbs has meant relations with the State of North Dakota have been acrimonious at best.

The fight this time is focused on North Dakota's relaxed sulphate standards and a broken promise of a better outlet filter. As I speak, this water is flowing into Manitoba even though its sulphate levels far exceed allowable standards.

Right now, the province is obviously looking for direction and assistance from the federal government. Recently, Manitoba's Minister of Water Stewardship, Christine Melnick, was in town to meet with Ministers Baird and Toews. Also on the file are Foreign Affairs Minister Mackay and Michael Wilson, Canada's Ambassador to the United States. I know these people to be talented, diligent and very skilled members of our caucus.

A resolution will require the participation of all of these players, along with the province and everyone concerned. As angry as we are, retaliation is not the answer; it merely isolates the parties and allows the water to flow freely. I suggest to Minister Melnick and all concerned that direction is coming from Ottawa and I hope there will be news soon.

NATIONAL ABORIGINAL DAY

Hon. Sharon Carstairs: Honourable senators, as today is National Aboriginal Day, it should be a day of celebration; and if our Aboriginal people are celebrating, then I wish them well. However, I am not celebrating and I will not celebrate until such time as our Aboriginal citizens have the same services, rights, opportunities and dreams that all Canadians should have.

• (1345)

I will not celebrate while infants born to Aboriginal parents are more likely to die than children born to non-Aboriginal parents. I will not celebrate while the lifespan of Aboriginals is on average 10 years less than that of the non-Aboriginal population of Canada. I will not celebrate while fewer Aboriginal children graduate from high school and fewer attend university than the rest of Canada's population. I will not celebrate when the hospitals of this nation have disproportionate numbers of Aboriginal children with very serious diagnoses and diseases often because they did not receive treatment early enough in their illness. I will not celebrate while the prisons of this country have a disproportionate number of Aboriginals, many of them incarcerated because of lack of adequate counsel providing them with appropriate defence. I will not celebrate when housing that would be condemned in any urban centre is considered adequate on reserves. I will not celebrate when on far too many reserves the residents cannot access potable water without boiling it — not on a temporary order but on a permanent basis. I will not celebrate until legitimate land claims have been settled. I will not celebrate until such time as Canadians, all Canadians, are treated equally, and this time has not yet arrived for our Aboriginal people.

ENVIRONMENTAL EFFECTS OF 2,4-D

Hon. Mira Spivak: Honourable senators, the herbicide 2,4-D is used extensively in North America. It is showing up in the Red River, north of Winnipeg, where residents use it on lawns and golf courses. Farmers in Manitoba, Alberta and Saskatchewan who have used it for prolonged periods are now suffering an increased incidence of prostate cancer. The U.S. military used it widely in Vietnam as one half of Agent Orange, the other half being 2,4,5-T, which was taken off the market in 1983. Canada's Pest Management Regulatory Agency is reviewing the safety of 2,4-D and, as an interim measure, has issued stricter stipulations on the use of the products that contain it. Studies have linked 2,4-D to birth defects, non-Hodgkin's lymphoma, lower sperm counts and higher sperm abnormalities. While I applaud the review and the interim caution, I would urge the agency to put the precautionary principle to work and permanently restrict the use of this highly suspect chemical.

While I am on my feet, I want to take this opportunity to congratulate the government for its agreement with the study on trans fats. It is my hope that a review of the percentages of trans fats in products is undertaken, to ensure that this is truly the best we can do.

NATIONAL ABORIGINAL DAY

Hon. Larry W. Campbell: Honourable senators, I rise today to add my voice to those of thousands of Canadians from sea to sea to sea who are celebrating National Aboriginal Day. The achievements of Canada's Aboriginal peoples are astounding. After dealing with decades of institutional oppression and government-sponsored attempts at assimilation, it is simply miraculous that Aboriginal culture has remained intact and that contributions such as environmental philosophy, sustainable agricultural systems and various economic practices have endured.

Canadians have been blessed with countless cultural benefits, such as Aboriginal art, music, dance and oral histories, all of which become hallmarks of the Canadian image and are internationally celebrated.

I cannot understand why it is so difficult for governments of all political stripes to once and for all solve the issue of Aboriginal claims and to help to raise the Inuit, Metis and First Nations communities out of poverty. Canada has the tendency to rest on its laurels of assumed multiculturalism, but recent reports such as those from Amnesty International and the Standing Senate Committee on Aboriginal Peoples have pointed out how far we need to go as a country before we can claim that our Aboriginal population enjoys the same quality of life as non-Aboriginal Canadians.

As all honourable senators know, the Aboriginal community faces struggles in terms of health, education, economic opportunities, housing and infrastructure. In my humble opinion, it is a travesty that any segment of our population should be in dire straits. I sincerely feel that intergovernmental agreements and consultative approaches, such as the Kelowna accord, will make a huge difference in the lives of Canadian Aboriginals.

• (1350)

I have the honour and the privilege to work with a great group of senators on the Standing Senate Committee on Aboriginal Peoples, under the dedicated leadership of Senator St. Germain.

I hope we will be dealing with the Kelowna accord shortly so that we may begin to create a mutually beneficial dialogue between Aboriginals and all levels of government.

I ask all honourable senators on this day of the summer solstice to celebrate National Aboriginal Day and to join me in offering our best wishes for the celebrations of First Nations, Inuit and Metis Canadians. No one government can take responsibility for the position in which the Aboriginal peoples of Canada find themselves. It is our collective that has caused this and it will be our collective that gets us out of it.

As parliamentarians, we control the dialogue and, ultimately, the success of any dialogue. I call on all of us to take this responsibility very seriously.

[*Translation*]

THE HONOURABLE PIERRETTE RINGUETTE
THE HONOURABLE ROSE-MARIE LOSIER-COOL

CONGRATULATIONS ON RECEIVING THE ORDER OF LA PLÉIADE

Hon. Grant Mitchell: Honourable senators, allow me to congratulate two of our colleagues who have just received a well-deserved honour. The Ordre de la Pléiade is an international decoration awarded by the Assemblée parlementaire de la Francophonie to people who promote the values and the spirit of the Francophonie and the French language.

This year, Senator Ringuette was made an officer of the order. Senator Losier-Cool was also made an officer; she was invested as a knight in 2002. As parliamentarians, both work very hard to preserve the French language and culture in Parliament and in Canada.

Senator Ringuette was the first French-speaking woman from New Brunswick to be elected to both provincial and federal office. She sat in the provincial legislative assembly for six years and in the other place for four years.

Senator Losier-Cool is a great champion of the French language. She was the first female president of the Association des enseignantes et enseignants francophones du Nouveau-Brunswick and she has sat on various boards and commissions to strengthen Canada's francophone community and the Francophonie in general.

Like all of you, I have a great deal of admiration for Senators Ringuette and Losier-Cool; as parliamentarians, they have worked to promote the French language and culture and they have done a marvellous job for New Brunswickers and all Canadians.

As an anglophone who wants to learn French, I salute senators Ringuette and Losier-Cool for their determination to preserve the French fact, which is so important to Canada's past and our future.

Please join me in congratulating our two honourable colleagues.

ROUTINE PROCEEDINGS

STUDY ON ISSUES RELATING TO FISCAL BALANCES AMONG ORDERS OF GOVERNMENT

SECOND INTERIM REPORT OF NATIONAL FINANCE COMMITTEE TABLED

Hon. Joseph A. Day: Honourable senators, I have the honour to table the seventeenth report of the Standing Senate Committee on National Finance on issues relating to the vertical and horizontal fiscal balances among the various orders of government in Canada.

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

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

• (1355)

[*English*]

BUDGET IMPLEMENTATION BILL, 2007

REPORT OF COMMITTEE

Hon. Joseph A. Day, Chair of the Standing Senate Committee on National Finance, presented the following report:

Thursday, June 21, 2007

The Standing Senate Committee on National Finance has the honour to present its

EIGHTEENTH REPORT

Your Committee, to which was referred Bill C-52, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOSEPH A. DAY
Chair

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

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

GENEVA CONVENTIONS ACT ACT TO INCORPORATE THE CANADIAN RED CROSS SOCIETY TRADE-MARKS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Consiglio Di Nino, Chair of the Standing Senate Committee on Foreign Affairs and International Trade, presented the following report:

Thursday, June 21, 2007

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

FOURTEENTH REPORT

Your Committee, to which was referred Bill C-61, An Act to amend the Geneva Conventions Act, An Act to incorporate the Canadian Red Cross Society and the Trade-Marks Act, has, in obedience to the Order of Reference of Monday, June 18, 2007, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

CONSIGLIO DI NINO
Chair

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

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

QUARANTINE ACT

BILL TO AMEND—REPORT OF COMMITTEE

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

Thursday, June 21, 2007

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

NINETEENTH REPORT

Your Committee, to which was referred Bill C-42, An Act to amend the Quarantine Act has, in obedience to the Order of Reference of Monday, June 18, 2007, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

ART EGGLETON
Chair

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

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

CITIZENSHIP ACT

BILL TO AMEND—REPORT OF COMMITTEE

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

Thursday, June 21, 2007

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

TWENTIETH REPORT

Your Committee, to which was referred Bill C-14, An Act to amend the Citizenship Act (adoption) has, in obedience to the Order of Reference of Tuesday, June 19, 2007, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

ART EGGLETON
Chair

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

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

CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Hon. David Tkachuk, Deputy Chair of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, June 21, 2007

The Standing Senate Committee on Transport and Communications has the honour to present its

THIRTEENTH REPORT

Your Committee, to which was referred Bill C-59, An Act to amend the Criminal Code (unauthorized recording of a movie), has, in obedience to the Order of Reference of Monday, June 18, 2007, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

DAVID TKACHUK
Deputy Chair

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

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

• (1400)

[*Translation*]

OLYMPIC AND PARALYMPIC MARKS BILL

REPORT OF COMMITTEE

Hon. W. David Angus, Deputy Chair of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, June 21, 2007

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

TWENTIETH REPORT

Your Committee, to which was referred Bill C-47, An Act respecting the protection of marks related to the Olympic Games and the Paralympic Games and protection against certain misleading business associations and making a related amendment to the Trade-marks Act, has, in obedience to the Order of Reference of Tuesday June 19, 2007, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

W. DAVID ANGUS
Deputy Chair

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

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

CANADIAN NATO PARLIAMENTARY ASSOCIATION

PARLIAMENTARY TRANSATLANTIC FORUM, DECEMBER 11-12, 2006—REPORT TABLED

Hon. Pierre Claude Nolin: Honourable senators, pursuant to rule 23(6), I have the honour to table, in both official languages, the Report of the Canadian Parliamentary Delegation to the Parliamentary Transatlantic Forum, held in Fort McNair, Washington D.C., December 11 to 12, 2006.

JOINT MEETING OF DEFENCE AND SECURITY, ECONOMICS AND SECURITY, AND POLITICAL COMMITTEES AND ANNUAL ECONOMICS AND SECURITY COMMITTEE MEETING, FEBRUARY 18-22, 2007—REPORT TABLED

Hon. Pierre Claude Nolin: Honourable senators, pursuant to rule 23(6), I have the honour to table in the Senate, in both official languages, the report of the Canadian delegation of the NATO Parliamentary Association regarding its participation in the joint meeting of the Defence and Security Committee, the Economics and Security Committee and the Political Committee, held in Brussels, Belgium, from February 18 to 20, 2007, and the annual consultation of the Economics and Security Committee with the OECD and the NATO Parliamentary Assembly, held in Paris, France, from February 21 to 22, 2007.

CANADA-EUROPE PARLIAMENTARY ASSOCIATION

ORGANIZATION FOR SECURITY AND CO-OPERATION IN EUROPE, WINTER MEETING, FEBRUARY 22-23—REPORT TABLED

Hon. Pierre Claude Nolin: Honourable senators, pursuant to rule 23(6), I have the honour to table in the Senate, in both official languages, the report of the Canadian delegation of the Canada-Europe Parliamentary Association regarding its participation in the winter meeting of the Parliamentary Assembly of the Council of Europe, held in Vienna, Austria, from February 22 to 23, 2007.

• (1405)

NATIONAL FINANCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXTEND DATE OF FINAL REPORT ON STUDY OF ISSUES RELATING TO FISCAL BALANCES AMONG ORDERS OF GOVERNMENT

Hon. Joseph A. Day: Honourable senators, I give notice that at the next sitting of the Senate, I will move:

That, notwithstanding the Order of the Senate adopted on Wednesday, September 27, 2006, the Standing Senate Committee on National Finance authorized to examine and report on issues relating to the vertical and horizontal fiscal

balances among the various orders of government in Canada be empowered to extend the date of presenting its final report from June 30, 2007 to December 31, 2007; and

That the Committee retain until February 15, 2008, all powers necessary to publicize its findings.

QUESTION PERIOD

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

KELOWNA ACCORD—UNITED NATIONS DECLARATION ON RIGHTS OF INDIGENOUS PEOPLES

Hon. Céline Hervieux-Payette (Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate. Growing poverty, deterioration of infrastructure, contamination of drinking water sources, isolation and high dropout rates are only some of the problems faced by the Aboriginal peoples of Canada.

A recent United Nations report ranked Canada 48th out of 174 countries for its treatment of Aboriginal peoples. The UN special rapporteur Rodolfo Stavenhagen views this situation as the most pressing human rights issue faced by Canada.

The previous Liberal government had taken action in this regard. An agreement was signed by the federal, provincial and territorial governments and the Assembly of First Nations. The agreement provided stable funding, which would have tackled these urgent problems immediately and effectively.

On this National Aboriginal Day, can the government assure us that the terms of the agreement entered into by the various parties, and set out in writing in the Kelowna Accord, will form part of the government's agenda and that we will soon see a comprehensive policy to alleviate the problems faced by Aboriginal peoples in this country?

[*English*]

Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)): Honourable senators, I wish to thank the honourable senator for that question.

I want to join with my colleagues in the Senate, in particular, my colleague Senator St. Germain, in marking National Aboriginal Day.

The honourable senator cited the Kelowna accord in her question. It was not an accord but a statement of intent committed to in the last days of the Martin government. There is no fiscal framework attached to the "Kelowna press release," as I call it. I am happy to say, honourable senators, we in the government take issues of concern to Aboriginals seriously. Jim Prentice, Minister of Indian Affairs and Northern Development, not only talks the talk but walks the walk. Honourable senators, it is generally acknowledged that Mr. Prentice and the government have done more for Aboriginals in 16 months than has been done in many years.

• (1410)

I will outline a few of those things, if you will permit me: finalizing the residential school agreements; announcing plans last week to fundamentally change the way specific claims are handled in Canada; providing $33 million over three years to the National Association of Friendship Centres for urban Aboriginal youth programs, as announced by Minister Oda on June 18; improving educational opportunities for First Nations by passing Bill C-34, the First Nations Jurisdiction over Education in British Columbia Act; making progress on the March 2006 action plan for safe drinking water on reserves; committing $300 million in Budget 2006 for Aboriginal and Northern housing; $300 million in Budget 2007 to develop individual property ownership on reserves; setting aside funds to more than double the size of Aboriginal skills and employment partnership initiatives; establishing on-reserve pilot projects for patient wait time guarantees in prenatal and diabetic care; and launching a national consultation process on the issue of matrimonial real property on reserves.

Senator Mercer: However, you did not honour the accord. That is right.

[*Translation*]

Senator Hervieux-Payette: I thank the Leader of the Government in the Senate for this long list of initiatives that are certainly commendable, but not consistent with the spirit of a comprehensive agreement that will give our Aboriginal peoples the opportunity to become autonomous.

In that spirit, I am asking her today whether her government will ratify the Declaration on the Rights of Indigenous Peoples as soon as possible, since a cloud remains over this agreement, which was initiated by Canada and by which many members of the various Aboriginal communities were inspired. These people, and all Canadians, are impatiently waiting for Canada to commit to signing the Declaration on the Rights of Indigenous Peoples.

[*English*]

Senator LeBreton: I thank the honourable senator for her question.

No previous Canadian government has ever supported the document in its current form, as she knows, because the wording is inconsistent with the Canadian Charter of Rights and Freedoms, the Constitution Act, previous Supreme Court of Canada decisions, the National Defence Act and the policies under which we negotiate treaties.

Last November, at the United Nations, over 80 countries passed an African amendment seeking time for additional consultations. Our government continues to seek ways to improve the declaration so that we have one that works for Canada.

Hon. Roméo Antonius Dallaire: Honourable senators, I have a question for the Leader of the Government in the Senate.

Last June there was an article in *The Globe and Mail* that spoke about the fact that, through access to information, it was found that recommendations from the Ministry of National Defence, the Ministry of Foreign Affairs and the Ministry of Indian Affairs had recommended that Canada sign the United Nations Declaration on Rights of Indigenous Peoples on May 29, 2006.

It is interesting that Canada and Russia, out of 47 countries, were the only two that did not sign. More interesting, Canada had been the dominant country in pushing for that declaration to come about. In fact, at the last minute, we changed our mind. Instead of supporting that declaration, Canada did not even have the decency to abstain; we voted against it.

Could the Leader of the Government in the Senate tell us why the recommendations were not supported by the government and its representatives in Geneva? Surely it is not because Prime Minister Howard, a fairly right-wing chap and not in favour of this subject, had visited our Prime Minister the day before, and certainly not because Canada is being perceived as a lackey of the Americans who do not have the guts to put their name onto the commission and might have been influencing Canada in its decision.

Senator LeBreton: Honourable senators, I wish to thank the honourable senator for his question.

The comments with regard to the Prime Minister of Australia and the United States are unfair, false and not worthy of comment.

The fact is that the only organization that has reversed its position is the Liberal Party now in opposition. As I pointed out in my last answer, no previous government, Liberal or Conservative, of this country has supported this declaration in its present form.

• (1415)

The fact is it is not consistent with the Canadian Charter of Rights and Freedoms, our Constitution or previous Supreme Court of Canada decisions. As I indicated in my last answer, the fact that 80 countries passed an African amendment to seek additional consultation on this document indicates a desire to seek some resolution.

Given that Senator Dallaire is so interested in human rights issues, it would be my hope that he would urge his colleagues in the other place as well as here to support Bill C-44, which repeals section 67 of the Canadian Human Rights Act. Our government believes that First Nations citizens on reserves should have equal access to human rights protection, the same as every other Canadian. I would urge Senator Dallaire and his colleagues, both here and in the other place, to support that very important piece of legislation.

Senator Dallaire: I thank the honourable Leader of the Government in the Senate. Her response is duly noted. We have to acknowledge, however, that it was under the Liberal Party that officials gave their support to this process. They instigated the process that led to the vote that was held in June 2006.

[*Translation*]

NATIONAL DEFENCE

AFGHANISTAN—PROMOTION OF MISSION

Hon. Roméo Antonius Dallaire: Honourable senators, I would like to draw your attention to the painting on the far right-hand side of the Senate chamber of a scene from World War I. It depicts a landing of armed troops, most of whom left Canada from the ports in Quebec City or Halifax.

Since the Boer War, Quebec City has served as a garrison and mobilization centre. Troops have always paraded the streets of that city before going overseas to fulfill the mission entrusted to them by the government of ensuring peace and defending human rights.

Would it be possible to reinstate this old military parade tradition in Quebec City tomorrow evening? Would it be possible to explain to Quebecers the virtues of this mission in Afghanistan and set the record straight?

What voice do you have in Quebec to properly explain this aspect of the mission in order to change the attitude of the province of Quebec?

[*English*]

Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)): I thank the honourable senator for his question; however, I would turn the question back on the senator. The Vandoos are a historical and great regiment of the Canadian military. I would urge the honourable senator to use the great speech he just gave to try to convince people on his own side, his colleagues in his party, about the importance of this mission, how important it is not only for the people of Afghanistan but also for our commitment to our partners in the world, in NATO and under the UN.

I can add nothing to the honourable senator's eloquent remarks, other than that he will have no trouble convincing people on this side of the merits of that ceremony. To this point in time, people on this side have not been the problem.

Senator Dallaire: That is rather interesting, because the government — of which the government leader is a member — are the ones who are supposed to be selling the product, explaining the mission to the Canadian people. If the opposition has a divergent point of view, that is up to them. In fact, the opposition has been supportive of that initiative. Our leader, in fact, will be there tomorrow night.

Senator Fortier: He should run in Quebec City.

Senator Dallaire: I am looking for a reason, an explanation of the mission. I am looking for an explanation as to why we are prepared to take those casualties and why it is important that we help a nascent democracy, an affirmation that human rights are for all humans, not just Canadians who can afford it. Why has it not been a dominant theme on the government's part in the province of Quebec to bring Quebecers online? That responsibility belongs to the Leader of the Government in the Senate and her leader, but it has not been done significantly to change the attitude there.

Some Hon. Senators: Hear, hear!

• (1420)

Senator LeBreton: I am surprised that a person of such high military standing as the honourable senator would say that. This is not a partisan issue. It is not the responsibility of one particular party or the other. It is the responsibility of all of us — all Canadians.

Some Hon. Senators: Shame!

Senator Mercer: You are not responsible; we know that.

Senator LeBreton: This government, for the last year and a half, has shown great commitment to our military and our obligations in Afghanistan. There is no argument about that. We have properly equipped the military; recruitment is up. We have done everything and more as a government to support our military and the mission in Afghanistan.

This issue is important to all Canadians. It is important to stand up with our NATO allies in this UN-led mission. It is important that everyone, no matter where they live in the country, support the mission.

We are doing excellent work in Afghanistan, as honourable senators know. I would hope that all people support it, no matter who they are, what party they support or what part of the country they are from.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

LAND CLAIMS PROCESS

Hon. Gerry St. Germain: Honourable senators, this question is in relation to Senator Dallaire's first question about Canada's Aboriginal Peoples and the UN declaration on indigenous peoples.

Honourable senators, we have tried to maintain a non-partisan view on this particular file. I am not casting aspersions or doubts at this time, but it is critical that the importance of consistency and the importance of our Constitution not be impeded in any way. That is borne out by Senator Watt's concerns about Nunavik with respect to non-derogation and the application of sections 25 and 35 of the Constitution Act, 1982.

I listened to Senator Hervieux-Payette and Senator Campbell make celebratory remarks about National Aboriginal Day. I would not want any senator to feel that we cannot celebrate. When Senator Carstairs rose, she left a feeling in this place that we were celebrating in spite of the great challenges that all Canadians face with regard to dealing with our Aboriginal Peoples.

I do not think it is a partisan thing; I think all governments have failed for the last 140 years.

Senator Tardif: Question!

Senator St. Germain: We have taken a new direction. The government is trying, the former government tried and we are all trying. Let us not undermine a great effort. Let us give the present government support and let us give the same support to whoever governs next.

Given the initiative that has gone through cabinet to deal with the injustices — and if we do not deal with the injustices, how can we deal with anything — does the Leader of the Government in the Senate feel confident that this particular initiative to settle the huge injustices in land claims will progress as it should?

Senator Rompkey: Yes or no?

Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)): Honourable senators, I wish to thank the honourable senator for that question. As the minister and the Prime Minister have said publicly, there is no question that government after government have failed to address this problem. We can talk specifically about the land claims issue. They have not dealt with legitimate, historical claims to land. This initiative is an acknowledgement that this must stop.

• (1425)

I can tell the honourable senator with great confidence that the announcement of the Minister of Indian Affairs and Northern Development is a great step forward. By the way, Senator St. Germain had a great deal to do with it. It was announced that the whole method of dealing with land claims will change. The amount of $250 million has been set aside on an annual basis for the next 10 years to deal with these land claims directly so that First Nations do not have to go through the process that they had to in the past. I think that has been acknowledged by many Aboriginal leaders across the country.

I feel proud to be part of this government and proud to have an acknowledgement from the Prime Minister and the Minister of Indian Affairs and Northern Development that, yes, these are legitimate claims that have been left unsettled for too long, and we will make every effort to change that.

CUTTING OF ASSISTANCE PROGRAMS

Hon. Charlie Watt: Honourable senators, I am happy to rise on National Aboriginal Day. We are talking about injustices to the Aboriginal people across the country. Several attempts have taken place over the years to correct those injustices. From time to time, I have participated in those efforts.

My questions are for the Leader of the Government in the Senate. First, various programs that were cut related to matters that are quite important to us, such as the $155 million for the Task Force on Aboriginal Languages and Cultures. Down the road, will we be able to revisit that funding?

Second, $17.7 million was removed from adult training and literacy skills training programs widely used by Aboriginal people. These were important programs and will be missed a great deal by the Aboriginal people.

My third question is also very important to the Aboriginal people of this country and to the country as a whole. It concerns the $5.6 million that was taken from the Law Commission of Canada for the study of Aboriginal legal traditions and how to implement them into the mainstream justice system.

Could I have an answer to those questions, minister? I know for a fact these programs are not contained in the budget implementation bill, but there is no reason why we cannot revisit those important programs. Will we ever see them again? If the honourable leader cannot give a precise answer, because it is hard to give a clear answer as to whether or not they will be resurrected, would she be able to make recommendations to ensure that those programs, which are important to us, will be restored?

Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)): Honourable senators, I would have to take the questions on the specific programs referenced by the Honourable Senator Watt as notice. It is clear in terms of the work that the Minister of Indian Affairs and Northern Development has done that we have embarked on many programs in support of Aboriginal communities, as I mentioned in my answer to Senator Hervieux-Payette. One that I mentioned was the $33 million over three years to the National Association of Friendship Centres for urban Aboriginal youth programs.

• (1430)

To cite specific programs that may or may not be continued does not present the true picture. Considerable funds and considerable effort are being put into Aboriginal programs at the level where they really affect people. Programs range from housing to ensuring clean water.

The fact that one program that may have been in place is no longer funded does not mean that the government does not have other priorities or issues. Many programs that we embarked upon as a government were embarked upon after consultation with Aboriginal leaders.

I will make inquiries about the specific programs the honourable senator has raised, as to whether a parallel program is taking over or whether they fit into other programs. However, I think it is clear that on all fronts — specific claims, residential schools, human rights issues, the state of the communities, education, health, quality of water and housing — in 16 months, the Minister of Indian Affairs and Northern Development, on behalf of the government, has made great strides.

This morning, I happened to be party to comments by Aboriginal leaders from across the country, who have shown great support to the minister for the initiatives he is taking on behalf of the Aboriginal people. As I said in this place some time ago, so important is Minister Prentice to the Aboriginal people that at the beginning of the year, when there was speculation that he may be shuffled out of that cabinet position into another, the leadership, including Phil Fontaine, publicly urged the Prime Minister not to move Minister Prentice. That is how impressed they are by his support of the Aboriginal communities.

KELOWNA ACCORD

Hon. Sandra Lovelace Nicholas: My question today is to the Leader of the Government in the Senate. As the honourable senator knows, today is National Aboriginal Day, but because of the lack of support by the government for the Kelowna accord, we have no reason to celebrate. We are still fighting for our rights.

When will this government take a serious look at the poor conditions of First Nations people? When will this government address the poverty of the poorest of the poor in Canada?

Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)): I thank the honourable senator for her question, and I join her in celebrating this historic day.

With regard to the meetings in Kelowna in November 2005, the Minister of Indian Affairs and Northern Development, Mr. Prentice, was at those meetings, as the opposition critic at the time on these issues. Again, I point out that everyone would support the aims and principles of Kelowna. I hasten to say that Minister Prentice, by his actions and by the answers to previous questions in this place, is committed to improving the conditions of all our Aboriginal communities and has shown that commitment.

• (1435)

With announcements on housing, clean water, wait times and diabetes in health care, education, and land claims, the minister has made great strides in 16 months for the benefit of our Aboriginal citizens, so much so that many Aboriginal leaders have applauded the minister for his actions.

INDIAN RESIDENTIAL SCHOOLS SETTLEMENT AGREEMENT—APOLOGY TO VICTIMS

Hon. Lillian Eva Dyck: My question to the Leader of the Government in the Senate has to do with the Indian Residential Schools Settlement Agreement. I would like the Leader of the Government in the Senate to explain to honourable senators why this government will not apologize to Aboriginal people who attended residential schools.

Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)): I thank the honourable senator for her question. As honourable senators know, on May 10, 2006, the government announced the Indian Residential Schools Settlement Agreement and, at the same time, the Truth and Reconciliation Commission. These settlements are in progress, and no doubt some awful stories will be heard by the Truth and Reconciliation Commission. An apology was not part of the agreements when they were signed, but the Truth and Reconciliation Commission was set up in order to give people an opportunity to express properly what they went through.

THE SENATE

TRIBUTE TO DEPARTING PAGES

The Hon. the Speaker: Honourable senators, today we will be saying farewell to the remaining four departing pages.

[*Translation*]

It is with much emotion that Éric Carpentier leaves the Senate to take on new challenges. This fall, he will begin graduate studies at McGill University in an interdisciplinary M.B.A. and M.D. program. Éric is very grateful to have had the privilege of representing Quebec for two years in the Senate Page Program.

[*English*]

Patrick Weeks, from the community of Alberton, Prince Edward Island, is grateful to have served as a page in the Senate of Canada this past year. He intends to continue his second year of studies in political science at the University of Ottawa and hopes to continue working on Parliament Hill.

After three years in the Senate Page Program, our Deputy Page, Brad Ramsden, from Kelowna, British Columbia, is bidding farewell to the Senate of Canada. He is grateful for his experience and to have worked with such a wonderful team. Brad has graduated from the University of Ottawa with honours in international development and globalization. He plans on volunteering and working abroad as well as pursuing his studies in international law next year.

Finally, our Chief Page, Sarah Fredriksen, from Brampton, Ontario, is bidding farewell to the Senate of Canada after three years in the Senate Page Program. Sarah, as we all know, is grateful and honoured to have led this remarkable team of young leaders. Sarah is graduating from Carleton University with a bachelor's degree in public affairs and policy management. She looks forward with excitement to her upcoming wedding this summer and plans to pursue graduate studies in the field of public policy. To Sarah, we extend congratulations and all good wishes.

• (1440)

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, pursuant to rule 27(1), I would like to inform the Senate that when we proceed with government business, the Senate will address the items in the following order: Motion No. 2, followed by third reading of Bill C-14, as ordered earlier this day; third reading of Bill C-47, as ordered earlier this day; third reading of Bill C-61, as ordered earlier this day; third reading of Bill C-42, as ordered earlier this day; third reading of Bill C-59, as ordered earlier this day; and third reading of Bill C-52, as ordered earlier this day, followed by other items according to the order in which they appear on the Order Paper.

CONDUCT OF BUSINESS ON FRIDAY, JUNE 22, 2007—MOTION ADOPTED

Hon. Gerald J. Comeau (Deputy Leader of the Government), pursuant to notice of June 20, 2007, moved:

> That, notwithstanding any Rules or usual practices, at 10:00 a.m. on Friday, June 22, 2007, the Speaker shall, upon the request of the Leader of the Government in the Senate and the Leader of the Opposition in the Senate, interrupt any proceedings then before the Senate and proceed to put forthwith and successively, without further debate, amendment, or adjournment, any and all questions necessary to dispose of any bills *seriatim* that then stand on the Orders of the Day for third reading, whether or not motions for third reading of those bills have been moved;
>
> That, in the case of any bill that has not been moved for third reading, the sponsor may move third reading when the bill is called and the question shall then be put without debate but, if the sponsor does not move third reading, the bill shall not fall under the terms of this order;
>
> That no motion to adjourn debate, to adjourn the Senate, or to take up any other item of business shall be received, nor shall any points of order or questions of privilege be taken up until all bills falling under this order have been disposed of;
>
> That all Rules relating to the deferral of votes shall be suspended until all bills falling under this order have been disposed of;
>
> That, if a standing vote is requested, the bells to call in the Senators shall ring only once and for 15 minutes, without the further ringing of the bells in relation to any subsequent standing votes requested under this order; and
>
> That all Rules relating to the time of automatic adjournment of the Senate be suspended for the entire sitting and, when all bills falling under this order have been disposed of, the Senate shall resume business from the point it was interrupted and continue through remaining items on the *Order Paper and Notice Paper* until completed, at which time, if necessary, the Speaker shall suspend the sitting at pleasure, with the bells to ring for 15 minutes prior to resuming the sitting, for the purpose of receiving a message respecting Royal Assent to bills.

He said: Honourable senators, I am sure everyone had an opportunity to read the motion I gave notice of yesterday, so they probably have a few questions on it.

Following yesterday's notice of motion, I learned that a traditional Royal Assent ceremony would be held in the chamber at noon tomorrow. To ensure that there is time to take all necessary steps to ready bills for Royal Assent prior to the arrival of Her Excellency the Governor General, including informing the other place, it would be helpful if the voting period were to begin a little earlier.

Following discussions with the Deputy Leader of the Opposition, we have agreed that 9:30 a.m. would be a satisfactory starting time for the votes to begin. Accordingly, I seek to modify the motion to change the time for the start of the voting period from 10 a.m. to 9:30 a.m.

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

Hon. Senators: Agreed.

Senator Comeau: Honourable senators, this motion seems complicated and contains somewhat technical language. However, the intent of the motion is both clear and simple. The motion arises from discussions between the government and the opposition. It is an appropriate way to deal with the business before this chamber and it is not without precedent.

This particular motion simply requires that all votes necessary to dispose of each bill that has been moved at third reading will be taken, without delay, beginning tomorrow at 9:30 a.m., as earlier agreed to.

The time for the first vote is fixed by the terms of the motion. If a standing vote is requested for any of the votes, there will be a 15-minute bell for that vote, but there will not be bells for any subsequent standing votes.

If either the Leader of the Government in the Senate or the Leader of the Opposition in the Senate is not satisfied with matters as they stand before the first vote on Friday, the leader can so indicate and the motion will not take effect.

Hon. Claudette Tardif (Deputy Leader of the Opposition): Honourable senators, Senator Comeau has explained that this motion would allow us to deal in a rational fashion before the summer adjournment with those pieces of legislation now in the Senate that are at the final stages of consideration.

[*Translation*]

Even if this motion is adopted and the votes take place as planned tomorrow, there will still be at least seven government bills, four Commons public bills and 15 Senate public bills on the Order Paper.

The agreement does not mean that we will be clearing the Order Paper. We will certainly have a lot of work left to do when we come back in the fall.

[*English*]

In the meantime, I recommend the adoption of this motion because it brings a measure of certainty to the work of this chamber and to important legislation that is at third reading stage.

Many have spoken of late of the days when the Senate was less partisan and when it considered, above all else, the interests of the Canadian people. I urge honourable senators to adopt this motion, thus demonstrating to everyone that this collegial and non-partisan spirit still exists in the Senate and that we, as legislators, can rise above the fray and act in the best interests of the Canadian people.

Hon. Terry M. Mercer: Honourable senators, I rise on this motion to remind us all of discussions we have had at this time of the year every year since I have been here, which has been a short period of time. Usually, it is the opposition who complains that bills from the other place come here late — in particular, important bills such as Bill C-52, and we are asked to give this legislation due consideration and examine it in the fashion to which we have grown accustomed, in detail. Then we are told they want it done in this time period so we can get out of here by a certain time, or that there are other requirements because things will fall off the table if we do not do it within this time period.

I remind everyone here about that, particularly the government members, because it was not too long ago that they were standing in my place giving these same remarks to this chamber when the previous government did the same thing. This problem is an institutional one that we all must take back to our caucuses — to the government caucus and the opposition caucus, which will soon be the government caucus.

We need to change this practice. This place works well when we are given time to do our work. This place does not work well when we are given bills and are asked to produce results in a short period of time.

Hon. Tommy Banks: Honourable senators, I absolutely concur with what Senator Mercer has said. We have taken that issue to our caucus when the government was on this side and the same situation obtained.

I have a question to ask of the Deputy Leader of the Government, or of His Honour, I am not sure which. I have carefully read the notice of motion that the deputy leader presented yesterday and I think I understand it. My impression is that if we vote on it, it would become, in effect, an order of the house. However, in his remarks a moment ago, which I do not have before me, the deputy leader said something that is not contained within the motion, which is that it could be stopped or abrogated by the leadership on either side. I am not sure if I heard that correctly. Is that, in fact, part of the motion and does such a codicil have effect? How will that work?

Senator Comeau: I thank the honourable senator for the question. The first line of the motion reads:

> . . . notwithstanding any Rules or usual practices, at 10:00 a.m. on Friday, June 22, 2007, the Speaker shall, upon the request of the Leader of the Government in the Senate and the Leader of the Opposition in the Senate, interrupt any proceedings. . .

It means that if either the leader on this side or the leader on the other side informs His Honour that this house order is rescinded, that will stop it and the house order is gone.

Hon. Wilfred P. Moore: The deputy leader has indicated the Leader of the Government in the Senate or the Leader of the Opposition in the Senate informs His Honour. This motion reads both. Is it "or" or "and," the two of you together?

Senator Comeau: It is and/or.

Senator Moore: So it is either one of you or the two of you together.

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

Hon. Senators: Question!

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

Motion as modified agreed to.

• (1450)

CITIZENSHIP ACT

BILL TO AMEND—THIRD READING

Hon. Consiglio Di Nino moved third reading of Bill C-14, to amend the Citizenship Act (adoption).

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

Motion agreed to and bill read third time and passed.

OLYMPIC AND PARALYMPIC MARKS BILL

THIRD READING

Hon. Marjory LeBreton (Leader of the Government and Secretary of State (Seniors)) moved third reading of Bill C-47, respecting the protection of marks related to the Olympic Games and the Paralympic Games and protection against certain misleading business associations and making a related amendment to the Trade-marks Act.

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

Motion agreed to and bill read third time and passed.

GENEVA CONVENTIONS ACT
ACT TO INCORPORATE
THE CANADIAN RED CROSS SOCIETY
TRADE-MARKS ACT

BILL TO AMEND—THIRD READING

Hon. Janis G. Johnson moved third reading of Bill C-61, to amend the Geneva Conventions Act, to incorporate the Canadian Red Cross Society and the Trade-marks Act.

Hon. Yoine Goldstein: Honourable senators, let me first congratulate the sponsor in this chamber of this bill, to implement the Third Protocol to the Geneva Convention. A few days ago, Senator Johnson delivered an outstanding speech, clear in its expression and convincing in its content. It would, therefore, be presumptuous of me to try to add to what she said. There is, however, a sidebar to this bill of which Canadians should be justly proud.

Honourable senators will recall that this bill provides for the ratification by Canada of the Third Protocol to the Geneva Convention with respect to the Red Cross. The Third Protocol establishes an additional symbol to identify the national members of the Red Cross. There are, as honourable senators know, two symbols: the Red Cross, which is so familiar to us, and the Red Crescent, which Muslim countries use to identify their equivalent of the Red Cross. There is a third symbol, which is recognized but not used, and that is the red lion and the sun.

The use of these symbols prevented the use by Israel of its symbol for its equivalent: the Magen David Adom, the Jewish Star of David or Shield of David, in red.

Since 1948, Israel had sought, in vain, to have its symbol recognized for identifying the humanitarian vehicles and other manifestations of the work of Israel's equivalent to the Red Cross, the Magen David Adom, to identify these symbols of humanitarian intervention.

The International Red Cross operates effectively by consensus, and a block of nations that were and still are members of the International Red Cross consistently refused to allow Israel full membership rights and the use of its own humanitarian symbol. Obviously, Israel could not appropriately use either a cross or a Red Crescent to identify itself.

The opposition was consistent for decades, as Senator Grafstein, I and a number of others worked with the Canadian Red Cross Society to have it take the lead in inducing the opponents of Israel's full status to relent and recognize the non-partisan nature of the Red Cross movement.

Recently, with the help of other like-minded nations, including especially the United States and many European countries, the efforts of Canada and those other countries prevailed, as a result of which the International Red Cross, in an act of outstanding finesse best understood by bridge players, adopted a new symbol, the Red Crystal. The symbol is the red outline of a box standing on edge.

Honourable senators, this is a neutral and readily identifiable symbol clearly devoid of any religious or political connotation. Its adoption has taken more than 50 years.

The Third Protocol to the Geneva Convention provides for non-obligatory use of the Red Crystal by those nations who wish to use it, coupled with the use, if the relevant nation so wishes, of a further identifiable symbol within the Red Crystal. The result is that those countries wishing to use the Red Crystal without anything further may do so; those who wish to use the Red Crystal with the Red Cross inside it may do so; those who wish to use a Red Crescent within the crystal may do so; and the country that wishes to place a red Star of David within the crystal may do so.

The states opposing this very effective and creative solution with respect to Israel's exclusion were assuaged by the fact that the same protocol recognizes the Palestinian Red Crescent even though Palestine is not yet a country.

All in all, as a result of these efforts, predominantly by Canadians and Canada, an irritant in international relations has been creatively resolved. The bill provides for ratification by Canada of the protocol. It will enhance the effectiveness of the Red Cross movement in responding to conflicts and international disasters worldwide, and it will speak to the universal nature of the Red Cross Movement.

Canada signed the protocol on June 9, 2006. In ratifying the protocol, as this legislation does, we would be implementing Canada's commitment to ratify the protocol as soon as possible, and we will be able to provide a source of pride for Canada at the November International Conference of the Red Cross Movement. It will also position Canada to continue to make a difference in international affairs and maintain momentum toward the universal recognition of the Red Crystal.

Honourable senators, I respectfully urge you to pass this bill by unanimous vote, thereby making a statement supporting the universality and ongoing significance of the Red Cross Movement and its neutrality, which is so essential to the functioning of its excellent humanitarian endeavours.

Senator Johnson: Honourable senators, I want to thank the members of the Standing Senate Committee on Foreign Affairs and International Trade for their consideration and expedient adoption of Bill C-61, to implement the Third Additional Protocol to the Geneva Convention.

I will conclude my remarks on the bill by saying that this legislation generated a great deal of interest at yesterday's meeting with Minister MacKay, and I believe it speaks to our shared traditional humanitarian values and to our commitment to the Red Cross Movement which endeavours to uphold those values in helping the less fortunate around the world.

Time is of the essence to pass this legislation, and the government would like to demonstrate Canada's continued leadership on an issue of great importance to the unity of the Red Cross Movement.

As I said before, the Third Protocol establishes the Red Crystal as an additional distinctive emblem meant to be free of extraneous religious or political connotation. This is significant because it provides an alternative to national societies that would rather not use either the Red Cross or Red Crescent emblem. Those societies can now benefit from the protective purpose of a third distinct emblem. The Third Protocol precisely seeks to enhance the universality and impartiality of the Red Cross Movement — two of its fundamental principles.

For example, it facilitated the entry into the movement of the Magen David Adom — the Israeli Society — and the Palestinian Red Crescent Society in June 2006. The National Societies of Eritrea and Kazakhstan have indicated interest in using the Red Crystal.

Distinctive emblems are important. They are meant to protect humanitarian workers of the movement who provide critical assistance to people affected by conflicts and natural disasters, and ultimately to protect the people they assist.

• (1500)

However, the protective purpose of the emblems depends on their broad recognition. This is why it is important to maintain the momentum towards the universal recognition of the Red Crystal.

Protocol III was adopted in December 2005 and entered into force last January 14. Since that time, 84 states have signed, but only 17 states have ratified to date. In order to encourage broad international acceptance of the Red Crystal emblem, which we discussed at length yesterday, it is essential that as many states as possible ratify Protocol III.

The International Conference of the Red Cross and the Red Crescent Movement will be held in November, in Geneva, and it represents a key opportunity to promote the Red Crystal. This conference occurs once every four years and brings together all parts of the movement. Canada has an important opportunity to demonstrate real leadership on this issue in November. The timely passage of Bill C-61 is an important step in this regard. Canada signed Protocol III a year ago, thereby undertaking publicly to pass legislation to ratify the protocol. It is our hope that this bill is passed in time to enable Canada's ratification before the November conference.

Timely ratification would also allow Canada to advocate for wider acceptance of the Red Crystal from a position of international leadership. It would facilitate our efforts to bring states on board who continue to have reservations and would allow us to join with like-minded countries.

Speedy passage of Bill C-61 is a priority for the government and speaks to Canada's commitment to international humanitarian law and to the Red Cross and Red Crescent movement worldwide. I am asking for the leadership and commitment of honourable senators to consider this issue expeditiously.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I feel that everything has been said, and well said, on the subject. We can now proceed to the vote.

[*English*]

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

Hon. Senators: Question!

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

Motion agreed to and bill read third time and passed.

QUARANTINE ACT

BILL TO AMEND—THIRD READING—
DEBATE ADJOURNED

Hon. Wilbert J. Keon moved third reading of Bill C-42, to amend the Quarantine Act.

Some Hon. Senators: Question!

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

On motion of Senator Tardif, debate adjourned.

CRIMINAL CODE

BILL TO AMEND—THIRD READING—
DEBATE ADJOURNED

Hon. Janis G. Johnson moved third reading of Bill C-59, to amend the Criminal Code (unauthorized recording of a movie).

She said: Honourable senators, I am pleased to speak again on Bill C-59, to amend the Criminal Code (unauthorized recording of a movie). As you know, this bill seeks to prevent the unauthorized recording of a film in Canada as well as the distribution of any film obtained by these illegal means. It is a great bill, and I give it "two thumbs up." The proposed legislation is a great start. The unauthorized recording of films should not be permitted in Canada — quite simply, it is theft.

Industry figures show that 90 per cent of illicit copies in circulation come from camcording in movie theatres. This bill will have a significant effect on illicit copies. This kind of crime has been facilitated by the miniaturization of recording devices. Everyone has a camcorder or knows someone who has. This technology has been put to a criminal purpose. These proposed provisions of the Criminal Code will put a stop, or hope to put a stop, to this kind of practice.

There is an advantage to placing the activity of "simple camcording" and "camcording with a purpose" under the Criminal Code rather than having it as part of the Copyright Act. The police are more familiar with and are in the business of enforcing the Criminal Code. Making this type of activity a Criminal Code offence will have a considerable effect; it will ensure the crime will be prosecuted.

The government believes that this proposed legislation will curb or stop any other kind of illicit activity associated with the unauthorized recording of films. Without having illicitly recorded the film, none of the other steps can take place. It cannot be unloaded via the Internet to a confederate in another part of the world where copies will be run off on an industrial scale and be marketed in one of the countries where the movie has not yet come out.

As I mentioned before, our country has been accused of being responsible for half of the pirated films in global circulation. The Minister of Justice has clarified this point, and I understand that approximately 20 to 25 per cent of illegally camcorded films originate in Canada and that 70 per cent of those come from Montreal. That is 70 per cent of the 20 to 25 per cent.

Illegal camcording in move theatres is a problem. It is threatening our ability to receive access to timely new releases from Hollywood studios. The motion picture industry is geared toward a distribution model heavily reliant on building interest in the first release. The fact is that under this distribution model, the release in the North American market is typically around four months ahead of its release in other parts of the world. It is critical that we have some protection when movies are first released. That applies to Canadian films as well.

It is estimated that approximately $118 million is lost due to movie piracy in this country. That is a lot of money. By passing Bill C-59, Canada will be in a league with countries such as Japan and the United States. Apparently Mexico is investigating similar legislation, but we are on the leading edge of this issue.

We were told last night by the minister that the government is just getting started with Bill C-59. I recently read an article that said file-sharing on person-to-person file-sharing networks, like "e-donkey", has grown from less than 10 per cent of total Internet traffic in 1999 to nearly 60 per cent today. Basically, the traffic has grown as broadband has spread along with new technologies enabling the rapid sharing of huge files. Furthermore, 93 per cent of those downloading movies in this country are doing so illegally. This camcording bill should cut this number substantially, but I suspect there will be a digital copyright bill of some sort in Canada's future. We were able to ascertain this, to a certain extent, last night.

I run a small film festival in rural Manitoba, and I deal with filmmakers and people in the industry all the time. To them, this proposed legislation is not only timely, but also long overdue. We are very proud that Canada is at the forefront of this movement. There are not that many countries that have accomplished this objective yet. Filmmakers and other artists in this county and around the world do not exactly make a lot of money. This is really their intellectual property. I am very happy to have presented Bill C-59 and pleased by the spirit of cooperation on this legislation that I have had from all members of the committee. It speaks to our necessity and sensibility.

I thank Senator Dawson for his work as critic on this bill and I wish to say how much I appreciated his assistance during the committee stage.

Hon. Joseph A. Day: Would the honourable senator entertain a question?

Senator Johnson: Yes.

Senator Day: I understand the purpose of putting this infraction in the Criminal Code for a specific act of copyright infringement, but could the honourable senator tell us, first, if the rights to the copyright owner of this film under the Copyright Act would remain; and, second, if the government has any intention of putting other copyright infringement activities under the Criminal Code?

Senator Johnson: The answer to the first question is yes, and the answer to the second question is no.

[*Translation*]

Hon. Dennis Dawson: Honourable senators, I first want to thank the members of the Standing Senate Committee on Transport and Communications for voting for this bill.

This bill addresses a major problem facing the film and cultural industry. Without a doubt, it will reduce illegal recording in Canada and restore our wonderful country's image on the world stage in terms of copyright protection.

• (1510)

[*English*]

However, I remind my colleagues in the Senate and in the other place that the problem of film piracy is not the only challenge that confronts our artists and our cultural industry. There are also major problems in Canada about violation of copyright, as my honourable colleague has mentioned. For example, the theft of satellite signals and audio files is debilitating our cultural industry and Canada's international reputation. The government needs to address these issues. This bill, I hope, is only the first step in a series of legislation that will take the problem of copyright seriously.

I also remind the minister, even though he objected last night, that he has the responsibility to inform the public of this new legislation. The new generation, which grew up in a world of technology, needs to be made aware of the serious consequences of these actions.

[*Translation*]

In conclusion, I thank all the senators who will support this bill and all the members of Parliament who had a hand in drafting it. As a Liberal senator, I am proud to support such an initiative. With this bill, Canada is taking a step in the right direction by protecting the entire film and cultural industry.

On motion of Senator Tardif, debate adjourned.

[*English*]

BUDGET IMPLEMENTATION BILL, 2007

THIRD READING—DEBATE ADJOURNED

Hon. Gerald J. Comeau (Deputy Leader of the Government), moved third reading of Bill C-52, to implement certain provisions of the budget tabled in Parliament on March 19, 2007.

Hon. Bill Rompkey: Honourable senators, I understood that Senator Angus would have some cogent and inclusive remarks to put before us. If he does not, I would like to make some remarks myself. I know there are others who would, but I thought he would like to do so, as sponsor of the bill.

The Hon. the Speaker: For greater clarity, the first two honourable senators have 45 minutes.

Hon. W. David Angus: Honourable senators, I am pleased to propose third reading of Bill B-52, which has been reported back here today unamended by the Standing Senate Committee on National Finance.

As honourable senators know, the committee held extensive hearings on the bill this week and, in particular, as follows: We heard, in 802 minutes of hearing time, 13.37 hours, 28 witnesses from 10 different government and private-sector organizations and six individuals.

The hearings were well conducted by the chair of the committee, Senator Day. I want to congratulate him and thank him, as well as the clerk of the committee, Lynn Gordon, the library staff and all the support staff at the hearings, and all the senators, both members of the committee and those who participated in these hearings in such a focused and constructive manner.

Honourable senators, as I said in my speech at second reading on June 14, the government's Budget 2007, delivered by the Honourable James Flaherty on March 19, is an excellent budget. It contains significant benefits for every single Canadian in every single province and territory of our nation. I urge all senators to remember that Bill C-52 is a government money bill, which was passed by the elected members of the House of Commons on June 12, by a vote of 158 to 103.

Honourable senators, as duly recognized by Liberal Leader Stéphane Dion, and the vast majority of constitutional and legal experts, as well as certain prominent witnesses such as Saskatchewan Premier Lorne Calvert at the committee yesterday, it would be inappropriate for the Senate at this point to block, amend or otherwise delay prompt passage of the government's budget bill.

Not only is it good, sound and important legislation that fully merits immediate enactment, it is important that we recognize that if Bill C-52 is not passed now, unamended, there is a serious risk that some $4 billion of 2006-07 year-end tax relief and other non-tax measures could be lost, including important environmental protection, climate change control and health care funding provisions, not to mention $614 million in funding for provincial and federal infrastructure projects and labour market training, plus $30 million in funding for the Rick Hansen Foundation Spinal Cord Injury Translational Research Network to improve the lives of more than 40,000 Canadians who suffer from permanent spinal cord injuries; also, $135 million in new aid to help the people of Afghanistan rebuild their lives and their country.

In my view, honourable senators, one of the real pluses and virtues of Budget 2007 is the mechanism it contains: The new principled equalization formula based on the O'Brien report for redressing the serious and heretofore vexing and divisive problem of fiscal imbalance in Canada.

Although this new formula has been widely acclaimed and commended by the vast majority of Canadians and Canadian provinces, unfortunately it is the provision in Bill C-52 that has been exploited by some to provoke the most controversy.

The provinces of Newfoundland and Labrador and Nova Scotia have stirred up a hornet's nest of debate on this subject, starting with a massive public relations campaign launched by Premier Danny Williams soon after Budget day, March 19, and carried on through April, May and up to this week. Nova Scotia Premier Rodney MacDonald and Saskatchewan Premier Lorne Calvert soon jumped on the bandwagon, and the issue was clearly the dominant one at the hearings of the Standing Senate Committee on National Finance this week.

The committee heard from Premier MacDonald and his finance minister, Michael Baker, from Premier Calvert and his senior officials from Saskatchewan, and from former federal finance minister John Crosbie, who was accompanied by Roland Martin, a long-time adviser to Newfoundland and Labrador on federal-provincial financial matters; but no Danny Williams. Perhaps Mr. Williams is savvy enough to know the Senate of Canada is not supposed to amend House of Commons money bills, especially government budgets. He has made his point in another way.

As well, former Premier of Prince Edward Island, Pat Binn, and two representatives of the Atlantic Provinces Economic Council, Professor Paul Hobson and Professor Wade Locke appeared. All these witnesses brought further attention and profile to the allegations first raised by Premier Williams to the effect that the Flaherty budget may contravene certain federal-provincial agreements and accords relating to offshore resources and it betrayed various Conservative Party election campaign promises — a shameful thing.

However, none of these witnesses made a clear legal case for amending Bill C-52, or changing or blocking the Flaherty budget. Indeed, former Premier Binns praised the budget. He said it was good for Prince Edward Island and he complimented the government for bringing in the new equalization formula. Premier Calvert of Saskatchewan agreed, saying the budget should be passed as is, but argued for subsequent revisions on the basis of what he called fairness and equitable treatment for Saskatchewan, an issue he claims to be referring to the Saskatchewan Court of Appeal for a ruling. This claim was rather odd, as Saskatchewan and its citizens, by any interpretation, appear to be the biggest and most substantial gainers and beneficiaries from this budget.

• (1520)

Nova Scotia and Newfoundland and Labrador continued the political rhetoric about the need to help them become "have" rather than "have not" provinces. They see the new equalization formula with a cap as a violation of the various Atlantic accord and offshore pacts. They argued that the new circumstances provided a window of opportunity, a life preserver for their economies. They succeeded well with the excellent help of Senators Rompkey, Baker, Moore, Cowan and their entire team. I salute you, gentlemen.

As Minister of Finance Flaherty pointed out when he appeared before the committee, the budget is very good news for Atlantic Canada; they have a choice in the budget which other provinces do not. They can, in effect, stay under the old equalization formula with the 2005 Atlantic accord or they can opt for the new formula, whichever is better for them.

In addition, recognizing that these matters are all a work-in-progress, the Minister of Finance offered to keep talking to these provinces with a view to find a way forward that is in the best interest of those provinces and fair and equitable for all other Canadians and Canadian provinces.

On balance, honourable senators, much political rhetoric was heard and much more attention brought to the ongoing demands and aspirations of Newfoundland and Labrador and Nova Scotia. However, no valid case was made to justify changing Bill C-52 or in any way amending it.

The changes suggested by Mr. Crosbie, when he appeared, and by Minister Baker from Nova Scotia were impractical and would cause extraordinarily high costs and unfairness to the other Canadian provinces. Indeed, if the cap were removed and if the amendment as suggested by honest John Crosbie were accepted, that would mean more money would be needed and new procedural warrants and royal, whatever they are called, to enable them. It is simply out of order and it cannot be amended as required. Every other province would lose their benefits under the budget and that would lead to chaos.

Honourable senators, the debate was lively, interesting and largely constructive. However, I submit, with all due respect, that the solution to the grievances outlined by Newfoundland and Labrador and Nova Scotia is not for us here in the unelected Senate to amend, block or otherwise tinker with the government's Budget 2007.

I quoted from an editorial in the Montreal *Gazette* in my speech at second reading, and I thought I would quote one from *The Globe and Mail* today on this subject. It was written on March 23 under the byline of Neil Reynolds, who said:

> Firstly, Mr. Flaherty introduced genuine administrative reforms that should restore a minimal sense of dignity to the equalization program. For a minority Conservative government that seeks to end a century of Liberal hegemony, this was a principled action because it imposes limits on the government's freedom to meddle arbitrarily — some would say corruptly — for momentary partisan advantage.

The article continued later:

> Mr. Flaherty channelled much of the surplus back to the provinces where it belongs. In this act of restraint, he proved himself a finance minister of stature. When the Conservatives took office, they promised to establish clear-cut lines of responsibility between federal and provincial governments. Mr. Flaherty demonstrated that he's prepared to get on with it, to decentralize unilaterally.

Honourable senators, the points have been well and truly made on all sides of the issue. The government will, I am confident, continue to work with the provinces to help them become prosperous and self-sufficient "have" provinces in the future.

The other issue which was fully exposed during our hearings was that of the income trusts or income funds; especially those in the energy sector. Representatives of the energy sector came and argued passionately for exemptions from the application of the new tax rules, much as was done in the case of the real estate income funds. However, these arguments have all been heard, well and truly made before. The government's position is clear: The intention in November and December, 2005, was not to change the rules for taxing income trusts, but the economic circumstance changed significantly in the interim.

On October 31, 2006, the government reluctantly but responsibly and courageously did what had to be done. In the best interest of Canada's capital markets, and our business and industrial environment and structure and its future viability, the government changed the rules.

Honourable senators, that is that. The decision has been made and Bill C-52 and Budget 2007 confirm this: It cannot and it will not be revised at this time in that regard.

Honourable senators, as I have said, Budget 2007 is fair and, indeed, generous. It contains more than the equalization formula and more than measures affecting income trusts. It is a good-news budget which also deals with the environment, with health care and with the onerous tax burden on Canadian families. This budget is about helping families. It is also about achieving our country's full potential as a modern, ambitious and energetic Canada ready to take on the world.

Honourable senators, I ask you to look at what Budget 2007 really does. It reduces the tax burden on working families again, in addition to Budget 2006. As promised, it helps to preserve and protect our environment. It addresses issues of climate change. It contributes to modernizing our health care system.

How, you may ask, has the government been able to accomplish these important goals in Budget 2007. It is because we are building upon a strong foundation, honourable senators. Our economy is strong. Indeed, our economy is thriving. It is a great time for Canadians. It is a great time to make these important changes. Our unemployment rate is at the lowest in 33 years and our fiscal situation is the strongest in the G7. Our budget is balanced. We are paying down our national debt. We are lowering taxes. We are on a roll.

With these fundamentals firmly in place, Canada's government is strongly positioned to take the next steps of its Advantage Canada program designed to build the Canada that we will be proud to pass on to our children and to our grandchildren.

Honourable senators, these next steps are contained in Budget 2007. Indeed, the budget measures being implemented here via Bill C-52 today will result in nothing less than a stronger, safer and better Canada.

Canadians told us they wanted lower taxes. Canada's government wants that, too. You notice it is "Canada's government" when I am speaking. Canada's government has said all along and it continues to say and acknowledge that Canadians pay too much tax.

[*Translation*]

We pay too much tax! Enough is enough, honourable senators.

[*English*]

Canada's government took action, first of all, in Budget 2006 in this regard. These efforts are continuing in Budget 2007 through the tax-back guarantee and through a variety of major tax reductions.

In last November's update, Minister Flaherty promised Canadians that they would benefit directly from debt reduction. How would that be? Canadians will benefit with the tax-back guarantee. Lower debt will mean lower interest payments which, in turn, will mean lower taxes. This means that every dollar saved from lower interest payments will be returned to Canadians through personal income tax reductions.

Honourable senators, that means there is more money staying in Canadians' pockets and less money lost to interest payments. Budget 2007 also provides other significant tax relief with a particular focus on supporting working families and children.

Bill C-52 proposes the working families' tax plan, a four-part plan to help Canadian families get ahead. The tax savings from this plan will give families the flexibility to put extra money toward whatever they need: New shoes or clothes for their children, a new bike to go riding in the country with Aunt Suzie, sports equipment so you can play badminton or what have you. It is their choice.

The plan starts with the introduction of the new $2,000 per child tax credit for children under the age of 18. Honourable senators, this new child tax credit will benefit about 3 million Canadian taxpayers. What is more, it will take up to 180,000 low-income Canadians off the tax rolls and provide more than 90 per cent of tax-paying families with the maximum benefit of $310 per child.

• (1530)

Honourable senators, the third part of the Working Families Tax Plan proposes to help parents across the country who are struggling with the cost of post-secondary education. Bill C-52 helps parents save for their children's education by eliminating the $4,000 annual limit on Registered Education Savings Plan contributions and increasing the lifetime limit on those contributions for the first time since 1996, from $42,000 to $50,000.

The bill also increases the maximum annual amount of Canada Education Savings Grant that can be paid in any year to $500 from $400. If there is unused grant room from low contributions made in previous years, the amount increases to $1,000 from $800.

The fourth part of the Working Families Tax Plan addresses the needs of our growing seniors population. We know that seniors on a fixed income are often forced to make choices to get by. The government wishes to help them. Bill C-52 helps by raising the age limit for RPPs and RRSPs to 71 from 69. This measure will help Canadian seniors and pensioners, including us, plan for our and their retirement.

Bill C-52 also enacts the first part of the Tax Fairness Plan announced last fall by the Minister of Finance. This plan delivers over $1 billion in additional tax savings annually for Canadian pensioners and seniors. The plan, which increases the age credit amount and allows pension income splitting, builds on previous tax reductions provided for pensioners in Budget 2006 and will significantly enhance the incentives to save and invest for family retirement security.

The age credit is a special federal income tax credit for Canadians 65 years of age and over. Under the Tax Fairness Plan, the amount eligible for the age credit will be increased by $1,000, to $5,066. As a result, lower- and middle-income seniors will receive up to $150 of additional income tax relief for the 2006 tax year. Lower- and middle-income senior couples will receive up to $300 for 2006 in additional relief.

With regard to pension income splitting, starting in 2007, Canadian residents who receive income that qualifies for the existing pension income tax credit, which the government increased in Budget 2006, will be permitted to allocate to their resident spouse or common-law partner up to one half of that income.

Pension income splitting represents a major positive change in tax policy for eligible Canadian pensioners. It recognizes the special challenges of planning and managing retirement income by providing targeted assistance to pensioners.

In total, $675 million of tax relief is anticipated under the pension-splitting measure for the 2007 year.

Looking ahead, honourable senators, Canada's government will continue to look for ways to provide additional tax relief and a fairer tax system across the board for individuals and businesses in this country.

As honourable senators know, the environment is an area of particular concern for all Canadians. Canadians, all of us, are proud of our country, the one we have built together, the most beautiful country in the world. We must preserve and protect our lands, our ecologically sensitive lands, our water and our air. With that goal in mind, Budget 2007 invests $4.5 billion to clean our air and water, reduce greenhouse gases and combat climate change, as well as to protect our natural environment.

In combination with investments since 2006 totalling over $4.7 billion, the resulting investments total over $9 billion. This illustrates the depth of the commitment by our government to ensure that Canadians have cleaner air and water.

Bill C-52 takes an important step in that direction. It provides more than $1.5 billion in the Canada ecoTrust for Clean Air and Climate Change for initiatives undertaken by provinces and territories to support clean air and climate change projects.

Bill C-52 also provides for measures that will strengthen conservation of sensitive land and species and preservation of our cultural and national heritage.

A strong and effective health care system is also of prime importance to all Canadians. We all cherish our health care system, and the government of Stephen Harper aspires to strengthen it. That is why Budget 2007 provides for a total of $1.4 billion in new health care investments, as well as continued increases in health transfers. Our government will transfer close to $46 billion in health care funding to the provinces and territories over the next two years.

In order to modernize our health care system, Bill C-52 invests $400 million in Canada Health Infoway, an organization that is making significant progress in working with provinces and territories to implement electronic health records. This initiative will help reduce wait times, reduce the risks of medical errors and lead to better health outcomes.

Furthermore, the government wants to support all provinces and territories as they move forward with their commitments to implement Patient Wait Times Guarantees. To that end, Bill C-52 provides for funding of up to $612 million.

As I said at second reading, Bill C-52 provides $300 million to provincial and territorial governments, thereby enabling them to introduce cervical cancer immunization programs.

Honourable senators, as I said at the outset, this bill responds to the priorities of all Canadians by cutting taxes, preserving our environment and modernizing our health care system — in addition to, as I said earlier, addressing the vexing problem of the fiscal imbalance across this land.

Honourable senators, I am proud to be the sponsor of Bill C-52, and even more so after participating in this week's hearings at the Senate National Finance Committee. This is a fine budget. It stands up to scrutiny. It is good for all Canadians. It restores, as I say, the fiscal balance, which was in an even worse shape than I had realized before Bill C-52.

Therefore, honourable senators, I ask you all to come together, as we are at June 21, and pass this bill quickly unamended so that Canadians can fully benefit from all of these positive measures.

Hon. Lowell Murray: Would the sponsor of the bill accept a question?

Senator Angus: Yes.

Senator Murray: I know my honourable friend would not want to inadvertently mislead us as to the position taken by Premier Calvert.

The premier did state that the budget would pass. However, on the specific question of amendments when it was put to him, Premier Calvert acknowledged our prerogative to amend the bill if we so desired. He went so far as to speculate that we might pass amendments that would please him.

Premier MacDonald, of course, suggested amendments. Mr. Crosbie drafted an amendment. I am not aware of any other witnesses, even the Minister of Finance, come to think of it, who told us we must pass the bill unamended. Does that accord with my friend's recollection?

Senator Angus: Let me put it this way: I am urging honourable senators to pass this bill unamended. I can even point out chapter and verse as to how the amendments — I will do so if asked later — being discussed as we speak are not actually doable within the terms of reference before us.

Senator Rompkey: I also want to join with my colleague in thanking the members of the committee. First, I wish to thank our chair, who did an admirable job of chairing the proceedings. I also wish to thank the clerk of the committee and all those who served us on the committee. I want to thank the members of the committee. I even wish to thank Senator Angus, who did his homework and defended this terrible budget as best he could.

I want him to know that he has my deepest sympathy and that I will urge all my colleagues not only to amend this budget but to get rid of it, because it is one of the worst we have ever seen.

• (1540)

I want to thank my own colleagues, who spent a great deal of time and exhibited a great deal of patience with us from the Atlantic, because it is no surprise that Senator Angus started his remarks on the Atlantic accords and I will address that issue as well.

Many of our colleagues were patient with us and supported us because they knew how important that issue was to us.

I want to reflect on some of the things that went on in committee. First, there were some good things in this budget. Senator Angus has identified some of them.

For example, the Rick Hansen Foundation had funds for further research and there was a list of organizations that received similar funds, one-time disbursements to help with research. They did not do everything we wanted. Senator Munson will be displeased that they did not address autism, but they did address many concerns of Canadians and they must receive marks for that.

I too recall the testimony of the representatives of the income trusts who came before us, and none of them were happy, whether they were corporate representatives or individuals. None of them were happy with what happened to them and with the amount they lost. They asked for a period of grace, a period in which the whole issue could be discussed to see if some accommodation could be found that would ease the pain that people felt, particularly old people, in losing some of that money. I hope that the government will listen to that request and respond appropriately.

Other colleagues of mine, I am sure, will address the issue of equalization and the issue of the transfers in health and education. Senator Moore has led the charge in that regard, and I hope he will talk to us about what this budget does in terms of the Atlantic Provinces, and in particular, to his own province of Nova Scotia,

on the question of health and education transfers. I am sure Senator Ringuette will be on her feet about the equalization measures.

Those issues will be dealt with, I have no doubt. I will not deal with those measures; I will leave it to them to do that.

What is not in the budget is important too. There is no money in the budget for literacy. Senator Fairbairn and many others have led the charge to restore those funds that were taken away. They are not there. Literacy is a foundation stone for education in this country. Illiterate people should be helped to contribute to our economy. We need to start at the beginning and the beginning is literacy. There was no money in this budget for that.

There was no replacement of the daycare program. That issue is associated with the question of literacy. There is an old saying: As the twig is bent, the tree is inclined. If we do not help young people in the early ages, they will suffer and we will not have the kind of product that we need when they are older. There was nothing in the bill to address the cause of young and younger people in this country. Dr. Fraser Mustard has told us what an abysmal record Canada has on early childhood education, and there was nothing in this budget to deal with that issue.

There was great talk today. Minister Prentice must receive marks for beginning to address the situation in which Aboriginal people find themselves in this country. Chief Phil Fontaine has done that and he is right. He is beginning to address that. However, it is a terrible situation. I do not see any money to help what Minister Prentice wants to do because he wants to speed up land claims. There may be legislation coming, but there is nothing in the budget to indicate that is a priority for the government, or that they are willing to put any money behind it.

To solve the Aboriginal problems in this country, you must start with land claims. There is a long list. Even with your new mechanism — I am sorry, Senator Segal, I was speaking and I could not hear you because of the sound of my own voice. Would you mind repeating the question?

To solve the problem, you must start with land claims. There is a long list. Aboriginal people in this country want control. They want compensation for what has been done to them. Harm has been done to them by our society over the decades. They want compensation for that, but they also want control, a mechanism whereby they can achieve some self-respect, self-determination and self-reliance. That is what must be done and that must be done through land claims. They must be masters. That must be done through land claims and there was nothing in this budget to show that land claims are a priority for the government.

I want to talk about the Atlantic accords. I want to read into our record some of the testimony that we heard in committee, because I think it is relevant and it speaks to the fallacious and specious arguments put forward by Senator Angus. They certainly were not disingenuous, but they were "disingenious."

I want to quote from Premier Rodney Macdonald. He said:

> I will be brief and I will be blunt.
>
> The federal government's efforts to tear up the 2005 Canada-Nova Scotia accord are not only extremely harmful to Nova Scotia, but they do great damage to the reputation of the Parliament of Canada. They fuel public cynicism, create regional divides, and cast a dark shadow over the future of our federation. How? By demonstrating to Canadians that the word of their government is to be questioned and the contracts it signs on their behalf not worth the paper they are written on. These are strong words, I know, but they are words that cannot be challenged when you examine the evidence in black and white, taken against the standard of honour, integrity, or legitimate concern for the national good.

These are important words for us here in this chamber as we conduct our business. Senator Tardif said today that we were trying to return to that situation where we treated each other in a gentlemanly manner in this chamber with those values, I suggest. Taken against the standard of honour, integrity, or legitimate concern, they fail.

Premier Macdonald went on to say:

> Let there be absolutely no misunderstanding. The Canada-Nova Scotia offshore agreement is very clear. There is not a lick of ambiguity in the wording and not a speck of doubt about its intent. The accord was expressly written and specifically designed to support Nova Scotia's efforts to grow its economy and to become self-reliant and, over time, self-sufficient. Let there be absolutely no misunderstanding that the federal budget, Bill C-52, is also very clear. Again, there is no lick of ambiguity in the wording and no speck of doubt about its intent. It was intended to appeal to vote-rich areas of the country by rendering null and void signed agreements with Nova Scotia and Newfoundland and Labrador, agreements that are not widely popular with either the federal Finance Department or those who mistakenly believe that Atlantic Canada got something special.

Mr. Chairman, those are some of the indisputable facts and the reason I am here today. I would now like to address some of the urban myths spinning out of the Prime Minister's Office and the office of the Minister of Finance.

Prime Minister Harper and Minister Flaherty have repeatedly stated that "not one comma of the accord has been changed and it remains in its original pristine form." Again, that is absolutely not true, and they know it. The federal government has unilaterally wiped out an entire clause of the agreement — in fact, the most important clause of the agreement, clause 4. The accord, post-budget, is nowhere close to being in its original form. In fact, for all intents and purposes, it does not exist any more. If Bill C-52 passes through the Senate chamber without amendment, the final nail will be driven into the casket that holds the Atlantic accord.

• (1550)

Clause 4 of the accord guaranteed Nova Scotia that it would never have to make that choice. That is the important thing.

We will go on to what the accords were supposed to accomplish, but they were lawful agreements signed between two levels of government. They were a solemn contract, the same as the Upper Churchill contract that my province signed with Quebec. We cannot break that contract. It is a contract; if you

break it there are penalties. This is a contract signed between two sovereign levels of government. Bill C-52 abrogates that contract, and it is wrong and should not be done. That is what the government is attempting to do.

In his testimony before the National Finance Committee, John Crosbie said that he came here as a Conservative, and he was still going to support the Conservative Party. He said what had been done was wrong, and he disagreed with what the government did.

John Crosbie needs no introduction to anybody, and I can tell you that in my province John Crosbie is an iconic figure and has an immense amount of respect because he has gone through some good times, but he has also gone through some hard times, and he escaped with courage, determination and wit.

John Crosbie said:

> I want to make my position clear: I am firmly of the belief, as are a great many people, that these accords had been breached by the present legislation that is before you. These are accords that were entered into by provincial and federal governments. The accords state that they are not to be amended without the consent of both parties.

It is written into the accords that they are not to be amended without the consent of both parties. They are legislation; they cannot be amended without the consent of both parties. There is no doubt that the intention, and the main purpose of the accord was to ensure that Newfoundland and Nova Scotia became — and this is important — the primary beneficiaries of their revenues from the offshore resources.

John Crosbie said that the federal Department of Finance website confirms that on February 14, 2005, the arrangement was reached built on the 1985 accord for a time-limited period providing 100 per cent protection from equalization reductions resulting from the inclusion of the offshore resource reference in the equalization program. This was in recognition of the unique economic and fiscal challenges facing the province.

Mr. Crosbie says that the Government of Canada is admitting this. Of course it is. In committee, Mr. Crosbie said:

> It is very discouraging that the disputes about the accord frequently get mixed up with equalization. The subject that you are considering and that is of controversy at the moment are these accords. Equalization is incidental to the accords. All this complicated debate goes on about equalization, which I am sure the federal government feels confuses the public sufficiently so they do not consider the real issue. The real issue is that a bilateral agreement entered into by two provinces with the Government of Canada has been breached by the Government of Canada contrary to its terms.

I will not read all of what Mr. Crosbie said because he went on at length. I think we have the gist of what he is talking about.

Premier Calvert said one important thing that is important for us to consider. Premier Calvert said that if we cannot get the benefit of these resources, it is just as well to leave them in the ground and exist on equalization.

Newfoundland and Labrador is in the same boat; we have accords, but we really are in the same boat as Saskatchewan when it comes to the return on resources. If you cannot develop your resources and get the return from those resources because of the equalization program, you might as well leave them in the ground and stay where you are; stay stuck forever in your place in Confederation. It is important for us to listen to Premier Calvert on that issue.

I want to tell honourable senators a little bit about the history of Newfoundland and Labrador, which is important to understand. We are a very old people; we have been there for about 500 years. Britain always considered Newfoundland to be a great ship moored in the middle of the Atlantic from which they fished. Cod was King; they sold it all over the world. There were merchants in West Country, England, who had vested interests in nobody settling in Newfoundland, and certainly nobody starting enterprises in Newfoundland.

Unlike other places like Nova Scotia, P.E.I. or New Brunswick, there never was, on behalf of Britain, an attempt to colonize, to form an economic colony in Newfoundland. As a matter of fact, we were discouraged from settling, so people jumped ship and settled in all the little bays and coves and hid away and did the best they could.

Over time, things changed, but in the beginning we were never intended to be a settled colony. As a result, we have had a great deal of difficulty over the years in dealing with that. If you have a resource like cod, like fish, it is difficult to survive because markets go up and down, prices go up and down; there are all sorts of factors. We do not have any farmland or any rich manufacturing centres of excellence. We had fish. That fish is now gone. People are leaving.

Over the past 15 years, 1.5 million people have left the province. Do you know who they are? They are young, educated people. We are exporting brains to the rest of Canada like never before. Our population is now about 500,000, and is heading very quickly for 400,000.

Over the period of time when we started to form governments, we did, but they were not very good governments, I must say. We were the authors of our own misfortune, in many ways. The Second World War saved us, and because of the American bases and the war effort, we entered Confederation in 1949 with a surplus of about $40 million.

We decided to join Canada with a very close vote; 52 to 48 per cent. Not everyone thought we should join Canada. The case was made very forcefully and well by Mr. Smallwood that this would be the best option, and 52 per cent of the population voted with him. We voted to join Canada to try to improve our situation. We could have voted to stay independent, as we were. At that time we were a dominion, equal in status to Canada. We were part of the British Commonwealth and were a dominion as a result of the Westminster Act of 1931.

Forty-eight per cent of the people voted to maintain that status, but they were outvoted by 52 per cent of the population. It is interesting to speculate as to what would have happened if the vote had been the other way. As a result of that vote we brought

oil and gas with us into Canada. Nova Scotia was part of the original compact. Those resources in Nova Scotia were Canadian from the very beginning. When we joined in 1949, we brought those resources with us, as we did the fisheries resources. If we had not joined, had stayed independent, we would have kept the resources with us. Had we had governments that saw the light and signed the Law of the Sea Convention in 1978 or 1979, we would have had a 200-mile limit and would have owned those resources under the sea. However, by an act of history, the sea covers those resources of oil and gas under the water as they do not in Alberta. It is an accident of history.

• (1600)

I point that out because, as provided for in the Constitution, resources all over Canada belong to the people who live over them. By an act of history, our resources are put into question. When we joined Canada, we brought those resources with us, and we want to benefit from them. We have a window of opportunity now, as Premier Calvert and Premier MacDonald both said, because we are now in the same boat. We all have a debt that we are trying to pay down. We all have infrastructure that we are trying to improve. We all have education that we are trying to provide to our people to make them better and more productive Canadians and to contribute to this country. That is what we are trying to do.

Senator Di Nino figured that out yesterday. He bought, if I understood, what Premier Calvert was saying, that they wanted to sell the resources to make some money to reinvest to ensure that the province benefited in the long term. Senator Di Nino, as I understood his reaction to Premier Calvert, understood that and thought it was a reasonable objective to be able to do that, to be able to stand on your own two feet in Canada.

However, if we cannot keep the revenues from those resources, we will have nothing to invest, and we will be stuck because those resources will run out. We are not talking about hydroelectric power here; we are talking about oil and gas resources, and they are finite. If the opportunity is not taken to create a future for yourself, whether you are in Nova Scotia, Newfoundland and Labrador, or Saskatchewan — if you do not take advantage and use those revenues to create a future, you have not got a future and you are stuck. You are a have-not forever.

Prime Minister Harper, before he became Prime Minister, recognized that and asked why some automatic cap should ensure that the Province of Newfoundland and Labrador and the Province of Nova Scotia remain have-not provinces forever. Why should that happen? He thought that before he became Prime Minister, but he has obviously changed his mind since.

That is what we want to do, and this budget prevents us from doing that. It changes the accord. Both Nova Scotia and Newfoundland and Labrador were supposed to get the revenues. Under the accord, we were supposed to be the principal beneficiary. That money was supposed to flow to the province.

If a province makes $1 on oil and gas but then that $1 is clawed back in equalization, it is analogous to being on a treadmill — going nowhere, stuck. That is why we bump up against the equalization program. However, under the provisions of the accord, in spite of the equalization program, we were to keep our oil revenues, because they are ours. However, this budget abrogates that agreement. That is what is wrong with it, and that is why it has to be changed.

Honourable senators, we want to pay down our debts. We want to build our infrastructure. We want to educate our people. We want to develop new enterprises. We want to build the Lower Churchill, and we want to become a contributor to Canada. That is why this pernicious budget must be amended; it is my hope that we defeat it.

Some Hon. Senators: Hear, hear!

Senator De Bané: Bravo!

Senator Murray: Honourable senators, the honourable senator has made a wonderful speech. I congratulate him on that.

I have one question to clarify the situation with regard to legal ownership of the offshore resources off Nova Scotia. I recognize that there was a Supreme Court of Canada decision in the case of Newfoundland and Labrador. My recollection is that Nova Scotia, for its part, and Canada, for its part, in 1982, decided to set aside their respective legal claims and entered into the agreement of 1984 between the then Trudeau government and the Province of Nova Scotia. However, Nova Scotia has never renounced its legal claim.

Senator Rompkey: I am sure the honourable senator knows more about the Nova Scotia situation than I do. However, in our case, the question of ownership was put aside. I thought that was a very Canadian way of doing things. Let us not consider the legal question of ownership. Let us ensure that the principal beneficiary is the one who lives closest to the resource and thus the one that should benefit from it. That is the main point.

As I say, I am not as familiar with the Nova Scotia accord as I am with my own. It was certainly the case for us that ownership was put to one side while the arrangements were made to flow the money as the accord dictated.

Hon. Gerry St. Germain: Honourable senators, my question is to the Honourable Senator Rompkey, whom I served with in the other place. Historically, one of the honourable senator's hallmarks has been fairness, in anything he has done.

My question is for clarification. The honourable senator has excellent knowledge of the workings of the other place, Treasury Board and so on. His knowledge is only exceeded by his eloquence.

With regard to the specific claims to which the honourable senator made reference that the Minister of Indian Affairs and Northern Development has initiated, in the spirit of fairness, the chronology of events would have prevented the minister from pre-empting anything because the study that emanated from this place that was acted upon by the government was not in place at the time this budget was being drafted. Any funding would have to be attached to a piece of legislation.

The honourable senator is familiar with the fact that Treasury Board rules would prevent just setting out blocks of money that are not attached to any legislation. In all fairness, surely a man of

Senator Rompkey's experience and understanding does not want the record to show that the government failed when in fact I firmly believe the government will take the action in the future that it could not take at that particular point in time because the legislation that would cover this initiative is not in place. It is merely a cabinet document at this time.

Senator Rompkey: That may very well be, but certainly signals could be sent.

Senator Stratton: I think they were.

Senator Rompkey: This issue is not new. We have had Kelowna. As to whether it is an accord or a press release, there seems to be debate on both sides of the chamber as to that. Certainly, this issue is not new. It is an issue that has to be addressed. Some signal could have been given in the budget with regard to that, but, as far as I can tell, it was not.

Hon. Elaine McCoy: Honourable senators, I am delighted to speak to Budget 2007 today. Like Senators Angus and Rompkey, I congratulate the government on getting many things right in this budget. There are, indeed, spending plans of a generosity that we have not seen since the Liberal government. It is good to see some of those.

I should like to mention, in particular, the spending on universities. As Senator Keon pointed out yesterday, innovation is to be encouraged and is lacking in this country. Universities, colleges and technical schools are important incubators of future prosperity for our country. Anything that can be done to support those institutions is to be encouraged.

• (1610)

Honourable senators, I rose to speak on two subjects today — one very briefly and the other at greater length. I, too, wish to speak to the effect of Bill C-52 on the Atlantic accord and on Saskatchewan.

I am hoping that some of my colleagues, either from Saskatchewan or from Atlantic Canada, whose regions are so blatantly and adversely affected by these provisions, will bring forward amendments. If amendments are brought forward, I certainly will support them.

I do that as an Albertan. Although the analogy is not perfect, I regard the effect of Bill C-52, in many ways, as similar to the National Energy Program. I certainly have sympathy for those Canadians in other parts of Canada whose hopes for the future are being dashed or, at least, being put at risk.

I also wish to make this comment, honourable senators: The aftermath in Alberta of the National Energy Program has been long-abiding anger and resentment. It has led to disruption; it has led to splinter groups like the Reform Party; it has not led to the greater unification and confederation of our great country.

It has been just over 25 years since that program was put in place. The resentment is only now diminishing, as the younger generations grow older, as in-migration has come and as some of us have gotten over our anger — although other leaders active in our country right now are holding on to the anger that was brought about by the National Energy Program. I would not want to see a similar situation come to the boil again, whether it be in Atlantic Canada or in Saskatchewan.

From a nation-building perspective, as an Albertan I will support an amendment, if one is brought forward, for the good of our country.

Some Hon. Senators: Hear, hear.

Senator McCoy: The issue of income trusts, honourable senators, is also an issue very dear to many of us in Alberta. Many Albertans have spoken to me about this issue, both in person and through my website on my blog, as well as witnesses who appeared before the Standing Senate Committee on National Finance in the last few days.

The provisions in Bill C-52 remind me in many ways of that wonderful story about Einstein — a story some of you may have heard. After Einstein boarded a train, he was approached by a conductor for his ticket. Einstein started searching all over for the ticket, but he could not find it. The conductor said, "Dr. Einstein, it is all right. I recognize who you are. I trust that you did buy a ticket. Do not worry about it." The conductor then left to collect tickets from other passengers.

As he looked around, the conductor realized that Dr. Einstein was down on his hands and knees, scrambling around at the bottom of the seat, trying to find his ticket. He went back and said, "Dr. Einstein, please, it is not an issue. I trust you. I know who you are." Dr. Einstein looked up at him and said, "Young man, I, too, know who I am. I am just trying to figure out where I am going."

The provisions on income trusts in this Bill C-52 strike me in the same way: The government certainly knows who they are but they do not really know where they are going.

As just one illustration one of our income trusts, an energy income trust in Alberta is very close to putting into effect a merger with another trust. As is the practice, one goes to the CRA, the Canada Revenue Agency, for an advance tax ruling on their situation as it pertains to income trusts. The officials at the CRA said, "I am sorry. We will not give you an advance tax ruling." CRA said they would not because they did not know what the rules are and they were unwilling to speculate.

Honourable senators can imagine the effect of that on the financial forward planning of any business organization. It is an impossible situation to put an organization in; however, it is also an impossible situation to put the officials of the Canada Revenue Agency in. There are no rules; there is no clarity; no one knows where they are going.

It is amusing to listen to the hyperbole on this subject. There are allegations, factoids and quasi facts being thrown around. There are positions being taken on assumptions that have not been proven. There is direct evidence of those who are in the business being denied by those who are not in the business; they are in government and do not know what it is like to be in the business.

There are people I know, and you know, who have actually lost money from their pockets — senior citizens who were relying on this income for their retirement years. Others have regained some of their losses on the market, so it is not an entirely black picture. However, the whole situation is one of total confusion.

Any number of solutions could be brought forward. There have been many suggestions as to sensible ways to resolve whatever issue moved the government in the first place. It was, of course, tax neutrality between a shareholder and a unit holder. There are many ways to solve that problem, some better than others, but not one of those solutions is being given a full hearing.

Another income trust fund representative told me that it took them months to get an audience with the Minister of Finance. He gave them 20 minutes, but he used up 18 of those 20 minutes haranguing them as to why he would not change his mind and would not listen to whatever they had to say. There is absolutely no avenue for a sensible path forward for Canadians, whether they are on the business or investment side or in the government, to find a reasonable solution.

Honourable senators, I would very much like to see the whole set of provisions on income trusts taken right out of Bill C-52 and dealt with separately. Had that been done, Canada and Canadians would have been better served.

I do recognize, however, that there is a bit of a time warp caused by the late delivery of the budget to us. Honourable senators, I have respect for the institutions of this country. Therefore, I want to put forward a non-substantive amendment to Bill C-52, an amendment that will address the issue by giving more time for those who know something about this issue to get together over time.

MOTION IN AMENDMENT

Hon. Elaine McCoy: Therefore, honourable senators, I move, seconded by Senator Banks:

> That Bill C-52 be not now read a third time but that it be amended in clause 13 by replacing line 18 on page 20 with the following:
>
> "(a) 2017, and";
>
> And that it be amended in clause 24 by replacing line 10 on page 33 with the following
>
> "(a) 2017, and".

The effect of these amendments would be to lengthen the period of adjustment, the transition period, from four to 10 years, which, I am told by those who have much knowledge of these matters, including Dr. Mintz, is a reasonable period for an adjustment period to be introduced by a government when they are making a fundamental and major change in the taxation laws of our country.

• (1620)

The Hon. the Speaker: Debate, honourable senators?

Hon. Tommy Banks: Honourable senators, I am honoured to second Senator McCoy's motion. I intend to vote in favour of this budget for reasons that I will discuss later, perhaps, but are unimportant in the scheme of things. However, speaking to the amendment moved by Senator McCoy, she quite correctly described the situation and the necessity, appropriateness and practicality of permitting that segment of an important industry in Alberta and of unit holders in the companies that operate in that industry across the country to have a transition time that is longer and of a more traditional length than the one contained in the present bill.

It is no secret to honourable senators that many people of my age have relied upon income trusts. I parenthetically observe that I do not hold any income trust units in any concern. That makes me lucky in some respects. However, many of those folks relied upon the undertakings of successive governments that those units would be there for the benefit of their retirement, their old age and their capacity to continue to live comfortably. We all have heard those complaints from such people.

At the same time, I want to say that this is important for me. Senator Angus is quite right when he said that the present government looked at the situation with respect to income trusts and the situation had changed. There was what appeared to be an avalanche coming at us of otherwise equity-based stock companies that would be moving in the direction of income trust, which could have an unsettling effect on the fisc.

If I may use a metaphor, this government, the previous government and the government before that had permitted some people, quite within the law, to build a fortress to protect themselves from the tax man. When it became apparent that the capacity of it would be something that would put things out of kilter, the government undertook in this case to man the fortress and to shoot anyone trying to get inside and, in the process, to shoot anyone inside the fortress at the same time. I agree that something needed to be done and I believe that a Liberal government would have had to do something. It looked at it and decided not to do anything under the circumstances that obtained then, but I believe that a government probably would have had to do something.

The question does not boil down to whether or not anything was done, but rather how it was done, the way it was done and the effect that it has had. The government has used a sledgehammer to kill a fly and has been unable or unwilling to demonstrate with any veracity the reasons for its action. The information with respect to the calculations and the figures upon which that decision was based has not been forthcoming except in page after page of black lines.

This is the minimum that could be done to correct that shortcoming. The effect of this amendment would be, as Senator McCoy has said, to extend the transitional time from four to 10 years. If passed, the amendment and the bill would have the effect of moving to 2017 the date on which the new regime would come into place.

As Mr. Jack Mintz pointed out in his testimony before the committee on Tuesday, the Department of Finance has for decades provided lengthier transition periods than four years when it is undertaking to make major changes in the tax structure such as this. While this would not fix everything and would not treat those old folks in the fort fairly, at least it would allow a more reasonable transition time.

Therefore, Senator McCoy's amendment has considerable merit and I commend the attention of honourable senators to it.

Hon. Claudette Tardif (Deputy Leader of the Opposition): Honourable senators, I have consulted with the other side and with the table and, with leave of the Senate, I would request to all honourable senators wanting to propose an amendment that the amendments be stacked in order to facilitate the debate.

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

Hon. Senators: Agreed.

Hon. George Baker: Honourable senators, this is the second amendment for stacking. The amendment that I am about to propose, as honourable senators know, was proposed by the former federal Minister of Finance, the Honourable John Crosbie, a famous member of the Progressive Conservative Party of Canada and someone who declared to the committee that he supports the Conservative government in everything they do here in Ottawa except in respect of the proposed amendment I am about to put forward.

The Premier of Nova Scotia, the Honourable Rodney MacDonald, another famous Progressive Conservative from eastern Canada, appeared before the committee and put forward the same amendment in substance as put forward by John Crosbie and his economists.

Honourable senators, I know that some people frown upon the Senate amending bills that originate or are approved in the House of Commons. It is generally accepted that only in extraordinary circumstances would the Senate put forward amendments to proposed legislation that has passed in the other place. Honourable senators, it is similar to the system that we have in effect in law and in all of our adjudications that are done through tribunals throughout this country as established in law. In other words, appellate courts of this country do not retry the case. The decider of fact is the trial judge. The Court of Appeal does not retry the case, but mainly gives judgments on questions of law. The Supreme Court of Canada does not retry a case, although it can overturn a case on the basis of law alone upon application. That is what I intend to do. There are other senators in this chamber from Atlantic Canada and from the North who believe that this bill before the Senate is a question of law.

Honourable senators, the law that we refer to includes the agreements made with Newfoundland and Labrador and with Nova Scotia many years ago. It started as a memoranda of agreements. I have now before me the Atlantic accord.

• (1630)

Section 60 states:

> Except by mutual consent, neither government will introduce amendments to the legislation . . .

The same thing applies in Nova Scotia. The legislation followed. Of course, we all know the importance of putting something in legislation.

The Senate spent a considerable amount of time trying to figure out a way to get the United Nations Convention on the Rights of the Child into domestic law in Canada. Why did the Senate look for a means of doing that? It was because we were faced with decisions of the Supreme Court of Canada, such as that of *Baker v. Canada*, 1999, in which the Supreme Court passed judgment, and recently referred to in *Alexander v. Canada*, 2005, paragraph 42 of which reads in part:

> . . . the Supreme Court held that while the Convention has not been incorporated into domestic law, so that its provisions "have no direct application within Canadian law". . .

The Supreme Court of Canada case they referenced was direct. It said that treaties and conventions are not a part of Canadian law unless they have been implemented by statute. That is at paragraph 69 of *Baker v. Canada*, 1999.

We came to the conclusion on that committee and the committee that followed that we must find some way of making it domestic law in Canada. That is what those provinces did. They had agreements signed that said that neither side will change this agreement or amend the law that is to follow. The implementation acts were brought in. First was the Implementation Act for the Province of Nova Scotia, 1988. What was put in that law? There was a provision, section 7, "Amendment of Accord," that said that the Government of Canada may, jointly with the government of Nova Scotia, amend the accord from time to time.

The Newfoundland act even went further. The preamble reads:

> . . . neither Government will introduce amendments to this Act . . . without the consent of both governments.

They then went even further than that and said that this is our law, on the Department of Justice website, in Westlaw Carswell and Quicklaw. It is the law of the country today. They said in section 4, as they covered it off the same way in Nova Scotia:

> In case of any inconsistency or conflict between
>
> (a) this Act . . . and
>
> (b) any other Act of Parliament that applies to the offshore area or any regulations made under that Act,
>
> this Act and the regulations made thereunder take precedence.

That law was passed in 1987 and 1988, in the laws of Canada and in each one of the legislatures of Nova Scotia and Newfoundland.

What happened? We now have an act here that unilaterally changes all that without the permission of the provincial governments concerned. Worse than that, senators; they turned around in this act before us today and they unilaterally changed another act. Honourable senators will recall that the accord was the Mulroney government's, with John Crosbie, the provincial premier Brian Peckford, and the great William Marshall, who became a member of the Court of Appeal in Newfoundland, an outstanding and brilliant Newfoundlander. They were Conservative governments.

Then we came to the Liberal government of Paul Martin, and we had an act of Parliament passed that was also passed in each of the legislatures. There is chapter 30 of the Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization

Offset Payments Act, which gave the same guarantees because they amended the implementation acts of the accords, and they even went further. They said that any amendment or alteration made in the regulations must also be with the approval of both sides.

Along comes this act, and this act changes unilaterally that act as well. What does one do, honourable senators? They can violate treaties; they can violate agreements; and they can violate election promises. There is much case law on that. They can tell a lie during an election; or perhaps not a lie, because it would not be intentional. It is a fib. They can tell a fib during an election, according to case law, and get away with it if they are sued.

The Province of Saskatchewan is going to court. The premier of Newfoundland is objecting on the basis of the letter that he received from the Prime Minister that said that non-renewable energy resource revenues would be excluded from the equalization formula. We all know about that, but that is not what we are talking about here. We are talking about something that has been enshrined in law, which cannot change because in those federal laws there is a provision that says changes must have the approval of both sides, and if there is a change, then that existing law shall prevail. I read it to honourable senators.

What does the Senate do? John Crosbie, famous Conservative and the leader of the Conservative Party, made a suggestion to us, and the premier of Nova Scotia, and many of us in this chamber agree with him. If the Parliament of Canada in the House of Commons — and I went through their records and they did not even deal with the question, unfortunately — does not deal with matters such as this, where something contravenes the law so blatantly and remarkably, it is the Senate's position to step in. It is not that the provinces were able to sue the federal government. Perhaps the Prime Minister was only giving his interpretation of what he had been told by his legal advisers, that perhaps this matter should go to the courts for a determination to be made. I think there is a role for the Senate to step in, in these outstanding circumstances, when it is remarkable, when it shocks the conscience of the community, and propose an amendment; that we are duty-bound to say: You cannot do that to two small provinces, or you cannot do that to a minority group or a small group of people. There is not only a signed treaty but it has been put in the law. You say you cannot do it in the law, and you also say that the law prevails if you pass a conflicting piece of legislation.

Honourable senators, the amendment proposed by Mr. Crosbie was acceptable to the Government of Nova Scotia. They were both arguing from the same area, and the legal people drafted an amendment.

MOTION IN AMENDMENT

Hon. George Baker: Therefore, I move, seconded by two great members of this chamber, Senator Rompkey and Senator Mercer, the following:

> That Bill C-52 be not now read a third time but that it be amended in clause 62, on page 66, by adding after line 26 the following:
>
> "(4) Despite any other provision of this Act, in determining under subsection (2) the reduction of the fiscal equalization payment that may be paid to Nova Scotia or the reduction of the fiscal equalization payment that may be paid to Newfoundland and Labrador for a fiscal year, there shall not be included in the computation
>
> (*a*) any offshore revenue, within the meaning of section 4 — in respect of Nova Scotia — or section 18 — in respect of Newfoundland and Labrador — of the *Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization Offset Payments Act*, derived by the province in any fiscal year;

By the way, senators, it has timelines on it. It is not for infinity. Timelines are described.

> (*b*) any amount that may be paid to the province for that fiscal year under the *Canada-Newfoundland Atlantic Accord Implementation Act*; or
>
> (*c*) any amount that may be paid to the province for that fiscal year in accordance with the provisions of the *Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization Offset Payments Act*.".

• (1640)

The Hon. the Speaker *pro tempore***:** Honourable senators, you have heard that that there are two seconders of this motion. We usually have only one. Is leave granted to have two seconders to this motion?

Hon. Senators: Agreed.

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

Hon. Joseph A. Day: Honourable senators, it is my understanding that we are stacking the amendments. It had been my intention to give an overview before going into specifics. I had hoped to speak before Senator Baker.

If honourable senators are in agreement, my remarks will be an overview of what the committee accomplished during the time we had.

As Senator Angus so ably pointed out, we met for almost 14 hours and heard 28 witnesses over the past two days. On my behalf and on behalf of my deputy chairman, Senator Nancy Ruth, I congratulate the committee for dealing expeditiously with this rather complicated bill.

Honourable senators, we dealt with three main issues during the last two days. One was income trusts, which was canvassed by Senator McCoy and Senator Banks. Honourable senators should be aware that real estate investment trusts are exempted from the legislation. We were asked why, if there can be one exception, there cannot be another for energy trusts, which are an important part of income trusts.

Several witnesses recommended moving from four years to ten years. I congratulate Senator McCoy on introducing that amendment. I would like to have seen that proposal come from the government side, because I believe that there are two or three amendments which, coming from that side, would have made this process less contentious.

Several witnesses pointed out that the Prime Minister, then Leader of the Opposition, promised there would not be a tax on income trusts. Individuals and companies acted on that assurance, and they are now suffering significant financial loss due to breach of promise.

That point was also made with respect to Saskatchewan in relation to non-renewable resources, and with respect to Newfoundland and Labrador and Nova Scotia in relation to the offshore agreements. They were assured that there would be no change; yet there have been changes. They were assured that the offshore agreements would be honoured, and there is now no indication that they will be honoured.

Honourable senators, on equalization, Bill C-52 provides the option of opting for 50-per-cent natural resources or 100-per-cent natural resources. Under Bill C-52, Newfoundland and Labrador can opt for the new equalization agreement or accept offshore with a cap. Nova Scotia has the option of doing the same thing. If Bill C-52 is passed in its current form, there is a possibility of at least four different equalization programs operating in this country.

Honourable senators, we could continue this debate for some time. When the Minister of Finance delivered his budget in March of this year, he said that with this budget the debate on equalization is over. I believe that statement was somewhat premature.

Health and social science transfers are another area we discussed. The significant item is the per capita transfer and no longer having the associated equalization in that other form of transfer, which results in a significant change in how much will go to various provinces.

We asked the Minister of Finance and his officials for projections, because provinces are being asked to choose options. We wanted a projection over a number of years on how this choice will play out so that reasoned decisions could be made. We were told that they have never done such projections. They could not give us any projections. We asked how the decision could be made. They said that the provinces must do the projections.

The Atlantic Provinces Economic Council prepared some projections on behalf of the provinces, and Dr. Hobson and Dr. Locke, who made the projections, appeared before us. We asked them what the impact would be of this form of equalization. They said that if Nova Scotia went to the new equalization program proposed in this bill, they would receive $1.4 billion less during the life of the Atlantic accords. New Brunswick would receive $1.1 billion less; Prince Edward Island would receive $196 million less; and Newfoundland and Labrador would receive $1.4 billion less.

Those figures have not been challenged by any of the witnesses we heard from, although we asked them to challenge the figures. We asked Dr. Locke and Dr. Hobson if they had prepared projections for other provinces. They said that they had and that they would produce them for us. They said that those projections show the same pattern for the first two or three years, depending on the province. It gets better under the new program, and then it gets worse. If you go out for a period of five to 10 years, it gets seriously worse, including a significant reduction over the long term for the Province of Quebec. We asked them if they had done a similar type of projection with respect to health and social transfers. They indicated that they had and that they saw the same pattern with the change that is occurring per capita.

• (1650)

Honourable senators, in the short time that I have left, I would like to go through some of the other items in Bill C-52 to counter a misunderstanding that is being perpetrated that this is a money bill. This is not a money bill. Honourable senators heard me speak on a money bill two days ago. I recommended, even though it was a government money bill, that we should support it, and I believe that. This has some provisions from Budget 2007, but it has much more that has nothing to do with the budget. This is an omnibus bill that has several different subjects in it. I will point them out.

If honourable senators are convinced, as I am, that this is not a money bill and is not a budget bill but a bill that has the implementation of some aspects of the budget plus many other things, then there is no reason we should not consider this like any other bill and make the amendments we think we should make to it. It will not cause a constitutional crisis. There is nothing wrong with our making an amendment to this bill. We are not a chamber of confidence. We can make amendments to this bill as we would make amendments to any other bill.

Honourable senators, allow me to go through some of the points. Part 7 of this bill is amendments to the Financial Administration Act. We did not have time to look at this, but it changes the right of government to borrow money without parliamentary approval. There used to be a fiscal year limit of $4 billion if they were short on funds before they came back to get approval from Parliament. That has been deleted. Clause 85 should be looked at. Is it taking away parliamentary oversight of the executive? That is the question I leave with honourable senators. I suggest that it might. I suggest that should be studied.

Part 8 deals with amendments to Canada Mortgage and Housing Corporation with respect to borrowing purposes. Instead of Canada Mortgage and Housing going out and borrowing money and issuing bonds, the government will borrow the money and lend it to Canada Mortgage and Housing Corporation. This is not a money bill issue; it is a machinery of government issue, which is important, but not a money issue.

Part 9 of the bill deals with Canada Deposit Insurance Corporation, bankruptcy and insolvency. With all of these different provisions, honourable senators will see there are definitions of eligible financial contracts. If one looks at page 105 of this bill and the various definitions within this of eligible financial contracts, one will see a definition of eligible financial contract that appears in one act and then eligible financial contracts as referred to in another act. When one goes to a third

act, one finds the definition again. These are important legal issues. Are the definitions the same? Why are these terms being repeated in different acts and not all referenced to a single definition if it is the same phrase?

There are concerns that I have from reviewing the proposed legislation that have not been referenced here, but more important, they point out that this is not a money bill; it deals with many other items. When the income trust people came to speak to us, they spoke about the Halloween Day tragedy. They pointed out that this announcement was made on October 31. That was not in the budget. Why is all of this income trust legislation appearing in a bill described as ''budget implementation''? Senator McCoy was right that these matters should be in another bill so we can deal with this separately. However, they are put in here.

Honourable senators will find several references in Part 11 to funding, one being the Rick Hansen Foundation, $30 million. I ask, who will object to that foundation getting those funds? I also ask myself, why is that in this budget? Why is that in this bill? That came out of the budget from last year. Several Part 11 items came out of last year's budget. Why were those items not in the supply bill?

If one wanted to be cynical, one could say that someone sat back and said, "We have to put some of these motherhood items in this bill so that the parliamentarians will move this through quickly; they would not dare object to it."

Honourable senators, those are just some of the items that one will find in a close reading of this bill. I leave by urging the consideration of each of these amendments in its own right, items that deal with dollars being released to the executive so they can run the country. We have a special consideration to look at those closely but, in the end, amended or otherwise, to offer our support to the government, because they are the government and that is where money bills start.

One other item: I suggest to honourable senators that when we are asked to pass a bill, Bill C-52, that we know breaks an existing law, then we have another responsibility not to do so. I fully support Senator Baker on his amendment in that regard, and I would respectfully request that honourable senators do likewise.

Hon. Anne C. Cools: Honourable senators, I would like to add a few words in support of what Senator Day had to say about the phenomenon of money bills. I had hoped to put the question to Senator Angus, but he stepped out of the chamber.

In his remarks, Senator Angus insisted that this was a money bill and that all the authorities and experts agree that such a bill cannot be amended, blocked or rejected. In other words, in respect of what he said was a money bill, the Senate would be merely a total impotent, incapable of taking any positive action whatsoever.

Senator Angus is wrong and Senator Day is correct. The term "money bill" is not helpful in the constitutional lexicon of Canada. It is not helpful at all, and I shudder because, invariably, when the government uses those words, it is as a way of gutting the powers of the Senate and denying the full constitutional role of the Senate.

The BNA Act, 1867, if one would look to it, does not employ the words "money bill" whatsoever. The closest thing, and it is not even that close, is what it calls "money votes." That is only relevant and helpful to a point. It is not helpful when the government declares to the press and the media and everyone that this is a money bill and the Senate dare not touch it.

• (1700)

Honourable senators, I come back to this point: The only limitation on the powers of the Senate in respect of any financial bills is section 53 of the BNA Act. I will read it again. Senator Joyal put this on the record last week, and it seems it is the kind of thing that must be repeated again and again because sometimes perhaps the government does not or will not hear, or will not understand. Section 53 states:

> Bills for appropriating any Part of the Public Revenue, or for imposing any Tax or Impost, shall originate in the House of Commons.

Therefore, the only limitation whatsoever on the Senate is on appropriations and on raising taxes. The limitation is that they must originate in the House of Commons. Within the Senate, the Senate is free to amend, to reject, to repudiate and to defeat these bills.

Honourable senators, I have not looked at this for a little while, but I will try to offer senators an explanation of a money bill. It is the peculiar and esoteric language of the Parliament Act of 1911, which was brought about — and I have not thought about this for a while — by the Government of Herbert Asquith, later Lord Asquith, and the Chancellor of the Exchequer or the Minister of Finance at the time was David Lloyd George.

The Parliament Act of 1911 — and it does not apply in Canada — essentially gutted many of the powers of the House of Lords in respect of these issues and employed the term "money bill." Where it talks about money bills, it is extremely specific because a money bill is only a money bill based on the certification from the Speaker of the House of Commons. It is an extremely esoteric thing, it is peculiar, and it has a specific meaning as defined within the Parliament Act of 1911.

Honourable senators, essentially what the Parliament Act of 1911 said was that if one of these bills was to pass the House of Commons and be rejected in the House of Lords — I forget the period of time — at the end of the day it can receive Royal Assent without the assent of the House of Lords.

Honourable senators, when we come to the Senate, we must understand that these changes occurred in the U.K. in 1911. When the Fathers of Confederation sat down in 1867, they were very well aware of the movement within the U.K. at the time towards limiting the powers of the House of Lords and towards assuming total control over these categories of bills.

The Fathers of Confederation chose to reject all of that and, instead, make the Senate of Canada stronger in respect of those kinds of bills and those kinds of financial matters, precisely so that the Senate could do what the government keeps saying it cannot do. There was the fear that the Fathers of Confederation had concerning the fact that the government could raise money in

one region of the country and spend it in the other. When one thinks of the conditions that pertained and the tendencies that were in motion in the U.K., the Fathers of Confederation set out to give the Senate greater powers than the House of Lords had at the time, and simply chose to ignore the trends in the U.K. at the time.

Therefore, honourable senators, whenever some of these government individuals or ministers start to babble about money bills, just take it with a grain of salt. The fact of the matter is that this Senate has not only the power, but also the bounden duty to uphold the wishes and the interests of the population. Every senator has a special duty to his or her particular region.

I am quite sure Sir John A. Macdonald would have agreed with those senators from their different regions as we are hearing them express their opinions one after the other. I have no doubt that Sir John A. Macdonald would have been right there defending his own region if his own region was being trampled upon; that is, of course, if Sir John A. Macdonald had been a senator.

I wanted to put that out and support Senator Day. I shall be voting for this bill, but perhaps, if I were a Maritimer, which I am in my heart having been born on an island in the Caribbean, a maritime country, and since I have just heard the Atlantic Ocean, with those brilliant, beautiful, gorgeous waves that come rolling in, perhaps I could be persuaded to join you.

Senator Trenholme Counsell: Join us.

Senator Cowan: Listen to us.

Senator Cools: To date you have not persuaded me.

Hon. Hugh Segal: Would the honourable senator take a question?

Senator Cools: Happily.

Senator Segal: I will not put the question to the honourable senator in the context of her being a putative Maritimer; I will leave that for a future discussion.

However, because of what Senator Day said relative to the inclusion of various different fiscal flotsam and jetsam in this bill, in terms of her own experience of dealing with financial bills through this house, would it strike the honourable senator that the nature or the content of this bill is any different in terms of what the Department of Finance tries to put into a piece of legislation than might have been the case for many other bills received, for example, over the last 15 years?

Senator Cools: This bill is somewhat different in that usually within these kinds of constraints governments try to be not as provocative as this government is being. The Senate's treatment of these kinds of issues and these kinds of bills is very different from that of the House of Commons. For the most part, senators are reluctant to maltreat bills of a certain nature — I do not want to say the words "money bills" — because they understand that the consequences can be dire.

There used to be other kinds of bills, but we do not have them anymore. I see Senator Murray peering down the house at me. We used to have other bills, for example, what we called "borrowing bills." I remember some big knock-down, drag-out arguments on those. The fact of the matter, and my own personal opinion, is that the government has been far too provocative on this particular bill.

Honourable senators, I might as well put this on the record: I have a hard time with this government's ill-considered and intemperate statements about different premiers of the Maritime provinces. Even when there is disagreement, I like to believe that we should all be working for our own people. There is no need, for example, for the government to describe Premier Danny Williams of Newfoundland as "a fraud." Those kinds of statements put me off.

I also want honourable senators to know that if I were in charge of this bill, believe me, I would have dealt with all the questions long ago. The unfortunate thing is that the government side really does not answer the questions that are put by senators.

I do not know if the Honourable Senator Carstairs is here, but she will remember that whenever I did those bills, as some other senators may also remember, and the honourable senator actually saw me sponsor a supply bill here in April, soon after the Conservative government took over, I was ready for every eventuality and every single question that was to come. I was not prepared to be dismissive of senators. This government has a problem and the problem is its attitude and how it treats people.

Some Hon. Senators: Hear, hear!

• (1710)

Senator Cools: It is a terrible thing. I feel like saying to some of these government people that they should go and take a basic 101 course in human relationships. It is very important, and I want honourable senators to see that. There is no one on this side really defending the bill. That is a characteristic of this government: It hardly defends its own positions, but it uses a lot of force and a lot of coercion.

Some Hon. Senators: Hear, hear!

Hon. Wilfred P. Moore: Honourable senators know my concern with several items contained in the Harper budget of May 2007. Having spoken at length on May 8 to my inquiry calling 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, I will keep my remarks today brief.

Before I speak about the matters that I wish to talk about specifically today, I want to lend my support to the comments of Senators Rompkey and Baker and to touch on something that they did not speak about, but which I think is fundamental to their position and to the position of my province of Nova Scotia. These accords are economic development agreements. All witnesses confirmed that, except for the Minister of Finance. That has been the history of those written agreements. It is even mentioned in them. They are economic development agreements and should be treated accordingly.

Some Hon. Senators: Hear, hear!

Senator Moore: I remind honourable senators of my alarm at the proposed change in the formula for calculating transfer payments to the provinces. My concerns were amplified as of late during the study of the Budget Implementation Act by the

Standing Senate Committee on National Finance. We heard from many witnesses who testified as to the inequity of the new per capita formula versus the existing formula based on adjusted tax points.

Professor Paul Hobson, from Acadia University, stated:

> Moving away from that involves a huge shift of resources in that program in favour of, in particular, Ontario and Alberta, and distorts the whole system of funding post-secondary education, in particular.

Echoing this view were many other witnesses, including representatives from the Governments of Nova Scotia and Saskatchewan. Officials from the Department of Finance were unable to refute the numbers put forward by these witnesses. I believe Senator Day mentioned that. By their own testimony, they have not done their due diligence and they are moving forward to implement a new formula without knowing what the effect might be. They are flying blind.

The seventeenth report of the Standing Senate Committee on National Finance, tabled this very afternoon, recommended that a federal-provincial study be undertaken to determine the impact of per capita cash transfers for the Canada Social Transfer and the Canada Health Transfer, and that the government report back before the end of this fiscal year. Honourable senators, it is most unfortunate that the government did not undertake this study before bringing in this budget.

Unlike Finance Canada, other witnesses before us did perform the calculations based on the new formula. According to the Department of Finance from the Province of Nova Scotia, the impact will be severe on eight of the provinces and two of the territories. In terms of absolute dollars, the biggest loser will be Quebec, which stands to lose $678 million over the next three years. My own Province of Nova Scotia stands to lose $91 million during the same period. The biggest winners are Alberta, which will gain $909 million; and Ontario, which will gain $650 million, according to the Government of Nova Scotia figures.

It is interesting that the nearly $1.5 billion that was given to Ontario, Alberta and Nunavut equals the sum taken from the other eight provinces and two territories.

Let me provide honourable senators with a perspective on the percentage change in terms of absolute dollars. When we look at it this way, the biggest loser is Saskatchewan, which loses 15.55 per cent of the money it would receive under the existing formula. Most provinces lose just under 10 per cent, including my own province. Again, the big winners are Alberta and Ontario. Alberta will see a 40 per cent increase in transfers, while Ontario would see a gain of about 5 per cent.

This budget exacerbates the disparities among the regions. It serves to widen the gap between the "haves" and "have nots" in our federation. At its core, it reverses the fundamental purpose of the Canada Social Transfer, which was to ensure minimum national standards across Canada.

Not only will we be looking at widening disparities in post-secondary education and social programs, but beginning in 2014 the Canada Health Transfer will also move to this inequitable new formula. The result will be a massive disparity in the capacity of provinces to deliver health care and the complete abandonment of the commitment to national standards in health care.

Honourable senators, there has been a significant amount of talk in recent days, and indeed here this afternoon, about whether or not the Senate can or should amend the budget implementation bill. Some people seem to be uncomfortable with the idea, even though there is ample precedent for it. There is nothing special about Bill C-52; it is a bill like any other. We send amendments to the House of Commons all the time. More often than not they accept our amendments. In the last two weeks, government ministers have stood up in the Commons to ask that House to approve Senate amendments to Bill C-11, the Transportation Act; and Bill C-31, the Elections Act. They did so because the government considered our amendments and ultimately saw the wisdom in them. We had the courage to ask them to think again on Bill C-11 and on Bill C-31. I do not see why we should not do the same on Bill C-52.

If honourable senator still want to think further about this, I want to quote from something Senator Murray said at the Standing Senate Committee on National Finance yesterday to a representative of the Rick Hansen Foundation. This is very important. Hopefully honourable senators will reflect on this and perhaps see your way clear to support the amendments that have been put before you.

> I, for one, will support at least one amendment, if it comes forward, to this bill on those provisions. I do not know what you have been told about the legislative process here or who told it to you, but I want to say that if we decide to amend this bill for good reasons, we will do so on Thursday or Friday, and it will go back to the House of Commons. They will have to meet and deal with it. My experience is that they deal swiftly with these matters. They will either accept our amendment or amendments or they will send it back and tell us that they have not accepted. In any case, the delay might be measured in days rather than in weeks, and I want you to know that.

MOTION IN AMENDMENT

Hon. Wilfred P. Moore: Honourable senators, with that thought in mind, and in view of my earlier comments, I move, seconded by Senator Phalen:

That Bill C-52 be not now read a third time but that it be amended:

(*a*) by deleting clause 64, on page 84;

(*b*) by deleting clause 65, on page 84;

(*c*), in clause 68, on page 85,

(i) by replacing line 9 with the following:

"**68. Paragraph 24.4(1)(*a*) of the Act is**", and

(ii) by replacing lines 22 to 27 with the following:

"ending on March 31, 2014; and";

(*d*) by deleting clause 69, on page 85 and 86;

(*e*) by deleting clause 70, on page 86; and

(*f*) in clause 71,

(i) on page 86, by replacing lines 27 to 34 with the following:

"**71. (1) the portion of subparagraph**".

• (1720)

(ii) on page 87,

(A) by replacing line 9 with the following:

"**(2) Paragraph 24.7(1.1)(*a*) of the Act is**",

(B) by replacing line 11 with the following:

"(*a*) for each fiscal year beginning after March 31, 2007, the equalization payment shall be the equalization payment that would be payable to the province for the fiscal year under Part I;

(*a.1*) for each fiscal year in the period begin-" ,

(C) by replacing line 18 with the following:

"**(3) Subparagraph 24.7(1.1)(*b*)(i) of the Act**",

(D) by replacing line 29 with the following:

"**(4) Subparagraph 24.7(1.1)(*b*)(ii) of the**", and

(E) by deleting lines 37 to 41; and

(iii) on page 88, by deleting lines 1 to 40.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Moore, seconded by the Honourable Senator Phalen, that Bill C-52 be not now read a third time but that it be amended — shall I dispense?

Hon. Senators: Dispense.

Hon. Joseph A. Day: Would the Honourable Senator Moore take a question?

Senator Moore: Yes.

Senator Day: I do not have the proposed amendment in front of me. Presumably, when we do have a copy of it, it will become apparent what is trying to be achieved by this proposed amendment.

In the interim, however, I would ask Senator Moore to inform the chamber as to the objective of the proposed amendment.

Senator Moore: I thank the honourable senator for his question.

The intent and the mission here is to revert to the calculation and distribution of funds into the Canada Social Transfer and eventually the Canada Health Transfer, pursuant to the original formula, not the one found in Budget 2007.

The Hon. the Speaker: Resuming debate?

Hon. Pana Merchant: Honourable senators, I too wish to state my opposition to Bill C-52.

Governments speak, first, through the agreements they sign and, second, through the commitments of their political leaders. Regrettably, for my home province of Saskatchewan, and for Canadians generally, I wish to speak about six major instances of the government's failure to keep its word to Canadians.

First, the Government of Canada signed the Kyoto agreement with 169 countries and entities. The agreement was signed not by a Liberal government but by the Government of Canada, yet the Government of Canada will not keep its word.

Second, the Government of Canada agreed to the Kelowna accord. There were 11 separate agreements. The Kelowna accord was entered into not by a Liberal government but by the Government of Canada, yet the new Government of Canada will not keep its word.

Third, prior to the last election, Mr. Harper made promises regarding the Metis residential schools, such as Ile-à-la-Crosse, Timber Bay, Montreal Lake, and there are others. Taped records of these promises were aired in Saskatchewan, and they attest to the fact that there is no dispute about what was said. After the election, the government barefacedly refused to keep their promise to the Metis people. Honourable senators, the Kelowna agreement and Metis schools are particularly important to Saskatchewan and the West because of our large Aboriginal population. Fairness to our Aboriginal people is fundamental. These issues are important to our province.

Fourth, while Leader of the Opposition, Mr. Harper promised "no change" regarding income trusts. Now, as Prime Minister, he has suddenly discovered something new. How could this happen? He had to know the cost of that now-broken pledge.

Fifth, in 2005, the government signed an agreement with Nova Scotia and Newfoundland and Labrador to protect 100 per cent of their offshore resource revenues from clawbacks within the equalization framework. Conservatives' doublespeak on the 2005 Atlantic accord now include a 2007 cap on payments. All revenues are included in the formula cap, including 100 per cent of resource revenues. This means that Newfoundland and Labrador will get $300 million less this year; and Nova Scotia will get $95 million more but will lose in the future. The government has broken its word by purporting to honour the Atlantic accord while creating a new rule which negates it.

Saskatchewan, the hardest hit, will lose more than $878 million that it would have received if no cap existed.

The sixth promise regarding resource revenue was made to Saskatchewan. That promise has not been kept, either. Astoundingly, when the government is confronted about not keeping its word, the answer is that a good deal was given to

Saskatchewan. However, the fundamental issue is failing to keep a promise, not keeping a promise by half. Stephen Harper and his members of Parliament were unequivocal. They were clear. There was no mention of a cap to us. There was no mention of a clawback.

An excerpt from Mr. Harper's letter to Premier Calvert dated June 10, 2004, stated:

> The Conservative Party of Canada will alter the equalization program to remove all non-renewable resources from the formula.

Another excerpt from the 2004 Conservative platform states:

> A Conservative government will also revisit the equalization formula. We will move towards a ten-province standard that excludes non-renewable resource revenues from the equalization formula.

The 2006 Conservative platform further states — and I quote:

> . . . work to achieve with the provinces permanent changes to the equalization formula which would ensure that non-renewable natural resource revenue is removed from the equalization formula.

The Conservative Party repeatedly gave its word in letters, in campaign promises and in the House of Commons. It is a grand perversion on the public record, this Conservative Party denial of the undeniable.

It was not just Mr. Harper who made those promises, but virtually every Member of Parliament from Saskatchewan echoed his promises.

Honourable senators, please permit me to illustrate what I am telling you. Here are some of the declarations.

Mr. Trost, Saskatoon-Humboldt, stated:

> The matter of equalization has to do with Saskatchewan's natural resources which by right of the Constitution we should have complete access to, we should have total and complete benefit of.

Mr. Komarnicki, Souris-Moose Mountain, stated:

> It is our position that non-renewable resources such as oil and gas should not be in the formula.

Mr. Lukiwski, Regina-Lumsden-Lake Centre, stated:

> Will the minister stand in this House today and do what is right, do what is fair, and simply commit to the elimination of the clawback provisions?

• (1730)

Mr. Anderson of Cyprus Hills—Grassland, said:

> It was interesting to hear him say that equalization is not really about equality. We know that the current equalization formula is flawed. This change should be a slam dunk.

Ms. Yelich from Blackstrap said the following:

> Representatives of the people of Saskatchewan are obliged to speak out against an equalization system that penalizes our province with an over-emphasis on non-renewable resources.

Mr. Batters from Palliser said:

> To put it into perspective, a new equalization deal would have meant an additional $750 million for Saskatchewan, my province, this year alone.

Mr. Vellacott from Saskatoon—Wanuskewin said:

> It is estimated that Saskatchewan, had it received that same deal a decade ago, would have received an additional $8 billion for the province from non-renewable resource revenues.

He continued:

> In regard to the equalization, Saskatchewan is being treated very unfairly.

Brian Fitzpatrick, the long-serving and respected Saskatchewan Conservative caucus chair, wrote to the Prime Minister demanding "compliance with our commitment."

During the last election campaign, a letter from Stephen Harper, dated January 4, 2006 to Premier Danny Williams of Newfoundland and Labrador guaranteed:

> We will remove non-renewable natural resource revenue from the equalization formula to encourage the development of economic growth in the non-renewable resource sectors across Canada.

A mailing to Newfoundland and Labrador residents in Stephen Harper's name, as Leader of the Opposition, stated clearly:

> The Conservative Party of Canada believes that offshore oil and gas revenues are the key to real economic growth in Atlantic Canada.
>
> That is why we would leave you with 100 per cent of your oil and gas revenues. No small print. No excuses. No caps.

Finance Minister Jim Flaherty told reporters in St. John's on Wednesday, March 8, 2007:

> I can say, as the Prime Minister has said, that we will respect the Atlantic accords. That is firm; we will continue to do that.

Honourable senators, amazingly, the Conservative Party now relies on small print, excuses and the very caps on payments to provinces that Stephen Harper guaranteed would not be used. You give your word, you keep your word. It is not a matter of we almost did as we promised, or you are still being treated better than before. That is what is being said of Saskatchewan equalization.

It is not a matter of I have another good deal for you. That is what they say of the Atlantic accord. It is not a matter of the Liberals made that commitment and we disagree. That is what they say of Kyoto.

It is not a matter of we will do something good instead; that is what they say of the Kelowna accord.

It is not a matter of now we are in power, we will not do the fair thing about the Metis people; in essence what they say of Île-à-la-Crosse and the Metis residential schools.

It is not a matter of what I promised costs too much. That is what they say of income trusts. You keep your word or you do not.

Honourable senators, generally, if the other place had come forward on issues of taxation, I would defer to what they had done. I respect the constitutional authority of the other place on money bills, but respectfully cannot in this instance because of the many issues of changed view, and because the people of Saskatchewan and Canada have every right to say: We were misled.

Each of us in this house and the other place took a pledge to Canada, not to our political parties. In part, that was a pledge to our provinces and to fair dealing to all provinces. For fair dealing with Saskatchewan, for keeping our promise as a government and, as Premier MacDonald put it here recently: To restore honour to the Crown, I am opposed to Bill C-52.

Hon. Jane Cordy: Honourable senators, I too would like to speak on Bill C-52, to implement certain provisions of the budget. As others have done earlier today, I also congratulate members of the Finance Committee, particularly the chair, Senator Day, for the work they have done in examining the bill. I would also like to thank him very much for allowing those of us who are not normally on the committee the ability and the opportunity to participate fully in the hearings.

Today I will speak about the Harper government's treatment of the people of Nova Scotia and Newfoundland and Labrador and the effect that Bill C-52 will have on the Atlantic accord.

Honourable senators, the Nova Scotia offshore revenue agreements and the Newfoundland and Labrador offshore agreements, known as the Atlantic accords, were signed by the federal government and by the Governments of Nova Scotia and Newfoundland and Labrador in 2005. These accords were signed in good faith, and while they were signed by a Liberal government in Ottawa, they were most certainly supported —

The Hon. the Speaker: Order. Honourable senators, conversations will have to go outside the house. The chair is having trouble hearing the honourable senator who is speaking.

Senator Cordy: These accords were signed in good faith. While they were signed by a Liberal government in Ottawa, they were most certainly supported by the then opposition leader, Stephen Harper. In fact, during the 2005-06 federal election campaign, Mr. Harper supported the accords and stated:

> We will remove non-renewable resource revenue from the equalization formula to encourage the development of economic growth in the non-renewable resource sectors across Canada. The Conservative government will ensure that no province is adversely affected from changes to the equalization formula.

Honourable senators, a brochure sent to Atlantic Canadians in 2005 once again conveyed Mr. Harper's support for the Atlantic accords. This brochure states:

> The Conservative Party of Canada believes that offshore oil and gas revenues are the key to real economic growth in Atlantic Canada. That is why we would leave you with 100 per cent of your oil and gas revenues. No small print. No excuses. No caps.

We have heard this before. It is worth repeating, but I am sure others may also use the same quote in their speeches.

It is now clear, however, honourable senators, that in 2007 Canada's new Conservative government never liked this deal signed by Nova Scotia and Newfoundland and Labrador and that they intended to break the deal shortly after they formed government.

Honourable senators, in Bill C-52, the Atlantic accords, legal contracts signed in good faith, are broken. The accords are economic development agreements between the federal government and the provincial governments, plain and simple. They are not tied to the equalization program. In fact, the Department of Finance for Canada website states:

> . . . offset payments under both the 1986 accord and the 2005 arrangements are separate from the equalization program.

That was on June 19, 2007.

Clause 4 of the Atlantic accord guarantees that Nova Scotia and Newfoundland and Labrador will be full beneficiaries of their offshore resources with no "clawback" of equalization benefits over the life of the agreement, no matter what equalization formula is in effect at the time. I repeat: No matter what equalization formula is in effect at that time.

Honourable senators, we now hear that the Governments of Nova Scotia and Newfoundland and Labrador have two choices. There is no mention of choices in the Atlantic accords. There is no mention of choices in the brochure sent to Atlantic Canadians by the Conservatives — the "No small Print. No excuses. No caps." brochure. There was no mention of choices by Mr. Harper during the last federal election.

• (1740)

Honourable senators, the Atlantic accords were agreements. They were contracts, and they have been broken. Those of us from the Atlantic provinces remember that, at one point in 2005, discussions broke down because there was a suggestion that there would be a cap. Nova Scotia and Newfoundland and Labrador were not prepared to sign any agreement that involved a cap. Indeed, the accords were not signed until it was agreed by the federal government that there would be no cap.

At the Senate National Finance Committee meeting held on Tuesday, June 19, the Minister of Finance, Mr. Flaherty, in response to a question from Senator Baker about clause 80 of Bill C-52 — clause 80 comes under the

heading "CONSEQUENTIAL AMENDMENTS: Canada—Newfoundland Atlantic Accord Implementation Act" — as to whether there were amendments in the bill to the Atlantic accord, Mr. Flaherty replied:

> Yes, there are amendments to provide optionality.

Honourable senators, there are amendments despite the fact that the Atlantic accords of 1987 and 1988 state the following:

> Except by mutual consent, neither government will introduce amendments to the legislation or regulations.

There are amendments despite the fact that the 2005 accords state:

> . . . that neither government will introduce amendments to this Act or any regulation made thereunder without the consent of both governments.

Honourable senators, these agreements are legal documents. They are contracts. They were signed in good faith. They were not to be amended unless agreed to by both governments. They are legal documents in Canada. They are legal documents in Nova Scotia. They are legal documents in Newfoundland and Labrador.

In his testimony before the National Finance Committee on Tuesday, June 19, Mr. Michael Baker, the Minister of Finance for Nova Scotia, stated the following:

> I can indicate to the committee that the position and the message our officials consistently sent to the Federal Minister of Finance and his officials was that no modification to the offshore accord would be acceptable to Nova Scotia. At no time, in no meeting was there ever any suggestion that we would consent in any way, shape or form to an amendment to that accord agreement. Certainly Minister Flaherty never suggested to me that we would even be asked to do that.

Honourable senators, despite the provisions in the accords that any amendments must be agreed to by both the federal and provincial governments, Mr. Flaherty has what he terms "amendments to provide optionality." This was done unilaterally and arbitrarily. He broke the deals. Bill C-52 breaks the spirit and the intent of the accords.

Honourable senators, I wish to quote testimony from Senator Murray, who always has a way of getting to the substance of the issue quickly. This was at the Tuesday, June 19, National Finance Committee.

Senator Di Nino: In his own mind.

Senator Cordy: His comments and questions were directed to Premier Rodney MacDonald and the Minister of Finance for Nova Scotia, Michael Baker. Senator Murray stated the following:

> The three main questions I wanted to ask have been answered in the presentation of the premier and his minister:
>
> Does Bill C-52 amend the Atlantic accord? The answer is yes.
>
> Did you consent to those amendments as required under the accord? The answer is no.
>
> Is the Atlantic accord an economic development agreement or equalization? The answer is it is an economic development agreement.

Thank you for your wise words, Senator Murray.

The Prime Minister spoke out strongly in support of this agreement, and yet Canada's new Conservative government, not yet in government for two full years, has failed in its obligation to honour these economic development agreements. They have unilaterally amended the accords despite the provisions that do not allow for amendments without the agreements of the provinces. These economic agreements would have helped our provinces to become have-provinces. These economic agreements would allow our young people to live at home and not to have to move to Ontario or Alberta. These economic agreements would allow us to become stronger provinces, to build a stronger Canada, to have equal opportunity within this great country of ours.

Honourable senators, we in Atlantic Canada should be able to believe in the signature of the Government of Canada.

Honourable senators, Atlantic Canadians are disappointed. We have been betrayed by this government and by Prime Minister Harper. Nova Scotia and Newfoundland and Labrador are small provinces, but we believe that a deal is a deal. We believe that contracts signed by the Governments of Nova Scotia and Newfoundland and Labrador should be honoured. We believe that a promise made should not be broken. We believe that accords signed in good faith should not be amended unilaterally.

Honourable senators, we believe that no Prime Minister who breaks a deal should simply say, "So sue me."

Honourable senators, a strong Nova Scotia and a strong Newfoundland and Labrador make a stronger Canada, and is that not what we all should want?

Hon. Lowell Murray: Honourable senators, a few moments ago my friend the Leader of the Government made a comment. I am not sure it got on the record, but I will place it there. She commented that I am a Cape Bretoner who happens to be sitting in the Senate for the Province of Ontario. That is true. Let me say that I aspire to represent a Progressive Conservative tradition in Ontario, represented by John Robarts and Bill Davis, a tradition to which, when we were both a lot younger and she was more idealistic, we both subscribed.

• (1750)

In 1977, when Prime Minister Trudeau proposed that half the federal contribution to some social programs would henceforth be by the transfer of tax points, Premier Davis, who represented Ontario, and Premier Lougheed, another Progressive Conservative representing Alberta — whose provinces would be the main beneficiaries of transfer of tax points — did not say that to equalize those tax points for the others was hidden

equalization, or unequal treatment of Ontarians and Albertans, or unfair. They did not say that because they recognized full well that the only fair way to treat Canadians equally, the only way to make a tax transfer work, would be by equalizing those tax points.

Since I am on that subject — and Senator Moore has spoken well about it and presented an amendment — let me say that the provincial-territorial panel, of which I was a member, when we reported, agreed that the tax points should be more transparent and that the associated equalization accompanying the tax points should be more transparent. We proposed the establishment of a tax point adjustment fund to take the place of the associated equalization. It would be set apart and paid out to the recipient provinces.

The problem with the present government is that they decided to go to equal per capita funding for these social programs, but they did not establish the tax point adjustment fund. They said they would take care of that in an enriched general equalization program. Not a single recipient province agrees with them; and believe me, those provinces sharpen their pencils and do their sums, and they are right about that.

The new Canada Social Transfer will blow up in the faces of the federal government. It will not happen this year, maybe not next year, but blow up it will and they will have to go back to the drawing board. Of that, I have absolutely no doubt at all.

I support the three amendments before us, and when those amendments are passed — as I hope and expect they will be — I will gladly facilitate the passage of this bill through the Senate and its return to the House of Commons, as amended, where our elected friends will have some decisions to make.

With regard to the amendments proposed by Senator Baker and Senator Moore, it bears stating that those amendments are as one with two reports that the Standing Senate Committee on National Finance presented on equalization, the most recent of which was tabled before Christmas last year; and as one again with the report on the vertical fiscal imbalance that Senator Day, as chairman of the committee, tabled in this place. If honourable senators examine those documents and the amendments that have been made by Senator Baker and Senator Moore, they will see what I am talking about. Honourable senators will understand that they are exactly on the same page.

A lot of opprobrium has been heaped recently — mostly by pundits and commentators — on the head of former Prime Minister Martin for having concluded the 2005 Atlantic accords with Nova Scotia and with Newfoundland and Labrador. The opprobrium I saw most recently reflected in *The Globe and Mail* this morning in an op-ed piece by Professor Boessenkool.

The accords that were signed by the Martin government in 2005 with Nova Scotia and with Newfoundland and Labrador are entirely consistent; indeed they simply carry out the spirit and intent of the accords signed by the Trudeau government with Nova Scotia in 1982, and by the Mulroney government with Newfoundland in 1985 and with Nova Scotia in 1986. That is what the Atlantic accord of 2005 does.

These accords, as I suggested, go back to the 1980s. As several honourable senators have pointed out, these accords were and are economic development agreements. The first objective was to encourage the economic development of those provinces through the exploration and development of their offshore resources. The second objective was to ensure that those provinces would be the "principal beneficiaries" of that development.

Indispensable to those objectives was the guarantee that what the provinces gained from the offshore, they would not lose through reductions in their equalization payments, therefore offset payments were provided for under the Atlantic accords. Someone has already placed on the record what the Department of Finance website said about those offset payments. While I would have to look through this pile of paper on my desk to find the exact quotation, what they are saying is that those offset payments are separate from equalization.

It is said that we must never create a situation in which the fiscal capacity of a recipient province is higher than that of a non-recipient province. Of course, that will happen if we include the offset payments under an economic development agreement to Newfoundland and Nova Scotia as part of the fiscal capacity of a province. It will happen with Saskatchewan if we decide that we will measure 100 per cent of the resource revenues for their fiscal capacity, but 50 per cent for their entitlement. This is the deliberately perverse working of this new formula.

I suggest to honourable senators that the possibility that one or another of those provinces, from time to time, would have its fiscal capacity rise higher than the national average or higher than a non-recipient province, to put it that way, is the scenario that was contemplated.

Let me quote what Mr. Chrétien said, as Minister of Energy, Mines and Resources, when he tried to persuade the Newfoundlanders to agree to the same sort of agreement that Nova Scotia had. This was in April 1984. When would the provincial government be expected to share some of these revenues with other Canadians?

We are talking about revenues now. He said:

> Not until the Newfoundland government's fiscal capacity reached 110 per cent of the national average, with an adjustment for regional unemployment that would now raise this to about 125 per cent. In relative terms, this would mean that the Newfoundland government wouldn't be asked to share any revenue until it was the second-richest province in Canada — second only to Alberta; about 40 per cent richer than Ontario . . .

Chrétien did have a gift of the gab.

> . . . and twice as rich as you and your neighbours in Atlantic Canada are today.

Then he asks:

> How much would the new offshore revenues be offset by a one-for-one loss of equalization payments? To be fair, any province's equalization payments should reflect new additional revenues, but we have a provision under the current equalization formula that guarantees equalization payments will not decline more than 15 per cent per year; and in the Nova Scotia agreement, there is a provision that

> guarantees the province will receive payments to offset the reduction in their equalization payments. These payments will decline over time but provide major protection in the early years.

This is what brings me to the 2005 accord. The scenario was contemplated, but not forever. There were timelines on those accords. The problem was that the pace of exploration and development did not coincide with the timelines that had been envisaged in the 1982 and 1985 agreements.

Therefore, Mr. Mulroney went back to Nova Scotia in 1986, and Mr. Martin went back to both Newfoundland and Nova Scotia in 2005 to renew those accords and to take account of what had not happened.

Even the 2005 accords are not forever. They go until 2010-11, with a possible extension for eight years if those provinces are still receiving equalization.

Honourable senators, I think the most troubling aspect is the one that has been referred to by a number of speakers, and that is the obvious abrogation, the betrayal, the breaking not of an electoral commitment — perhaps an electoral commitment also — but more seriously, an agreement duly signed by the Government of Canada with the Government of Newfoundland and Labrador, in one case, and with the Government of Nova Scotia. I invite honourable senators, seriously, to reflect on what that portends for harmony and unity in our federation if we allow it to happen.

• (1800)

Senator McCoy spoke very eloquently today about what happened with the National Energy Program. It has taken almost 25 years and we are still dealing with the psychic, emotional and political fallout of that in the province of Alberta. There is no mistaking what the feeling is in Atlantic Canada today on these matters.

This is a chamber of sober second thought. There is absolutely nothing irregular or untoward that we should amend provisions like these. Early in the mandate of the Chrétien government, we defeated the Pearson airport bill because it broke a contract signed with the private sector.

I am not asking anyone to defeat the budget bill; I am saying that it is entirely appropriate for this chamber to amend that bill in those respects and to restore what Premier Rodney MacDonald so aptly described as "the honour of the Crown."

Some Hon. Senators: Hear, hear!

Hon. Terry Mercer: Honourable senators, it is a sad day when I have to stand in my place and lament the lies and deceit of a government, because that is exactly why we are here.

The Hon. the Speaker: Honourable senators, it is now six o'clock. Is it the will of the house not to see the clock?

Hon. Senators: Agreed.

Senator Mercer: Honourable senators, according to the *Oxford English Dictionary*, to lie is to say something that is not true in a conscious effort to deceive someone. Deceit is done to trick or mislead someone. That is what the Conservatives are doing with this budget. There is a Gaelic proverb that states that there is no greater fraud than a promise not kept. How true this is of Stephen Harper and his Conservative government.

Honourable senators, I will not be supporting this budget in its current form. Unless the 2005 Canada-Nova Scotia and Canada-Newfoundland and Labrador agreements on offshore revenues, commonly referred to as "the accords," are honoured by Prime Minister Harper and the language that prevents it from being honoured is removed from the budget. I will be voting against this budget, period. A deal is a deal.

I was in the room in Nova Scotia on the day that the accord was signed in good faith by the Province of Nova Scotia and by the former Liberal government. Maybe others in this place were there as well. Quite simply, it is an effort to allow Nova Scotia and Newfoundland and Labrador the capability to grow closer to becoming "have" provinces. Indeed, it is simply an economic development package designed to do exactly what it should do, and it would benefit all of Canada.

Prime Minister Harper is breaking his promise to all Canadians to honour this deal. A promise is defined in the dictionary as "an assurance that something will certainly happen." The Conservatives have said in the past exactly what they needed to say in order to get elected, and now it is different. They are breaking their promise and we in Nova Scotia are paying the price.

Honourable senators, if this is being done now, what is next? What else will Prime Minister Harper not honour? The Province of Saskatchewan should be, and is, worried because they have resource revenues as well. As such, I encourage all honourable senators from Saskatchewan to strongly consider how they will vote on this budget.

Honourable senators, the Senate of Canada has a duty to examine all proposed legislation. The budget is no different. Contrary to what some have said, the Senate is not a confidence chamber and, as such, cannot initiate the fall of the government or initiate fiscal legislation. However, the Senate can amend any bill that comes before this place. Again, the budget is no different.

Quite frankly, I am sick and tired of hearing the musings from the other side that we are not doing our jobs properly and that we are interfering with what the government wants. Honourable senators, we are doing the exact jobs that we are here to do.

During the last election, the Conservatives said that they believed that offshore oil and gas revenues are the key to real economic growth in Atlantic Canada. How quickly they forgot their own words. I will table the pamphlet, honourable senators, that was used during the last election campaign and that states, and all honourable senators know the words by now:

> . . . That's why we would leave you with 100 per cent of your oil and gas revenues. No small print. No excuses. No cap.

Yet, the Conservatives will stand here and the Prime Minister will say that they have broken no deals and that they have honoured the accords. They will say that the new equalization formula is good for our provinces. The formula may well give Nova Scotia and Newfoundland and Labrador more money this year, honourable senators, but if we accept the new formula, they are capped on the offshore revenues. Honourable senators, I say, shame on that, shame on them. That is not keeping their word. That is breaking the promises of the accords. Lies and deceit — that is how I categorize it.

Experts are saying that the proposed new equalization formula, which includes a cap on offshore revenue, will create a loss situation for Nova Scotia to the tune of — listen to this — $1.4 billion.

Senator Cowan: How much?

Senator Mercer: It is $1.4 billion. Imagine that. That is what we are losing if this budget passes in this place today or tomorrow.

Again, I say shame on the Conservatives for even attempting to pull the wool over our eyes. We are smarter than that. Stephen Harper's own caucus member is smarter than that. I congratulate our colleague in the other place, the Honourable Bill Casey, for standing up for his province and voting against the budget. Look what it got him. However, honourable senators, Bill Casey can look the people of Nova Scotia in the eye when he walks down Main Street in Truro or Amherst. Can Peter MacKay do that? Can Gerald Keddy do that? No.

Honourable senators, there are also members in other place who voted for this budget: 12 Conservative members from Saskatchewan, including one cabinet minister, as well as Norman Doyle, Loyola Hearn and Fabian Manning, Conservative MPs from Newfoundland and Labrador. The list of names represents the new endangered species list for Canadians. They will have to face their citizens when they go home and explain why they put their provinces in jeopardy, just as Peter MacKay and Gerald Keddy will have to do.

With the budget before us, it is up to honourable senators to think about their decision. Senator Andreychuk and Senator Tkachuk from Saskatchewan will have to decide whether they will vote for Saskatchewan. Senator Cochrane will have to decide whether she will vote for Newfoundland and Labrador.

Senator Oliver and Senator Comeau will have to decide whether they will vote for their home province of Nova Scotia. I urge honourable senators to think about their decision and how they will vote today. Will they be able to walk down the streets in their communities and face their constituents?

Honourable senators, I will be able to face the people in my community, as will many here today. I will be able to walk down Barrington Street in Halifax. I will be able to tell the people at the Ward 5 Neighbourhood Centre in North End Halifax that I stood up and represented their concerns. Will my colleagues from Nova Scotia here and in the other place be able to attend the next annual meeting of the Nova Scotia Progressive Conservative Party and face their fellow members? I do not know if I would want to be in their shoes walking into that room.

Honourable senators, the Atlantic Provinces Economic Council has studied this budget in detail. They have said that Nova Scotia will lose, again, approximately $1.4 billion if this budget passes, regardless of what my province chooses to accept in the budget. That is clearly written in their report. I would be happy, honourable senators, to table that report along with the brochure I mentioned earlier.

Unless their math, my math and the math of thousands of Nova Scotians and Newfoundlanders and Labradoreans is wrong, we stand to lose exactly what the Conservatives know we will lose — over $1.4 billion.

• (1810)

Elizabeth Beale, President and CEO of APEC, has stated in an email to the Senate of Canada — and I quote:

> Our concerns are that the Budget measures in aggregate, rather than achieving fiscal balance, will enhance the divide between the "have" and "have-not" provinces.

Are we not supposed to be going the other way, honourable senators? A deal is a deal. That is what Nova Scotians believe. That is what I believe. That is why this budget should not be passed in its present form.

However, Canada's growing-old government will not budge. They will still not admit that they have broken their word, not only to Nova Scotia and to Newfoundland and Labrador, but to all Canadians.

Honourable senators, how much of a good investment are the accords, even to the people of the richer provinces such as Ontario and Alberta? The premise behind Confederation was to ensure that all provinces are equal. To ensure this equality of service and standard of living, an equalization program was put in place to help make that happen.

We in Nova Scotia, and in Newfoundland and Labrador, have an opportunity to benefit from equalization and to benefit from the offshore revenues. Surely, we can see that this will effectively bring us closer to parity and may, some day, save all Canadians money.

Honourable senators, if the Conservatives cannot be trusted to honour this deal, what is next?

On April 2, 2007, the Conservatives announced the Strategic Aerospace and Defence Initiative worth $900 million over five years. After cancelling the Liberal government's Technology Partnerships Canada program, the Conservatives reintroduced a pale imitation to take its place, which offered 40 per cent less money than the program the Conservatives cancelled.

Is that just the beginning of the cuts to the Quebec aerospace industry? In light of the Conservatives' commitment to the Atlantic accords, will they cut funding in the future to Quebec aerospace? Will they honour that deal?

As for the auto industry, between October 2004 and June 2005, the previous Liberal government committed over $355 million in Ontario, creating thousands of jobs and maintaining thousands more. Nothing — I repeat, nothing — was directly targeted for

the auto industry in Minister Flaherty's fall fiscal update or the Budget 2007. Is this a sign of future times? Will the Conservatives support the auto industry in Ontario in the future? Will they, perhaps, cancel funding that the previous Liberal government set in motion?

Honourable senators, the overall question here is this: How can Stephen Harper's Conservatives be trusted to honour any of their words when they have clearly broken their word to Atlantic Canadians?

It is deplorable that a government that promised to end the bickering between the provinces and the federal government can claim to have ushered in a new era of cooperation. Threatening premiers to sue him — I am referring to the Prime Minister — over the accord is the height of irresponsibility and arrogance. This Prime Minister cannot even claim he is credible. Credibility is the ability to inspire belief and trust in people, and Prime Minister Harper cannot do that. By lying about the effects of the budget and deceiving Canadians that he is honouring the accord, the Prime Minister Harper and his Conservatives are far from credible.

Honourable senators, in deliberations of the Standing Senate Committee on National Finance just the other day, Senator Baker asked the Minister of Finance — and you will love this story — Jim Flaherty to clarify whether a letter he had written to the Premier of Newfoundland and Labrador included the words "highest" or "lowest." The Minister of Finance pointed out that there was an error in the letter and that he had to send a second letter to correct it.

In the words of Senator Baker: "It was an $11-billion typo."

How careless can the Conservatives be? Clearly, they do not actually read what they sign. They do not even read and understand the law. The Atlantic accord is the law.

In the words of John Crosbie, that well-known Progressive Conservative — and I quote:

> The people of Nova Scotia and Newfoundland are neither greedy mice who gobble up cheese. . . nor do we, as some federal politicians have accused us, simply want to have our cake and eat it too. What we want is for Ottawa to honour the 2005 Canada-Nova Scotia and Canada-Newfoundland agreements on offshore revenues.

Honourable senators, we want to become self-sufficient but, in order to do so, we must be given the opportunity to try. This government has taken that opportunity away.

I look forward to your vote of support to amend the budget and to show the Prime Minister that all Nova Scotia wants is what we are entitled to — the accord — no less.

[*Translation*]

Hon. Pierrette Ringuette: Honourable senators, although I have not prepared a speech, I would like to speak today because, having attended this week's hearings as a member of the Standing Senate Committee on National Finance, I have many questions.

[*English*]

Many questions arise from this bill as it was introduced and studied by the Standing Senate Committee on National Finance. Let me start by saying that our first witness was Minister Flaherty. I want to quote Minister Flaherty as saying the following: "All provinces will be better off in this new system."

He was referring to the equalization system.

I have to say that, prior to hearing witnesses at our committee, I called our research people at the Library of Parliament to ask them to get the numbers from the Department of Finance with regard to the future years —- that is, the forecast — of the new equalization program that was proposed in Bill C-52. A few hours after my call to the Library of Parliament, I was told by my research people that the Department of Finance officials were refusing to provide numbers because there were different scenarios.

When they came before us at our committee, I asked them again: Why are you refusing to provide us with numbers? We are the Standing Senate Committee on National Finance. It is our job and our obligation to look at these numbers before we either approve or disapprove a bill. It is our job.

Some Hon. Senators: Hear, hear!

Senator Ringuette: That is with regard to equalization.

I then asked them for the numbers for the social transfer and post-secondary education. They had no numbers to give us.

Some Hon. Senators: Shame!

Senator Ringuette: I then asked them this: If you cannot give me numbers, please tell me at least that, as advisers to the minister, you have provided the minister with an analysis of what will happen with such a decision and such a change.

Honourable senators, I had to ask four times to get this answer because they were trying to fudge and evade the question.

The final answer was this: "No, we made no cost analysis with regard to the social and post-secondary education transfer."

They made no analysis. They made no recommendation to the minister. Therefore, this new program is totally founded on a political decision alone — a political decision alone.

• (1820)

How can you make a fundamental change to this program after 30 years? It has existed for 30 years because, in 1982, when we repatriated the Constitution, we gave the provinces certain guarantees.

I also asked the officials of the Department of Finance on what grounds they were making this change to a per capita fixed amount for every citizen. They said three times to me that there is no need to measure fiscal capacity.

Honourable senators, I would like to bring you to the Constitution of Canada which contains the guarantees that were given to the provinces and the citizens of Canada.

Section 36 (1) is a commitment to promote equal opportunities. It states:

> Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to.
>
> (*a*) promoting equal opportunities for the well-being of Canadians;
>
> (*b*) furthering economic development to reduce disparity in opportunities; and
>
> (*c*) providing essential public services of reasonable quality to all Canadians.

That is in direct contradiction to what is being done to the Atlantic accord. It is removing opportunities.

Section 36(2) is also in direct contradiction to the proposed changes to the social and post-secondary education transfer. Section 36(2) reads as follows:

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

"Reasonably comparable levels of taxation" is a measure of fiscal capacity. Honourable senators, Bill C-52, with the changes to equalization, to the social and post-secondary education transfers, and to health completely denies and removes the constitutional right of the provinces and every citizen of this country to have equal service for equal taxation. That is what Bill C-52 does.

There are some good items in the budget but we, as senators, represent the population of our regions and, as a whole, the population of Canada. It is our duty to uphold the fundamental law of this land, the Constitution. How can we be expected to approve a budget that is fundamentally contrary to the law of this land?

Some Hon. Senators: Hear, hear!

Senator Ringuette: I am not talking about politics. If they want to talk politics in the House of Commons, that is one thing; if they want to talk politics in the media, that is another thing. I am here speaking for the citizens of New Brunswick and for the citizens of at least eight of the Canadian provinces that are being hurt by these two measures, and that includes Quebec, honourable senators.

This is at least the second piece of legislation that has been introduced in this chamber in the last year that does not comply with the Constitution of Canada.

I will go on to other issues. My honourable colleague Senator Mercer said accurately that Nova Scotia, with regard to the equalization program alone, will lose $1.4 billion in the next 10 years. That does not count the changes to the per capita system. Under that system, Nova Scotia will be losing much more than that.

Under the old per capita program, if you include the tax points, the associated balancing of the tax points and the cash transfer for social and post-secondary education transfers, the federal government transfers $500 per citizen. Under the new program, which removes the associated equalization of tax points, it provides only $289 per citizen.

New Brunswick will lose $1.1 billion on equalization and more in the social and post-secondary education transfers.

One of my colleagues said that it costs much more in Ontario to provide those services than anywhere else. I did some research. I found a study done by the Caledon Institute, an Ontario-based think tank, in October 2004 for the years 2002 to 2025, in regard to health care spending between New Brunswick and the Canadian average. They average cost for health care in New Brunswick of 4.92 per cent. However, they found:

> When we replace the New Brunswick age structure with that of Canada, the growth rate is reduced to 4.41 percent.

• (1830)

To my honourable colleague who thinks that the health care costs are heavier in Ontario than in the smaller provinces with a smaller population distributed over a greater geographic area, I would say that he is definitely wrong.

The other witnesses that we heard talked about the income trusts. They are not happy, and I can understand that. When you are planning to retire and you look at what is available in regard to investment in the open market and you see an opportunity, you invest.

May I have five minutes more?

The Hon. the Speaker *pro tempore***:** Senator Ringuette is asking for another five minutes. Is five minutes granted?

Hon. Senators: Agreed.

Senator Ringuette: Initially, the witnesses told us that in the Halloween massacre, as they described it, they had lost $62 billion in the market value of their assets overnight. They did admit that some of the $62 billion that they lost was due to other causes, but at least $25 billion was due to the specific government measure that was taken.

Prior to the witnesses appearing before our committee, I asked if they had any kind of proof that these were creating a major fiscal situation for the federal government. It seemed they asked the same question in the House of Commons. Honourable senators, under the Access to Information Act, this is the document that they received. There is a lot of information that is blacked out here. They have blank pages to justify the decision of the Minister of Finance.

The third issue that struck me was when Canada's Association for the 50 Plus, CARP, told us that they were looking at bringing a class action suit against the Government of Canada. What else can you expect when you have a Prime Minister of Canada who goes onto the steps of Parliament and cries out an open invitation, "Sue me. Sue me. Come on, sue me."

Senator Carstairs: Make my day.

Senator Ringuette: We have a provincial government, Saskatchewan, that is looking at suing the federal government. We have a group of citizens from Quebec and I think Northern Ontario who is suing the government in regard to BST. We now have another group of people that is looking at suing the government.

Honourable colleagues, even though we were not given the time to have the constitutional experts appear before our committee to ask about the ramifications of this bill in regard to sections 36(1) and (2) of the Constitution, I am sure they would have told us that these two new measures were unconstitutional.

Do not worry. As my colleague Senator Murray has very eloquently said, these two new measures will blow up in their faces.

Senator Oliver: Not a chance.

An Hon. Senator: It has already blown up.

Senator Ringuette: For the sake of upholding the Constitution of Canada and for the sake of upholding the 30-year deal that has been made with the Constitution and its repatriation to all provinces and to all our Canadian citizens, I hope that honourable senators will support the amendments of Senator Moore and Senator Baker. Honourable senators, please consider every citizen that you meet. The seniors and the young people are the ones who will be most affected by these measures.

Hon. Marilyn Trenholme Counsell: It is not easy to follow Senator Ringuette, Senator Baker or Senator Mercer, but I want to speak about children. Honourable senators will not be surprised at that. I will then briefly echo what many of my fellow senators have said about Atlantic Canada. This is, disappointingly, in the budget, so I am speaking directly to Bill C-52. It is on page 125, clause 129, under the heading of Child Care Spaces.

I want to return to the business of broken promises and broken deals and not keeping one's word. Senator Baker said that one can tell a fib easily during an election and get away with it. That is exactly what our Prime Minister did.

I mentioned this the other day, but I must read it again because it is so appropriate for tonight. On April 30, 2005, in Calgary, Stephen Harper, then only the leader of the Conservative Party and certainly not a Progressive Conservative, said something after Rona Ambrose had said that on top of honouring any federal provincial agreements, they would do more, and they would enhance the programs for children. These are the words of Stephen Harper on that day in 2005. He said he would honour any deal made by the Liberals if his party wins the next election. "We have said all along that any signed agreement, contractual obligation of the Government of Canada, will be honoured. We do not want to get into a situation where, like the previous government, we start getting saddled with legal costs and spending our time tearing up agreements."

As Senator Ringuette has just said, he now stands on the front steps and says to the press, "Sue me. Sue me." It was only two years ago that he said, "We do not want to get saddled with legal costs and spending our time tearing up agreements."

We have the same story with the child care agreements as we have with the Atlantic accord and with Saskatchewan. I know it is not exactly the same because we do not have those same legal words in those agreements. Honourable senators on this side will say they were agreements in principle, but they were agreements. The now Prime Minister of this country said before he became Prime Minister that these agreements would be honoured.

I have to think of my neighbour, a fine gentleman, a man I have known for decades, someone who is so highly respected by his constituency that he is elected time and time again, and no one expects to defeat him. Mr. Bill Casey lives just a few kilometres from me. He is a Progressive Conservative, and, like so many people, he is disillusioned. He said on June 3, "In some ways, it was very difficult. In other ways, I just don't think I have a choice." That is the way many of us are feeling tonight. In some ways I just do not think I have a choice. Time will tell tomorrow what that choice means for us.

• (1840)

There is a wonderful headline about Mr. Casey: "Beleaguered Casey stands tall." He said he attempted privately to convince Harper to live up to the accord. He came to the conclusion that it was a futile effort and made his fateful decision to challenge his government. He says the government's signature on any document should be golden, but we know that it is not.

Honourable senators, I want to move on to the child care agreements, because I do not think it would be right to finish the debate on Bill C-52 without remembering these agreements. Others have mentioned them in passing, but I feel it is my responsibility to put on the record, in the debate on this bill here in the Senate of Canada, the financial reality behind the federal child care spaces initiative outlined in clause 129 in Bill C-52.

That initiative has been called a mismatch of mythic proportions by the Child Care Advocacy Association of Canada. I know the word "advocacy" is not allowed in our new government. It is not respected, it is not used; it is scorned. Let us remember that as a society Canada invests less in child care services than most other developed countries. That is why our patchwork of programs ranks low in international comparisons — 14 out of 17 countries, honourable senators.

These agreements in principle, made in 2005, substantially increased the budget commitments of this country to try to move our position up in the world. They were a series of bilateral transfer agreements between the federal and provincial governments. Under these bilateral agreements, provinces agreed to develop and implement plans to advance quality, universally inclusive, accessible and developmental child care services in their communities, and we know that the current federal government announced the termination of these bilateral agreements on March 31, 2007.

What do we have instead? In this bill, Bill C-52, on child care spaces, on page 125, we have this — on the day after cancelling these wonderful agreements that had been developed in 2004, 2005 across this great land:

> . . . on April 1, 2007, make direct payments, in an aggregate amount not exceeding two hundred and fifty million dollars to the provinces and territories for the purpose of supporting the creation of child care spaces.

This is to be on a per capita basis.

The $250-million annual budget replaces previously committed and dedicated federal funds for child care services of $1.2 billion. Now there is $250 million in place of $1.2 billion, for a net loss annually over the next five years of $950 million. The current federal government is taking away 62 per cent of the funds that are flowing to communities now, and 79 per cent of what was committed for communities in 2007.

There is absolutely no commitment in clause 129 or in all of the documentation of their program for quality, healthy child development, for community-owned and accessible child care spaces, for emphasis on community needs and plans, or for any sustained, adequate operating funds.

Honourable senators, I want to make sure what each province is losing through these changes gets on the record. Newfoundland and Labrador will lose $14 million annually; P.E.I. will lose $4 million annually; Nova Scotia will lose $26 million annually; New Brunswick will lose $20 million annually; Quebec will lose $212 million annually; Ontario will lose $352 million annually; Manitoba will lose $33 million annually; Saskatchewan will lose $27 million annually; Alberta will lose $92 million annually; British Columbia will lose $119 million annually; Nunavut will lose $0.9 million; Northwest Territories will lose $1.2 million; and the Yukon will lose $1 million annually — for a total loss annually of $950 million.

Honourable senators, that is serious. It perhaps does not have the seriousness and the significance for many when compared to the Atlantic accords and the agreement with Saskatchewan, but for me it is a serious and very sad thing.

The Child Care Coalition of Canada concluded that the words and funding cuts of Budget 2007 will not build and sustain child care spaces. A credible approach to expanding child care services in communities across the country requires adequate resources, public standards, and provincial and territorial plans. Thus far the current federal government spaces initiative lacks all of these. The words and the numbers simply do not match up.

Therefore, honourable senators, it is very important that, when we come to our vote on this bill, we remember not only the Atlantic accords, with at least two of the Atlantic provinces, and the agreement with Saskatchewan have been broken, but so have the child care agreements, in principle, with every province in this country. I ask honourable senators to remember that I ask you to talk about it. I ask you to carry this message until we have a government that is willing to do more and to do the right thing for our children.

Now I want to speak a bit about Atlantic Canada. I will quote Professor Donald Savoie, who is one of the most esteemed scholars and experts in this country on government and economic affairs. He is the Clément-Cormier Chair in Economic Development at the University of Moncton. This is what he said after he learned about Bill Casey leaving his beloved Progressive Conservative Party, after so many years of serving the people of Cumberland under that banner. He said:

> You can sense a growing anger that this is not a fair deal, a deal that has been totally unfair to this region . . . . Atlantic Canadians are giving up on federal government.

Professor Savoie went on to say that he and most Maritimers doubt Prime Minister Stephen Harper would urge Ontario or Quebec to "sue me" if the Atlantic accord was called the Ontario accord or the Quebec accord.

> It speaks to the sense of history and it speaks to being shortchanged by national policies. I think it's hit that kind of chord. I think it is getting Maritimers terribly upset (and saying), "Hey we're getting screwed once again."

Those are his words, not mine — but I did not mind reading them.

He continued:

> The federal government has failed to come to the region and explain to Atlantic Canadians why equalization programs were rejigged to generate over a billion dollars for Quebec and another $21 million for New Brunswick and $91 million for Nova Scotia . . .
>
> I'm not sure we're in dire need of more taxpayers' money flowing our way. But I think, however, it does speak to the sense of unfairness that this region, throughout history, has been treated by the federal government.

Senator Moore in his speech on May 8, 2007 here in the Senate said — and I quote:

> The big winners are Ontario, which gains $197 million, and Alberta, which will receive $125 million more.

How does that make us feel in Atlantic Canada, my fellow senators?

The Atlantic Provinces Economic Council, as has been mentioned several times today, notes that, in aggregate, the Province of New Brunswick will receive $1.1 billion less under the new equalization program than under the fiscal framework under which it was previously operating.

I want to say to all my fellow senators that we New Brunswickers are a proud people and we take our motto "hope restored" very seriously. We have a new government, a young government, if you will, when you think of our premier, our finance minister, and they have decided to take a gentle, quiet approach in the hope this federal government will help them in their dream of establishing self-sufficiency for our province.

• (1850)

I hope that is true. They are pushing for a new and full partnership with the Government of Canada.

That is our hope, as New Brunswickers, that this is only the beginning of a dialogue that will see our fate with the federal government reversed. We will never give up hope in New Brunswick.

I say the same thing about the child care agreements. We will never cease to give up hope for all our families and all Canada's children. We believe and we know that we can raise our ratings within the Organisation for Economic Co-operation and Development, OECD. Honourable senators, we will never do it with the Conservative dollars for spaces. It will never happen. It will not succeed. That is why I want to thank all those across this great land who believe in early childhood development and who are prepared to fight for it, regardless of the broken promises by Prime Minister Stephen Harper and his government.

I also want to thank my fellow senators once again for the opportunity to study child care and early childhood development in the Standing Senate Committee on Social Affairs, Science and Technology.

Bill C-52 does not merit the support of Atlantic Canadians, Western Canadians or Aboriginal Canadians; perhaps not even those from Ontario. Bill C-52 does not merit the support of parents and scholars who seek a much better level of care for early childhood education for all Canada's children. Canada's children deserve far more than what is in Bill C-52.

I ask my fellow senators to think hard before you vote for Bill C-52. Thank you.

Hon. James S. Cowan: Honourable senators, I take no particular pleasure in rising to participate in this debate at third reading.

Senator St. Germain: Jim, do not do it, then.

Senator Di Nino: You do not have to do it.

Senator Cowan: With the encouragement of Senator St. Germain I have been persuaded to participate. I would much prefer that my intervention be on one side or the other of a debate on some issue of public policy where fair-minded and well-informed senators could express honestly held but different points of view.

That is not the case today.

Today we are talking about integrity, honesty, and trustworthiness, about whether the word of the Government of Canada, or the Prime Minister of Canada, counts for anything. This government, Canada's self-styled "New Government," has deliberately and vindictively torn up written agreements with the governments of two provinces in this country.

These agreements were signed by senior ministers of the governments of Newfoundland and Labrador and of Nova Scotia, in the presence of the Prime Minister and the premiers of those provinces.

Honourable senators, we are not talking about breaking a political promise, some ill-considered rhetorical flourish made in the heat and at the height of an election campaign. We are talking about agreements made pursuant to the provisions of the Constitution of this country. These agreements were negotiated carefully over a long period of time between the governments of Nova Scotia and Newfoundland and Labrador and the Government of Canada; negotiations in which every word was inserted deliberately and for a clear purpose and with a clear meaning.

My colleagues, Senator Rompkey and Senator Baker, have clearly set out the background and nature of the Atlantic accord. The original accord was concluded by the government of Prime Minister Mulroney in the 1980s, and was enshrined in legislation which, as Senator Baker has shown us, expressly provided it could be changed only with the consent of both partners; the provincial and the federal governments.

The subsequent agreements concluded by the government of Prime Minister Martin, with the governments of Nova Scotia and Newfoundland and Labrador, were signed in February of 2005, as I say, in the presence of senior ministers of those governments and in the presence of the Prime Minister and the premiers of the participating provinces.

Honourable senators, as has been stated a number of times tonight, these agreements are not equalization agreements made pursuant to section 36(2) of the Constitution Act, 1982. They are economic development agreements made pursuant to section 36(1).

Until the introduction of this budget, no one ever disputed this distinction. Indeed, as has been quoted several times, and I will not repeat it again, the website of the Department of Finance, until the day before yesterday at least, made it clear that payments under the accord are separate from the equalization program.

Section 36(1) of the Constitution Act provides the framework for economic development agreements for the purpose of "promoting equal opportunities for Canadians and furthering economic development to reduce disparity in opportunities."

Section 36(2) of that same act enshrines "the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation."

These two principles are entirely separate and distinct.

The economic development principle set out in section 36(1) imposes a constitutional obligation to further economic development to reduce disparity in the regions. This is the basis upon which federal-provincial agreements have been made over the years, for example, to support the auto industry in Ontario and the aerospace industry in Quebec.

The concept of equalization, as I say, is entirely separate and distinct and is one of the most admirable attributes of our federation. It is the basis upon which all members of the Canadian family agree that they will help one another for the common good of all. Equalization payments are not made by the richest provinces to the poorest provinces. They are made by the Government of Canada from revenues collected by that government from all Canadian taxpayers.

By its very nature, the equalization formula changes from time to time and the amounts paid to receiving provinces vary according to their fiscal capacity, as calculated in accordance with the formula in place from time to time.

The purpose of the Atlantic accords in 1985 and in 1995 was to ensure that the provinces of Nova Scotia and Newfoundland and Labrador would "receive 100 per cent of the offshore resource revenues as if these resources were on land," and required the Government of Canada "to provide additional offset payments to the province in respect of offshore-related equalization reductions, effectively allowing it to retain 100 per cent of its offshore resource revenues."

Honourable senators, these arrangements were not entered into to enable the provinces to have their cake and eat it too. They were about enabling two small provinces to seize the one opportunity available to them to develop their economies to the point where they would no longer be recipients of equalization payments and to arrive at the point where they would be proud contributors to the future prosperity of this great country.

Section 36 (2) of the Constitution Act contemplates a single equalization program, not one for Nova Scotia and Newfoundland and Labrador and one for the rest of the country. That is the effect of the provisions of this bill; to force our two provinces to choose between the program that was in place at the time the accords were signed in February of 2005, and the current iteration of the formula available to the rest of the country.

That choice, that option, is clearly contrary to the spirit and to the letter of the accords, and of the legislation enacted by this Parliament to implement the arrangements contained in the accords. The accords and the implementing legislation make it crystal clear that Nova Scotia and Newfoundland and Labrador are entitled to participate, like every other province, in whatever equalization arrangements are in place from time to time, and in addition, to receive the economic development transfers, or offset payments, provided for in the accords.

Last week I asked the Leader of the Government in the Senate to request the Prime Minister or the Minister of Finance to provide a legal opinion confirming and supporting their interpretation of the accords and of the legislation that the provinces were forced to choose between the formula as it existed at the time the accords were signed, and the formula put in place subsequently.

In the alternative, I invited her to provide me with the name of a witness that could be called before the National Finance Committee to speak to that point. Neither the opinion nor the witness has been forthcoming.

Senator Oliver: The Minister of Finance.

Senator Cowan: He did not even think it was an economic development agreement; he thought it was equalization. He is hardly qualified. He did not express an opinion on that point, Senator Oliver.

There is one final point upon which I wish to comment, and that is the specific inclusion of offset payments under the Atlantic accord in calculating the fiscal capacity of Nova Scotia and Newfoundland and Labrador.

• (1900)

The uncontradicted evidence received by the National Finance Committee was that the inclusion of economic development payments in the calculation of a province's fiscal capacity is unique and unprecedented.

Payments received by the Province of Ontario with respect to the Auto Pact or the Province of Quebec with respect to the aerospace industry, or under a multitude of federal-provincial economic development agreements, have never been included in the calculation of the fiscal capacity of the recipient provinces. Why has this government singled out Nova Scotia and Newfoundland and Labrador for this vindictive, discriminatory and confiscatory treatment?

Honourable senators, this is not just a squabble between the Government of Canada and two small provinces on our East Coast. This is about whether we will stand idly by and allow the Government of Canada to unilaterally abrogate written agreements with the provinces.

This is not just about the Atlantic accord. It is about child care and early learning, as Senator Trenholme Counsell spoke about. It is about Kyoto and Kelowna. Where will it stop? Have we reached the point where the word of Canada means nothing within our borders and around the world?

Honourable senators, today it is about Nova Scotia and Newfoundland and Labrador. Tomorrow it could be about Ontario, British Columbia or Quebec.

I appeal to honourable senators on all sides of the house to think very seriously about this. I particularly appeal to my Conservative friends and colleagues from Atlantic Canada, such as Senator Comeau, Senator Oliver and Senator Cochrane. Will you stand up with us in support of our provinces, or will you put your party before your principles?

Some Hon. Senators: Hear, hear!

Senator Cowan: I have no doubt, honourable senators, that this budget will pass, but I am equally sure that the vote tomorrow will not be the final judgment on the actions of this government.

Stephen Harper referred disparagingly some time ago to Atlantic Canadians as being consumed by a "culture of defeat." I suggest that the real culture of defeat will be found in Conservative Party headquarters throughout Atlantic Canada and hopefully throughout the rest of the country next election night.

Hon. Consiglio Di Nino: Honourable senators, this budget implementation bill is important to Canada and to Canadians. Therefore, it is crucial that all honourable senators fully understand what is at stake.

We are all aware of the significant tax measures included in Bill C-52. We are aware of the enhanced funding for the environment, for education and for health care. We are all familiar with the positive benefits of this budget and the additional money it brings to all regions of Canada.

Those honourable senators who were fortunate enough to have participated in the consideration of Bill C-52 at the Standing Senate Committee on National Finance will also know that this bill is about building a stronger Canada, a Canada that is ready to take on the world and realize its full potential. To get there, though, we need to work together to build a strong federation, and that starts with restoring fiscal balance.

In spite of recent commentary, perhaps the major long-term achievement of Budget 2007 is the restoration of fiscal balance. After all, as I said, fiscal balance is all about collaboration to make life better for Canadians. That starts with providing the provincial and territorial governments with adequate funding. In other words, restoring fiscal balance is about working side-by-side with our provincial and territorial partners in a new spirit of open federalism and building a better future for our country. That is precisely what the measures proposed in Bill C-52 will do.

Before continuing, I will address certain representations made against this proposed legislation with respect to the unique offshore accord arrangements that apply only to the Provinces of Newfoundland and Labrador and Nova Scotia. The contention has been made that under the proposed legislation, these two provinces will be disadvantaged under the new equalization formula when compared to the previously existing system.

At this time, I would like to clarify that Budget 2007 allows both provinces to continue to operate under the previous equalization system for the duration of their special offshore accord arrangements.

There has been some suggestion that the government is unilaterally changing the accord agreements to somehow disadvantage Nova Scotia and Newfoundland and Labrador. Honourable senators, this is incorrect. As my honourable colleagues have mentioned, the consequential amendments found in clauses 80, 81, 83, 84 and 85 only come into effect should the provinces opt into the new formula. This is clearly stated in clause 86, outlining the coming-into-force provisions.

Clause 82 is an amendment in the accord that the provinces were asking for to allow the minister to make offset payments in a more timely fashion, a measure these provinces had been asking for.

Additionally, as before, both provinces will continue to be eligible for the eight-year extension to 2020 under the conditions set out in the accord. They will continue to be eligible for equalization payments calculated on the basis of the formula in place when the accord was signed. As before Budget 2007, both Nova Scotia and Newfoundland and Labrador will continue to be eligible for the corresponding offset payments under the accord until their expiration.

To summarize, honourable senators, as long as Nova Scotia and Newfoundland and Labrador operate within the previous equalization formula, there will be no material changes to the accord or to the equalization calculations on which it is based. Moreover, there is no cap in the formula.

On April 5, 2007, an editorial in *The Globe and Mail* stated forcefully, referencing Newfoundland and Labrador's particular situation:

> . . . the budget's conditions do not apply to Newfoundland. Not one. There is no cap on Newfoundland. Resource revenues are not included when the province's share of equalization is calculated.

In brackets, "The offshore accord,"

> . . . explicitly exempted the province's resource revenues from any calculation of its equalization entitlements.
>
> That accord trumps the budget's measures. And the Conservatives went out of their way to underline that stipulation in the budget.

Nevertheless, both provinces have the option to permanently opt into the new equalization formula at any time if this provides higher benefits to the province than the existing formula. This option gives the flexibility to make a positive choice for their future. That choice reflects one of the guiding principles of this government: Fairness. Whether it is in our relations with individual taxpayers or our provincial and territorial partners in Confederation, fairness remains our guiding principle. In the name of fairness, we committed to restoring fiscal balance to the federation, something the previous government did not even acknowledge.

Honourable senators, I am proud to say that in the budget this government and its Minister of Finance made good on their commitment. Our $39 billion comprehensive plan introduced to restore fiscal balance will ensure that governments in Canada have the resources they need to deliver the services that Canadians have come to expect. That is what our plan to restore fiscal balance is all about: building a better, stronger and safer Canada for tomorrow.

As part of our fiscal balance plan, we are returning the equalization program to a principles-based, formula-driven footing as proposed by an independent panel established under the previous government.

The then Minister of Finance, the current member from Wascana, was a strong proponent of having such an independent body that came to be known as the O'Brien panel, which examined this contentious issue, remarking at the time:

> There are so many arguments among the provinces about what is the right formula and what it should be, but we will engage an independent panel of experts, people who do not have a particular bias, do not have any kind of regional vested interest, and have them come up with recommendations for how the distribution formula ought to be changed.

• (1910)

That is from the member from Wascana.

However, we were not interested in an approach that only led to fiscal imbalance being endlessly debated again and never addressed. We were interested in action. Consequently, we promptly reviewed the O'Brien panel's findings and then consulted extensively with Canadians, along with provincial and territorial governments, before taking action. Based on those

consultations, we concluded that the recommendations in the O'Brien report formed a solid foundation for the renewal of the equalization program.

The core recommendations in the report are therefore included in our fiscal-balance plan and are the foundation of the new equalization system, one that is fair to all provinces and sustainable in the future.

Indeed, Al O'Brien, the head of the independent expert federal panel, remarked: ''Budget 2007 adopted the panel's recommendation as the core framework. I am really quite encouraged.''

These recommendations include a 10-province standard based on the capacity of all provinces; the exclusion of 50 per cent natural resource revenue to provide improved benefits to provinces for their resources; a fiscal capacity cap to ensure the program is fair for all Canadians; substantial simplification of the program to make it easier to understand; and increased stability and predictability to assist provinces with their fiscal planning.

Honourable senators, equalization must be fair to all Canadians, including those in provinces that do not receive equalization. As honourable senators know, equalization measures the ability of provinces to raise revenues and bring this capacity up to a national average. With the exclusion of a portion of natural resource revenues in the program, we could find ourselves in a position where a province could receive equalization payments even though its total fiscal capacity is higher than a province that does not receive equalization. That would not be fair.

In the words of a former minister of intergovernmental affairs: "It would be unfair for taxpayers in other provinces to provide an even more generous treatment to offshore revenues in calculating equalization. It would be especially hard to justify such a move to residents of other equalization-receiving provinces that do not have oil or natural gas. Canadians in British Columbia or Ontario, whose governments do not receive equalization, might well ask if Nova Scotia and Newfoundland and Labrador should receive equalization payments that give them fiscal capacities surpassing those of Victoria or Queen's Park."

Just for the information of honourable senators, the aforementioned minister I have just quoted is now currently the Leader of the Official Opposition. His own words explain why the recommended fiscal capacity cap in the O'Brien report will ensure fairness in the system.

Honourable senators, our fiscal-balance plan is based on principles, and we intend to stand by them. The principles are predictable long-term financial arrangements, a competitive and efficient economic union, and effective collaborative management of the federation.

In Budget 2007, we put those principles into action delivering an historic plan worth over $39 billion to bring funding to provinces and territories to unprecedented levels. There is no doubt that renewing and strengthening equalization is an important step forward, but there is a lot more to our fiscal-balance plan. We are restoring fairness to all fiscal arrangements.

For example, to reflect the unique circumstances and hard costs in the North, we are also renewing and strengthening the territorial formula financing program by $115 million this year. This will help ensure that the territories have the resources they need to deliver services comparable to those that Canadians enjoy in the rest of Canada.

I note that this revised territorial formula of financing has received widespread and unanimous praise from political leaders in the North. Indeed, Premier Fentie of the Yukon acknowledged that this new funding will help promote long-term and sustained fiscal stability in the North, commenting — and I quote: "I cannot overstate how important this new territorial funding formula arrangement is for the Yukon. It is perhaps the most important achievement of our government to date."

Our plan also proposes to put allocations for both the Canada Social Transfer and the Canada Health Transfer on an equal per capita basis.

Let us take a closer look at what the federal government provides to the provinces and territories.

First, health care. We believe it is time to modernize our health care system. My honourable colleagues spoke about the proposal in Bill C-52 that will improve on our health care system. Canada's new government will be transferring more than $44 billion in health care funding to the provinces and territories over the next two years via the Canada Health Transfer. Let us not forget there is a built-in annual 6 per cent escalator for that transfer.

To provide greater fairness in our fiscal arrangement, the budget also legislates an equal per capita cash allocation for the Canada Health Transfer to take effect when the current agreement, signed by all first ministers, expires in 2013. Budget 2007 also puts the Canada Social Transfer on a long-term predictable path by extending it to 2013-14.

This, honourable senators, mirrors the Canada Health Transfer's current long-term legislative track as well as the one proposed for equalization and territorial formula financing.

To ensure a predictable and sustainable increase in line with population and inflation projections, the Canada Social Transfer will also grow at an annual 3 per cent escalator, starting with 2009-10. We also propose to put cash allocations to the Canada Social Transfer on an equal per capita basis to ensure that no province or territory is unduly affected by this change.

To enhance transparency, the government will identify federal transfer support for post-secondary education, social assistance, social services and child care.

For example, in addition to strengthening and clarifying our contribution to the Canada Social Transfer, we are investing an additional $800 million in post-secondary education through the transfer. Additionally, we are providing funding of $250 million in 2007-08 to assist provinces and territories in their ongoing efforts to provide quality child care services to Canadians.

Budget 2007 also announces the extension of existing funding of $850 million earmarked within the Canada Social Transfer to support federal-provincial-territorial agreements established in 2000 and 2003 for early childhood development and early learning and child care for 2013-14.

The Hon. the Speaker: I regret to advise that the honourable senator's 15 minutes have expired.

Senator Di Nino: Five minutes would be great.

What is more, to help ensure a well-educated, highly skilled and mobile workforce in Canada, Budget 2007 proposes a new long-term approach to labour-market training. This initiative will help meet the needs of employers and employees alike through a $500 million annual investment, beginning 2008-09, to help people get the training they need.

Over the years, we have also heard about the need for a modern and safe public infrastructure that allows goods and people to move freely and efficiently. In keeping with the government's commitment regarding infrastructure and fiscal balance, Budget 2007 will extend, by four years, to 2013, the Gas Tax Fund for municipalities. This is an additional $11.8 billion.

In fact, Budget 2007 provides $16 billion in new infrastructure funding over the next seven years. Combined with Budget 2006, this will make a total of $33 billion — the largest such investment in Canadian history.

The funding in Budget 2007 for the environment is next. All of this increased transfer support, whether for health, education, social services, child care, infrastructure or the environment is crucial to supporting the efforts of provinces and territories in delivering results for Canadians.

A respected commentator, John Ibbitson, wrote in *The Globe and Mail*: "Budget 2007 should remove the fiscal imbalance as a primary irritant in federal-provincial relations for some time" — that is a good day's work — "and deserves greater recognition than this Finance Minister has thus received."

Listen to the words of Queen's University professor Thomas Courchene in the April 2007 edition of *Policy Options*, who rendered a thumbs-up to Budget 2007's major accomplishment to remove — and I quote:

> . . . the fiscal basis of our federation from its earlier state of disarray and to strive to reposition Canadian fiscal federalism within a framework of principles — fiscal, institutional and political.

• (1920)

Honourable senators, I am proud to be standing here today and speaking to you about this bill. I think it is good for Canada; I think it is good for Canadians. I urge you to support it.

Some Hon. Senators: Hear, hear!

Hon. W. David Angus: Honourable senators, I would like to add a couple of words with respect to the amendment that has been put forward by our colleague Senator Baker.

I have been somewhat bemused sitting at the hearings this week, and again last night listening to the two professors, Locke and Hobson —

Hon. Sharon Carstairs: Honourable senators, I rise on a point of order. It is my understanding that Senator Angus has already spoken and now he is attempting to speak on amendments. You cannot bundle things together and say, "We will do it all together," and then single out and speak separately. It is one or the other, honourable senators.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: On the point of order, I take it the house agrees with the view of Senator Carstairs.

Hon. Senators: Yes.

Senator Ringuette: Absolutely.

Hon. Terry Stratton: I thought I would explain from this side why the government is not prepared to make amendments to the bill. No amendments are necessary as Budget 2007 already respects the Atlantic accords, just as they were on March 18, the day before the budget.

Some Hon. Senators: Oh, oh.

Senator Stratton: Newfoundland and Labrador and Nova Scotia can stay in the status quo formula until the accords expire, and receive every penny that they were entitled to under the existing accords.

Budget 2007 also gives the accord provinces a positive choice for the future to opt into the new equalization formula, if they determine that it is in their interest to do so. In fact, for 2007-08, Nova Scotia has opted into the new formula, giving it an additional $95 million in equalization.

Changing the legislation to effectively remove the O'Brien cap under the new formula, as proposed at the Senate committee hearings, would be fundamentally unfair to the other provinces, including those that do not receive equalization, and the changes would be costly and complex.

The government has taken the decision to introduce a comprehensive, principle-based set of reforms for a national equalization program that is equitable to all provinces. Now is not the time to let provinces take the formula apart and choose only those elements that are in their own best interest.

I believe we got that message across during the committee hearings and again today: You cannot cherry-pick.

In order to preserve fairness in the formula, integrity has to be maintained. The Atlantic accords, under the fixed framework agreement, have no cap and continue to constitute the "life preserver," so often referred to by the opposition parties during this debate.

Nova Scotia and Newfoundland and Labrador have the accord arrangement under the fiscal framework from 2004-05 that was available to them on March 18. That was confirmed by Professors Locke and Hobson yesterday evening. Every province would like

the opportunity to design the equalization program in a way that enhances their fiscal situation, but the federal government has the obligation to design a fair program that respects the intent of the equalization.

The opposition has been very selective when arguing that the accords were strictly economic development agreements. What they were asking for dramatically impacts on the equalization programs that affect all provinces.

They also frame this argument around the fact that billions of dollars are being lost. That is not actually the case. These are hypothetical losses based on designing the new equalization program to suit the accord provinces. They will not lose one penny of what was promised to them should they choose to stay in the fixed framework program in effect at the time they signed the agreements in February 2005. Not one penny is lost. They are claiming losses under a program that never existed. The great deal they signed in February 2005 is still available to them, should they wish to keep it.

Senator Cowan: Would Senator Stratton entertain a question?

Senator Stratton: No. It is late and I am tired.

Some Hon. Senators: Shame.

Senator Cowan: It is a very simple question.

Your Honour, perhaps I could —

Senator Stratton: I quote the honourable senator from across the way who earlier said, "It is late."

Senator Cowan: Perhaps I could put the question on the record and then the honourable senator could decide whether it is possible for him to answer it.

Perhaps he could extend an invitation to the Prime Minister and the Minister of Finance to come to Nova Scotia and Newfoundland and Labrador and make that case at a public meeting.

Some Hon. Senators: Hear, hear!

Senator Stratton: Point of order, Your Honour. I said I would not take questions. That was a second speech.

Some Hon. Senators: Oh, oh!

The Hon. the Speaker: Honourable senators, questions and comments are quite in order after a speech. No senator is obligated to answer a question.

Senator Rompkey, do you have question?

Hon. Bill Rompkey: I am not able to ask Senator Stratton a question, but had I been, in this democratic forum where speech is open and where "parliamentarian," as a matter of fact, means speaking —

Senator Comeau: On a point of order, I think Your Honour ruled on the same point that when someone has spoken once, he or she could not speak a second time.

The Hon. the Speaker: It is quite in order for a senator to make a comment during the period of questions and comments. Equally, under that same rule, if the senator, concerning whose speech another honourable senator wishes to make a comment or ask a question, in asking the question of the senator who has first spoken, does not wish to answer that question, he or she is not obligated to answer the question. However, a comment is in order.

Senator Comeau: Therefore, based on that ruling you just made, Your Honour, would Senator Angus not be allowed to make a comment in a question to Senator Stratton?

Some Hon. Senators: Hear, hear!

Senator Day: Too late.

Senator Carstairs: On the same point of order, Your Honour —

The Hon. the Speaker: Honourable senators, it is perfectly clear. What I said at the beginning is that we are now at the stage of questions and comments. Comments are in order, and I am recognizing Senator Rompkey to comment on the speech that we just heard from Senator Stratton.

Senator Rompkey: As I say, had I been able to ask a question, I would have asked Senator Stratton if it was his position that there will be two equalization formulas applying in Canada for the next 20 years and that everyone will accept that there are two different and distinct equalization formulas operating in Canada for the next 20 years. Would all premiers in Canada accept the fact that there will be two equalization formulas operating in Canada for the next 20 years? Would the people of the provinces that those premiers represent be able to accept the fact that there are two equalization formulas, or is it not the fact that the government wants to funnel us all into the new equalization formula?

The Hon. the Speaker: Senator Angus, do you have a comment?

Senator Angus: I have a question for Senator Stratton.

Senator Rompkey: You cannot ask a question.

Senator Di Nino: He does not have to answer. He can ask the question. He does not have to answer.

Senator Cools: He said he was too tired to answer.

Senator Munson: He is tired.

• (1930)

Senator Angus: I have a comment; this is crazy stuff.

I infer from what Senator Stratton has said, and I want him to comment on this, if he would, that the honourable senator does not want me to do that. Okay, I am commenting.

Much fuss has been made about the effect of the federal government, or the allegation of the federal government and the provincial governments of Newfoundland and Labrador and Nova Scotia agreeing that the accords would not be amended

without mutual consent. I can only infer from that that they have not read Bill C-52, because it is clearly stated in sections 80, 81, 83, 84 and 85, on pages 93 to 95 of the bill, that the provisions that would otherwise amend those Atlantic and offshore accords would only come into effect if the provinces — one or other or both of them — opted to go under the new equalization formula. That opting, if, as and when it would occur, would represent mutual consent.

I can only gather that either my friend Senator Baker or the professors last evening had inadvertently omitted to read the bill.

Senator Murray: Honourable senators, I rise on a point of order and possibly we could have some guidance on this. I am backing up a little bit to where we were a few moments ago.

I draw honourable senators' attention to rule 37(4), general time limit on speeches. It says:

> Except as provided in sections (2) and (3) . . .

— those sections have to do with the unlimited time for the leaders and the 45 minutes, I think, for sponsors and spokesmen on bills —

> . . . no Senator shall speak for more than fifteen minutes, inclusive of any question or comments from other Senators which the Senator may permit in the course of his or her remarks."

I infer from that, Your Honour, that Senator Stratton was within his rights in declining to take a question from Senator Rompkey in the first place; and though we should have been deprived of those interesting exchanges from the other senators, that they were also all out of order once Senator Stratton declined to take the question.

Senator Rompkey: Forget I ever said it.

The Hon. the Speaker: Are there any other views on that point of order?

Senator Comeau: I tend to agree with the honourable senator's observation on the ruling.

Hon. Anne C. Cools: I would like to join this debate. Honourable senators, I am under the impression that we are obliging the government a lot tonight in terms of agreeing to stack amendments and to do all sorts of things. I would take the point of view that the leaders of the government have a duty and even a courtesy to assist those of us grappling with these issues and to answer our questions when questions are put, because it allows the debate to move more swiftly and to go ahead a bit more intelligently.

If we were all to adopt the point of view that we are tired and we will say nothing, we could all go home and it would all be over. One has to wonder what the whole purpose of the exercise is. I thought that the objective of this exercise is that the government was trying to get its budget Bill C-52 passed.

The Hon. the Speaker: On the point of order raised by Senator Murray, is there any further comment? If there is no further comment, the house is of the view as expressed by Senator Murray. Therefore, debate continues.

On motion of Senator Comeau, debate adjourned.

BUSINESS OF THE SENATE

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, I ask for leave to stand all remaining items of government business — except for Bill C-51, the Nunavik Land Claims Agreement — after dealing with Bill C-288 so we can hear from Senator Adams on Bill C-51; but that we now proceed to Bill C-288.

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

Hon. Senators: Agreed.

The Hon. the Speaker: The senator has a question.

Hon. Bill Rompkey: I wanted to inform the Deputy Leader of the Government in the Senate that I have a motion that I gave notice of yesterday to extend the mandate of the Standing Senate Committee on Fisheries and Oceans that I would like to move tonight. Otherwise, there will not be an opportunity before next fall.

Senator Comeau: Absolutely. Honourable senators, by the motion that I just moved, I did not interfere in any way with other items on the agenda that would come after Bill C-288 and Bill C-51. Those items will still be on the Order Paper. We can deal with them as they arrive, as we can deal with Senator Rompkey's request for leave and other items when we reach that point.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

KYOTO PROTOCOL IMPLEMENTATION BILL

THIRD READING—MOTION IN AMENDMENT—
DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Mitchell, seconded by the Honourable Senator Trenholme Counsell, for the third reading of Bill C-288, to ensure Canada meets its global climate change obligations under the Kyoto Protocol;

And on the motion in amendment of the Honourable Senator Tkachuk, seconded by the Honourable Senator Angus, that Bill C-288 be not now read a third time but that it be amended:

(*a*) in clause 3, on page 3, by replacing line 19 with the following:

> "Canada makes all reasonable efforts to take effective and timely action to meet";

(*b*) in clause 5,

(i) on page 4,

(A) by replacing line 2 with the following:

"to ensure that Canada makes all reasonable efforts to meet its obligations",

(B) by replacing line 6 with the following:

"ance standards for vehicle emissions that meet or exceed international best practices for any prescribed class of motor vehicle for any year,", and

(C) by adding after line 13 the following:

"(iii.2) the recognition of early action to reduce greenhouse gas emissions, and",

(ii) on page 5,

(A) by replacing line 9 with the following:

"(*a*) within 10 days after the expiry of each",

(B) by replacing line 23 with the following:

"first 15 days on which that House is sitting", and

(C) by replacing lines 26 and 27 with the following:

"each House of Parliament is deemed to be referred to the standing committee of the Senate and the House of Commons that";

(*c*) in clause 6, on page 6, by adding after line 29 the following:

"(3) For the purposes of this Act, the Governor-in-Council may make regulations restricting emissions by "large industrial emitters", persons that the Governor-in-Council considers are particularly responsible for a large portion of Canada's greenhouse gas emissions, namely,

(*a*) persons that are part of the electricity generation sector, including persons that use fossil fuels to produce electricity;

(*b*) persons that are part of the upstream oil and gas sector, including persons that produce and transport fossil fuels but excluding petroleum refiners and distributors of natural gas to end users; and

(*c*) persons that are part of energy-intensive industries, including persons that use energy derived from fossil fuels, petroleum refiners and distributors of natural gas to end users.";

(*d*) in clause 7,

(i) on page 6,

(A) by replacing line 32 with the following:

"that Canada makes all reasonable attempts to meet its obligations under", and

(B) by replacing line 38 with the following:

"ensure that Canada makes all reasonable attempts to meet its obligations", and

(ii) on page 7, by replacing line 4 with the following:

"(3) In ensuring that Canada makes all reasonable attempts to meet its";

(*e*) in clause 9,

(i) on page 7, by replacing line 33 with the following:

"ensure that Canada makes all reasonable attempts to meet its obligations", and

(ii) on page 8,

(A) by replacing line 3 with the following:

"Minister considers appropriate within 30 days", and

(B) by replacing line 7 with the following:

"(1) or on any of the first fifteen days on which";

(*f*) in clause 10,

(i) on page 8,

(A) by replacing line 9 with the following:

"**10.** (1) Within 180 days after the Minister",

(B) by replacing line 11 with the following:

"tion 5(3), or within 90 days after the Minister", and

(C) by replacing line 38 with the following:

"(*a*) within 15 days after receiving the", and

(ii) on page 9,

(A) by replacing line 6 with the following:

"Houses on any of the first 15 days on", and

(B) by replacing line 9 with the following

"(*b*) within 30 days after receiving the advice,";

(*g*) in clause 10.1, on page 9,

(i) by replacing line 17 with the following:

"and Sustainable Development may prepare a",

(ii) by replacing line 32 with the following:

"report to the Speakers of the Senate and the House of Commons", and

(iii) by replacing lines 34 and 35 with the following:

"Speakers shall table the report in their respective Houses on any of the first 15 days on which that House".

Hon. Senators: Question!

The Hon. the Speaker: Honourable senators, shall I dispense?

Hon. Senators: Dispense.

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

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: All those in favour of the motion, please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: All those opposed to the motion, please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my view, the "nays" have it.

Motion defeated, on division.

• (1940)

Resuming debate.

MOTION IN AMENDMENT

Hon. Lowell Murray: Honourable senators, as I have telegraphed to the house on numerous occasions, I have an amendment at third reading. Therefore, I move, seconded by Senator Spivak:

That Bill C-288 be not now read a third time but that it be amended, on page 10, by adding after line 33 the following:

"COMING INTO FORCE

12. This Act comes into force on a day to be fixed by order of the Governor-in-Council.".

The Hon. the Speaker: Debate?

Senator Murray: Honourable senators, I apologize for inflicting a second speech on you today, but I shall try to be brief. The amendment that I propose to this bill will provide that the bill come into force at a time to be decided upon by the Governor-in-Council. That would be the present government or its successor.

I argued at second reading that this bill was incompatible with our Westminster and Canadian tradition of responsible government. Everything I have heard in debate, including committee discussions since that time, has served only to reinforce my view. Bill C-288 is not, as Senator Mitchell would try to persuade us, the result of a great crusade by a lonely but intrepid backbencher who was able, by the force of his conviction and strength of his argument, to persuade other parliamentarians to rally to his cause. We have ample precedent for that kind of private member's bill. One thinks many years ago of the bill brought forward by Mr. Chrétien to change the name of Trans-Canada Airlines to Air Canada.

Kyoto, however, is a fundamental and controversial issue of public policy in this country. It is an international protocol with serious long- and short-term implications for Canada and for the Canadian economy. Its implementation will engage the financial initiative of the Crown and the collective responsibility of the executive government to Parliament and to the electorate.

This bill reverses that dynamic. Its passage would not, as Senator Mitchell again has tried to persuade us, be an exercise in parliamentary supremacy. Parliamentary supremacy derives its meaning and exists in the context of the responsibility of the executive government, the cabinet, to Parliament, in particular to the House of Commons. Far from being an exercise in parliamentary supremacy or parliamentary responsible government, as we understand it, this bill is an unprecedented introduction of United States congressional law-making into our Westminster and Canadian system.

Some Hon. Senators: Shame!

Senator Murray: It is surprising to hear honourable senators of the Liberal caucus, who are so quick to condemn almost any initiative that has anything of a United States flavour about it or that puts us on the same policy ground as the United States, come forward with a bill that will do more to Americanize our system of parliamentary responsible government than anything I have seen in a long time.

At the Standing Senate Committee on Energy, the Environment and Natural Resources, we heard from, among others, Mr. James Hurley, whom many of us know as a political scientist, a constitutional expert and an adviser to federal governments of various political stripes since the mid-1970s. He told the committee: "What we are seeing with Bill C-288 has never happened before." We are "muddying the principle and the whole basis of responsible government." It is "against established convention." It will "establish a new convention." It will "alter the dynamics of the way the conventions of our Constitution have operated."

He came to offer an expert opinion on the constitutionality, in the broadest sense, of this bill. He always ended by saying that it is up to senators to do what they wish to do.

Mr. Hurley said, "It will impinge upon the operation of responsible parliamentary government." He added, "If you start getting major policy issues decided this way rather than by elections, are you changing the political system?"

Mr. Hurley drew a helpful distinction, at least to our understanding of this bill, between legal responsibility and political responsibility. If Bill C-288 goes through, the government of the day will have legal responsibility for it, but not political responsibility. Yet, our parliamentary and electoral system is based on political responsibility. The distinction is clear and helpful in understanding the precedent that this bill creates.

It may be that a response to this anomaly, if that is what it is, was provided by Professor Lynda Collins, who also appeared before the committee. Professor Collins is an Assistant Professor of Law at the University of Ottawa. She is an environmental advocate and a supporter of this bill. She said:

> This bill is one of the most justiciable pieces of environmental legislation in Canada,

She continued:

> . . . in the sense that one of the widely acknowledged defects in Canadian environmental legislation is that it tends to contain a lot of discretion, . . . However, this bill is framed in mandatory terms. . . .
>
> The plan, for example, includes very specific aspects that must be dealt with, for example, the financial measures, et cetera.

In answer to a question, she said:

> . . . any citizen could judicially review a refusal to comply with the law. . . . The court would issue an order, and whoever failed to comply with that order would be in contempt of court. In theory, we could see a minister of the government hauled to jail for failure to comply with a law. However, I find it difficult to conceive that any government would take that course of action.

In brief, again, responsibility for this major issue, this major public issue, will be legal, not political, and the remedy, Professor Collins reminds us, will be in the courts, not in the parliamentary and political process where it belongs in our system of government.

I acknowledge that the Speaker of the other place ruled that Bill C-288 is not a money bill. The concept was that the spending implied is only indirect and that the bill, in its pith and substance, is not a spending bill.

• (1950)

My argument, I hope it is clear, is much broader than the question of the financial prerogative. It is also true that either the government or the opposition could have, and probably should have, declared this bill a matter of non-confidence in the House of Commons. They did not do so. It is now in our chamber, the chamber of sober second thought, to reflect on how it would change our political system.

Finally, honourable senators, I want to refer to one of our sister Commonwealth nations, New Zealand. New Zealand has a unitary system of government, but it is the Westminster system that we have here. Their electoral system produces frequent minority governments. It has been suggested that, if we go on producing minority governments through our elections, this kind of measure will become commonplace, with all that portends for our system of responsible parliamentary government.

Let me tell you how the New Zealanders handle it. They have something called the Crown's financial veto. I am quoting from the Standing Orders of their House of Representatives. I will provide a few short quotations. The first is 318(1), "Financial veto":

> The House will not pass a bill, amendment or motion that the Government certifies it does not concur in because, in its view, the bill, amendment or motion would have more than a minor impact on the Government's fiscal aggregates if it became law.

A bit later:

> A certificate by the Government not concurring in a bill —

— for these reasons —

> . . . must state with some particularity the nature of the impact on the fiscal aggregate or aggregates concerned and the reason why the Government does not concur in the bill, amendment or motion.

A bit later:

> The Speaker will not put any question for the third reading of a bill to which such a certificate relates unless the House has first amended the bill to remove any provision that the Government has certified that it does not concur in.

I suggest to honourable senators that if such rules existed in this country and in this Parliament Bill C-288 would not be before us today. We do not have such rules, unfortunately. The only context in which the Speaker of the other place could rule was on the strict question of whether there is a direct expenditure of money, and he ruled as we know.

The matter is now before us. I hope honourable senators will consider seriously the precedent that is being created — and I appeal especially to honourable senators opposite in the Liberal Party, who hope to be back in office one day. I am cautioning them that, if that happens, they will rue the day they ever passed this bill if they come into office in a minority situation.

Honourable senators, my amendment will solve the entire problem. It leaves the bill intact, as it was sent to us from the other place and supported by the Liberal opposition. It preserves the principle of parliamentary responsible government by according to that government the right to decide when to proclaim it.

Hon. Tommy Banks: Will the honourable senator accept a question?

Senator Murray: Yes.

Senator Banks: The New Zealand example he gave sounds suspiciously like a government veto or a presidential veto. The honourable senator might be aware of my general antipathy to

coming-into-force provisions such as those the honourable senator has proposed, except in cases where it is demonstrably necessary, which is usually a condition precedent of some kind, another act coming into force or some event happening.

Is there, in the honourable senator's view, any such event that any government would be looking for in order to bring this bill into force and effect? Bearing that in mind, it is my understanding that, ordinarily, when a coming-into-force clause of that description is put into a bill, it is giving to the government the discretion of when, but not whether, to bring an act of Parliament into force — when, but not whether, being important. In this particular case, that conundrum is exacerbated by the fact that the less time we have between the time the bill comes into force and the objects of the bill, the more difficult the job will become.

The Hon. the Speaker: Senator Murray's 15 minutes have expired. Is it agreed to extend his time for five minutes?

Hon. Senators: Agreed.

Senator Murray: I am not sure I fully understood the last few words spoken by the senator. I think he was getting into the substance of the urgency or otherwise of implementing Kyoto as a matter of public policy. This is not my field of expertise, but I have also heard it argued that recent agreements that the Europeans have made with regard to climate change and so forth to some extent make Kyoto, if not irrelevant, then subject to a changed context in which Kyoto operates. Therefore, this government or another government might decide not to proclaim it or, preferably, to bring in a government bill.

We have precedent for that, by the way. Our own Senator Kinsella some years ago brought in a bill that passed this place having to do with the Human Rights Act and sexual orientation. It passed here, got to the House of Commons, and the government indicated that they would prefer to take it on as a government bill, so Senator Kinsella gave way, not standing on ego or protocol; the government brought in the bill and we passed it as a government bill. That sort of thing could happen here.

As for the New Zealand situation, the honourable senator says that it is suspiciously like a veto. What it is a rather stronger provision than we have for the Governor General's recommendation. In the almost constant minority situation that the government is in and allowing many private member's bills to come forward, there must be a way to protect the financial prerogative of the Crown and the fiscal situation of the government. These provisions are in the New Zealand rules. The government cannot just, by fiat or by its signature, veto the bill. They have to provide an explanation of how this bill would interfere with their fiscal framework and so forth. It is there precisely to take account of bills, amendments or motions moved by private members. Something like that would have to be considered in Canada if we are in a constant minority situation and continue to vote on private member's bills.

I have lost track of the middle question that the honourable senator asked. If he wants to remind me, I will do my best to answer.

Senator Banks: Ordinarily, a coming-into-force clause, the one the honourable senator has described, is to give the option to the government to determine when, but not whether, to bring it into effect.

Senator Murray: That is correct.

Hon. George Baker: Honourable senators, Senator Murray could shed some light on this matter with his amendment if he would say that his motion of amendment would be comparable to a hoist motion or, in its application, would certainly negate the provisions of the act, since the intent of the proposed legislation was to indeed force the government to do something the government did not wish to do. Upon its acceptance in the House of Commons, could not the Senate, if we were to accept the honourable senator's motion, be accused of negating a House of Commons approval or, in another way, hoisting the bill completely from the Order Paper?

• (2000)

Senator Murray: No, I do not agree that it is the same as a hoist. A hoist is normally considered to be the end of the bill.

There is ample precedent for changing or adding a coming-into-force provision to a bill. If we add this amendment, the bill will go back to the House of Commons and the House of Commons will decide what they want to do with it. It will be a message from us to them.

The worst that could happen, I suppose, is that the present government remains in office and does not deal with the matter. It might also happen that the present government is replaced by a government of another political stripe that would, presumably, proclaim the bill right away, or the present government might change its mind, or the present government might bring in a bill of its own. I am trying to preserve the Westminster and Canadian system of parliamentary responsible government.

The Hon. the Speaker: Senator Murray's time and the extension have expired.

Hon. Mira Spivak: Honourable senators, I find myself in a strange position, because I do not dare ever to disagree with Senator Murray, but I will disagree with him to some extent.

Senator Murray: I appreciate your courtesy in seconding the motion anyway.

Senator Spivak: That does not mean I cannot disagree with you.

Senator Murray: No, of course.

Senator Spivak: The situation we are in is the fault of the people in the other place. First, why did they not make this a matter of non-confidence? Also, the bill was supported by three parties in the House of Commons, so it is here with good imprimatur.

The questions Senator Murray raised were of great interest to me. They were raised and answered in our committee deliberations of May 8. Because the bill also sets an important precedent, those issues and our witnesses' responses to them should be on the record here.

First was the question of whether Bill C-288 is constitutional, and we heard clearly that it is. Second was whether it sets a precedent in constitutional conventions, and we heard that it does.

Mr. James Hurley, to whom Senator Murray referred, said:

> . . . notwithstanding all of the minority governments we have had since 1957, never before has a matter of such central interest to the political discourse in this country come before Parliament, and been adopted, notwithstanding the opposition of the government. . . . It is not unconstitutional. Rather, it is against established convention of practice. Other minor bills got through, but nothing of this scale.

Mr. Hurley cautioned us on two fronts. He said that there is nothing the government can do to avoid giving Royal Assent after we pass it — if we pass it — without creating a constitutional controversy. In passing it, however, we reverse convention.

Because the Prime Minister and his cabinet must maintain the confidence of the House, the long-standing assumption is that they are responsible for the legislative output of Parliament, and will be held accountable to the electorate for it. In passing Bill C-288, Parliament imposes its will on an unwilling government.

There were two clear answers to that. First, Lynda Collins of the University of Ottawa said that the notion that Parliament should not impose measures on an unwilling government is contrary to our system of government. She said:

> Since the Bill of Rights of 1689 —

That is in the British Parliament —

> — parliamentary supremacy has been a key principle of the law of democracy both in the U.K. and in Canada.

The Supreme Court of Canada put it in clear language in the reference case regarding judges' remuneration. The court said:

> There is a hierarchical relationship between the executive and the legislature whereby the executive must execute and implement the policies which have been enacted by the legislature in statutory form.

As others also pointed out, governments implement laws with which they disagree all the time, particularly laws they opposed while on the opposition benches. They have the choice to repeal those laws, as the current government has the choice to attempt to repeal this law after we pass it, if we pass it.

To focus Mr. Hurley's concern more finely, he foresees a muddying of the political waters when voters next go to the polls. Canadians will be asked to vote for or against a government that is implementing a critical law — a law addressing what many describe as the defining issue of this century, the issue being climate change — and a law for which, in the political sense, they are not responsible.

That, frankly, was the government's choice. It was its political choice not to make a vote on this bill in the other place a matter of confidence. The government chose not to risk going to the electorate on how best to deal with the single most defining issue we face. It is not for the Senate to fix that problem. It is for the government and for elected members in the other place to determine whether Canadians will have a clear vote on whether Canada will meet its obligations under the Kyoto Protocol.

This has a bit of an anachronistic feel about it, because time is swiftly passing by for the Kyoto Protocol, but here we are, and it is not our fault.

If we pass this bill, the government will still have that choice, although it has muddied the waters further, and perhaps hoisted itself on its own petard, in putting forth one of its democratic reform policies, that of fixed election dates. However illogical, the government still retains the authority to bring forth legislation repealing this bill and making it a matter of confidence.

Mr. Hurley is so concerned that our constitutional conventions are being altered that he urged us to amend the bill with a coming-into-force clause, which you have recently heard about, that would give the government wiggle room.

One of his arguments on that front is that the government could not reasonably present a Kyoto compliance plan within 60 days, as this bill requires. He conceded that he is not an expert on the climate change file. His concern was primarily a managerial issue.

I remind honourable senators that our non-elected officials have been defining options to reduce greenhouse gas emissions and compiling climate change plans for a long time — sadly, without much result.

As the former Commissioner of the Environment set out in her report last year, between 1993 and 2005, the former government spent $1.6 billion to address climate change — a great deal of it on issue tables, endless consultations and, finally, not one, but three consecutive climate change plans.

As Minister Baird himself acknowledged with the release of his "dark side" prescription of the costs of implementing this bill, in 2000 the government launched Action Plan 2000 on Climate Change. In 2002, after extensive public consultation, it released the Climate Change Plan for Canada, and then, in 2005, it announced Project Green, intended to ensure Canada's compliance with the Kyoto commitments.

God help us.

When we go back to the discussion paper that preceded the 2002 document, we find the options available for compliance are similar to the options the minister analyzed this spring. We even find the models that were used to assess the economic impacts of climate change policy in 2002 — the Energy 2020 model and the Infometrica model — are the same models the minister used this year.

The only significant differences are the options that the current government has swept off the table, and the stunningly high carbon tax it would propose.

• (2010)

In 2002, two tax options were considered: a tax on emitters of $10 a tonne that would cause government revenue to rise about $4.5 billion annually, and a tax of $50 a tonne that would presumably add in the order of $20 billion annually. In those scenarios, the revenues would be returned into the economy in a number of ways.

Mr. Baird, on the other hand — we are talking about the dark side thing now — proposed a carbon tax of $195 a tonne and claimed that 30 per cent of the billions that would be collected would be retained by the federal and provincial governments to offset pressures on their fiscal positions arising from the policy shock. Small wonder he predicts that the economy would take a dive and GDP would decline more than 6.5 per cent relative to current projections for 2008.

Meanwhile, the forecast of the GDP impact of a far more reasonable policy, a far lower carbon tax and greater use of the clean development mechanism, results in a forecast of a GDP impact between zero and minus 2 by 2012.

These figures do more than illustrate how wildly tilted is the picture of both sides in regard to the impact of this bill. They speak to the other governance issues that were raised repeatedly in our committee.

Senator Murray raised an issue of the financial initiative of the Crown. Senator Carney described it as bringing on a train wreck with "financial implications that everyone is saying we cannot meet."

As Professor Collins replied, the federal government is not the major emitter of greenhouse gases. Industries and some provincial governments through their utilities are large-scale emitters. The Government of Canada can comply with the act by simply regulating emitters.

It has several additional options, including setting a reasonable carbon tax — I remind honourable senators that it was Don Drummond of TD who said we must have a carbon tax, and many other economists are talking that way, and withholding a reasonable percentage of that revenue to offset any spending it incurs; it is it not just those tree huggers. You know who we mean. We will not mention their names.

Whatever choices are made, as the Speaker in the other place has ruled, this is not a money bill. Mr. Hurley confirmed that by saying that if spending is an indirect result of legislation, it is not deemed to be a money bill.

Still, we were cautioned to think carefully about the precedent this bill will set, particularly for minority governments that could be with us for a very long time.

Senator Mitchell made the astute observation that the horse left the barn several years ago when predecessors to today's Conservative Party fought successfully for the democratic reform that brings backbenchers' bills to a vote rather than seeing them "talked out," according to the old convention.

I would add that not only minority governments may have a problem, but also all Conservative governments may encounter it from time to time if they hold to their founding principles of February 2004. In that document, the new Conservative Party vowed to restore democratic accountability in the House of Commons by allowing free votes on all matters except the budget and the Main Estimates, unless a matter of confidence is expressly declared on a motion.

Train wrecks often occur when too many trains run in opposite directions on too narrow a track. The government has several trains running: the train of past democratic reforms, the train that crashed former government programs on climate change, the policy train that gave us new fixed date elections and the ever-changing political train.

Honourable senators, this bill need not presage a fiscal train wreck. Let us remember that it expresses the will of Canadians through their elected representatives in the other place. One only has to see the polls to see that the House of Commons reflected the feeling of Canadians. This bill opposes the will of corporate lobbyists who have persuaded the government that Kyoto compliance would be too onerous. That may be too true.

I am not sure where the truth lies here, but this is what I think: we did not create this problem. We have a serious policy matter before us which, perhaps, has passed us by. Perhaps it is not in the right forum. However, what is our choice? Our choice is to say that we will do nothing or to say we will do something. In my case, I prefer a positive option.

Hon. Anne C. Cools: Honourable senators, I would like to join in this debate on Bill C-288 on Kyoto. I would begin by saying that, in a peculiar kind of way, the government has created this bill by its host of attitudes and by its wanton disregard for differing opinions. I would like to begin on that point.

Before I go much farther, I would remind Senator Murray that we had a bill here in 2004, Bill C-250. It was Svend Robinson's bill, a private member's bill, an amendment to the Criminal Code in regard to hate crimes. As Senator Murray will remember, I argued that that bill was proceeding here without the political responsibility of a minister. The bill, as we will recall, was moving ahead under the support of the then government supporters in this place and with the support of the then Minister of Justice, who was Martin Cauchon. It was moving ahead not under ministerial responsibility, because it was not introduced in both chambers by a minister. At the time, I argued that that was not proper and that if a minister or if the government is so supportive of a bill, they have a duty to make it their own and to move it along under ministerial responsibility. Senator Murray will remember that with that particular bill, he moved closure, the previous question or the guillotine motion, one or the other — I have forgotten right now.

Bill C-288 is the opposite of that situation, honourable senators. Bill C-288 is a situation where a bill is moving ahead with the support of a majority of the members of the two Houses, and in the face of the government's opposition to it.

Perhaps, honourable senators, I can explain what I mean when I talk about government high-handedness. A government in a minority situation is supposed to conduct itself as if it is in a minority situation. It is supposed to move ahead at all times, seeking accommodation, reconciliation and agreement. Senator Spivak talked about the government being hoisted on its own petard. That is an interesting expression. Maybe I will borrow it. Let us understand what is happening here.

Senator Murray's amendment is a laudable amendment if we were working under more perfect conditions, and if we were working under more polite and genteel conditions. If Senator

Murray were to give me an undertaking or indicate to me that he had had conversations, for example, with the minister, and that the minister would be willing to take this bill as if it were his own and to proclaim it, then I would, perhaps, go along with him and support his amendment. However, based on the harsh, caustic and even abrasive statements that I hear fall from the minister's mouth, I have no doubt that the honourable senator's proposed amendment would just be a simple opportunity for the minister to ignore the bill and to ignore the Senate.

• (2020)

I have no doubt about that. I have a newspaper clipping here — the heading of which is "'Blow up' dysfunctional Senate: Tory; Liberal majority has driven chamber to all-time low, government whip says" — an article by Jack Aubry in the *Ottawa Citizen* Friday, May 18, 2007:

> "This is an incestuous place which should be blown up," an exasperated Terry Stratton . . . said . . .

Honourable senators, it was in the newspaper. It can be found in the *Ottawa Citizen* on Friday, May 18, 2007. These are not words that encourage a spirit of love and affection and trust in this government. When I read that statement, I wondered, did he mean to blow it up with us senators in it? What bothered me about the statement, honourable senators, is that there is some racism to it. I can assure honourable senators that had a non-White person or a Black person or an Arab person made a statement like that, it would have been most unpleasant.

Some Hon. Senators: Hear, hear!

Senator Cools: I am saying to Senator Murray that we have had bills here that I have seen amended on the strength of commitments that were made by ministers quite often in conversations with certain other senators. However, the ability to get such commitment will depend on the minister's interest in conciliation, and I see none in this government or in the responsible minister.

I have been thinking about Senator Murray's amendment for the last several minutes. I will not support it because I see no indication that the government will do or wants to do what the honourable senator is suggesting in his amendment. In many other situations, the honourable senator's amendment would probably be the best thing to do, because it would give all parties a way out. I have not seen this government make those kinds of compromises, however, and I see no indication that there is one in the offing right now. I wanted to say that because I have been thinking about this non-stop for the last little while.

Honourable senators, I have something here that I should like to read. It is from Mr. Alpheus Todd, *On Parliamentary Government in England*: *Its Origin, Development and Practical Operation*, and it is volume 2, 1892. I have a passage where Todd is talking about this phenomenon of bills moving ahead under the opinion of the House or the Houses against or in the face of opposition from the ministry.

Mr. Todd is talking about bills moving ahead in one House or in both Houses, notwithstanding the opposition of the government ministers. He says the following:

> But we find no example of any bill being permitted to pass through both Houses to which ministers were persistently opposed. Where the opinion of parliament has been unequivocally expressed in favour of a particular bill, regardless of objections thereto expressed by ministers, it has been the invariable practice for ministers either to relinquish their opposition, in deference to that opinion, and to lend their aid to carry the measure, with such amendments as might be necessary to conform it to their own ideas of public policy, or else to resign.

Therefore, Mr. Todd has spoken. We throw words like "conventions" and so on around, but this is not a matter of any convention here. This is a matter of the law of Parliament and Parliament's practice. The practice is that if a minister has to deal with the fact that the House or the Houses are determined to persist in their opinion then he, the minister, must come on side with the House because that is the notion of confidence, being that a minister cannot be in conflict with the people, or Her Majesty cannot be in conflict with her people.

There have been many instances which, I think, are closer to the one that Senator Murray described about Senator Kinsella's bill, where the minister and the government took over the bill and then moved it ahead themselves, in accord with the wishes of the House and in accord with their own policy — in other words, to find some conciliation, some accommodation and some kind of agreement.

On this bill, I have seen no evidence whatsoever that the government has been willing to make some kind of accommodation with the members of the House of Commons. As a matter of fact, I remember hearing some pretty hard and caustic words about the fact that the House was going in a different direction from the government.

Honourable senators, there is so much about our system that is no longer known and no longer understood. The principle and the practice are such that, if the House is persisting in an opinion the minister has a duty to act accordingly and to come to terms with the House and to put the forces of government and the public treasury, if necessary, behind meeting the will of the House. That is what ministers are supposed to do.

Senator Spivak said something interesting on a point that Senator Murray brought forward as well. The House of Commons has already decided that they are not treating this as a matter of confidence. Honourable senators, I might as well put another quotation on the record. Senator Murray and Senator Spivak have raised this. There are three ways that confidence is lost, honourable senators. I will quote from Mr. Todd, again from the 1892 book. It begins as follows:

> As it is essential that the ministers of the crown should possess the confidence of the popular chamber, so the loss of that confidence will necessitate their retirement from office. The withdrawal of the confidence of the House of Commons from a ministry may be shown either (1) by a direct vote of want of confidence, or of censure for certain specified acts or omission; or (2) by the rejection of some legislated measure proposed by ministers, the acceptance of which by parliament they have declared to be of vital importance;

or, on the other hand, by the determination of parliament to enact a particular law contrary to the advice and consent of the administration.

Honourable senators, to all those concerned here, we are long past the confidence stage. What is before us is not whether the passage of this bill is a question of confidence. We do not have to make that determination. The House of Commons has already made that determination. Furthermore, the government in this place agrees with the House's determination because they have spent the last several weeks acting as an opposition trying to stop the bill. The government supporters here have essentially declared to us that they do not believe there was a question of confidence in the other place anyway, so we need not worry about that because the bill is no longer in their ken, it is in ours.

We should be crystal clear about that. What we have to deal with is the substantive policy issues that are before us, not what should have been or could have been or might have been.

• (2030)

Neither can we, in this day and age, talk about any perfect conditions where governments are acting in conformity with the great rules and practice of the system. I see it daily. There is no regard here for those rules.

I was withdrawn from the Finance Committee, removed, with no discussion with me about it whatsoever, without my agreement. Senator Stratton walked into a committee meeting and made an announcement. I never asked him to do it, I never agreed to it, and it was not true anyway; I never decided to step down as deputy chair from anything.

I believe in this system, and I tell honourable senators again and again: you have to know the history of the free coloured people. We were raised to believe in this system. I am prepared to say any day of the week, any time whatsoever, that I believe in the system, but I also know that when you are in a game or a contest, you must be on equal footing. The rules that apply to me should apply to the others, and I am told daily that they do not apply to the others. I am making my adaptation.

Having said that, honourable senators, I would like to say —

The Hon. the Speaker *pro tempore***:** Senator Cools, I regret to advise you that your time is finished. Are you asking for more time?

Senator Cools: Yes, I am.

An Hon. Senator: Five minutes.

The Hon. the Speaker *pro tempore***:** Five minutes is granted to you, Senator Cools.

Senator Cools: I would like to say that Bill C-288 is a product of circumstances. This bill is a progeny of a minority government which will not act like a minority government. In a way, it is the bastard child. I do not know if we know what the word "bastard" means anymore, but it had a certain meaning when I was little.

What we are dealing with, quite frankly, is a situation where we have to rescue this bill. If the government had spent the last six weeks making constructive amendments or demonstrated an attitude in the spirit of negotiation, I would have been the first to be ready to compromise.

Having said that, honourable senators, Senator Murray's amendment is well-intentioned and a good amendment in many of the circumstances; but not in this one. I will not be voting for it, because I believe that it will be just an opportunity for the government to have its way over the will of the two Houses which has been clearly expressed.

I hope I have made some sense to honourable senators, because, believe me, when we talk about conventions, conventions are the business of Her Majesty. Conventions are about the exercise of power, how the sovereign responds to power, and the rules by which she has given power to prime ministers and to governments, but they are Her Majesty's; they are not ours.

Hon. A. Raynell Andreychuk: I rise for a short intervention. Senator Murray's amendment is intriguing and I find it one worthy of taking into account.

International treaty-making means that we sign, and then we ratify an agreement internationally, according to the Vienna convention. It means that we do not instantly need to implement, but we must take steps to implement it according to national capabilities, et cetera.

One wonders, when the Kyoto Protocol was signed, what steps were actually taken towards implementation. Having said that, the amendment of Senator Murray would allow the same kind of rationale to allow a government to take steps to implement it as would have been on the date of ratification. I find it an interesting amendment.

On motion of Senator Carstairs, debate adjourned.

NUNAVIK INUIT LAND CLAIMS AGREEMENT BILL

SECOND READING

On the Order:

> Resuming debate on the motion of the Honourable Senator Segal, seconded by the Honourable Senator Keon, for the second reading of Bill C-51, to give effect to the Nunavik Inuit Land Claims Agreement and to make a consequential amendment to another Act.

Hon. Willie Adams: Honourable senators, thanks for waiting for the last seven or eight hours.

[*The honourable senator spoke in his native language*.]

Honourable senators, I would like to congratulate Senator Watt. Yesterday, he spoke at the beginning of his speech in our mother tongue.

What I said today in Inuktitut is that thousands of years ago, we did not have rules to help us to live together and for living as a family. Since Canada was created, we now live by regulation.

I wish to speak to Bill C-51, the Nunavik Land Claims Agreement. Since 1950, every community was administered by the Minister of Indian Affairs. At that time John Diefenbaker was a friend to the Inuit living in the North, in the future maybe those people will be Canadian. That was in 1950.

In 1953, I ended up in Churchill, Manitoba. At that time they were working on creating Arctic sovereignty in the high Arctic between Resolute Bay and the Grise Fiord. I visited those same people about a year ago this month. I was having my birthday at Grise Fiord last year, so it will be a year ago tomorrow.

The territorial government at that time was centred in Yellowknife, Northwest Territories. As I mentioned, it was 1953. I got off in Churchill and started working at the military base. I was there for 11 years. In 1964, I moved to Rankin Inlet instead of going back to my hometown in Kuujjuaq Northern Quebec.

• (2040)

At that time, in 1964, I obtained a job with the Department of Indian and Northern Affairs to look after seven communities. I did not walk or drive to the communities because we did not have a highway. The only way I could go to the seven communities was by airplane.

The same thing happened when I was elected in 1970 for territorial council. I was the only member from the Eastern Arctic and the Keewatin seven communities. Today, almost every Northern community has its own MLA, in Iqaluit. The same thing happened in Yellowknife.

In 1966, the Department of Indian and Northern Affairs transferred the seat of the Northwest Territories government to Yellowknife. All that area of water in the Arctic east to the tip of Labrador was included in the NWT. As I said earlier, I was elected in 1970 to serve on territorial council for four years. At that time, we started to look into the future of Northern Quebec with respect to boundaries for hunting and water.

At that time, none of Iqaluit, the Northwest Territories, or the provinces had a 12-mile limit. We settled a land claim in 1993, and then we took over the Northwest Territories and spread it over two territories. We ended up with the Nunavut Land Claims Agreement. The water boundary ran right up to Hudson's Bay and up along James Bay, right up to Ungava Bay and up to the tip of Labrador. That was the boundary set out under the Nunavut Land Claims Agreement.

Senator Watt was the President of Makivik when the agreement that led to the Nunavik Land Claims Agreement was signed in 1975. It was my understanding that relations were difficult at that time between the Department of Indian Affairs and the provincial government.

No new restrictions were created. People were able to hunt lake seals, beluga whales and fish. Restrictions have now been established in the Nunavut Land Claims Agreement.

I understand that in the beginning it was difficult for people under the Nunavik Land Claims Agreement — at that time, it was the James Bay and Northern Quebec Agreement between the provincial government and the Department of Indian and Northern Affairs.

I was appointed in 1977 to the Senate. I was here for only a month when we studied the James Bay and Northern Quebec Agreement. I cannot remember every clause we dealt with. Thirty years ago this April, I was appointed to the Senate.

At that time, Senator Crowe was chairing our committee dealing with the James Bay and Northern Quebec agreement. Senator Watt came that spring to Ottawa to appear before the committee. That was over 30 years ago.

I have been on the Standing Senate Committee on Energy, the Environment and Natural Resources for over 25 years. We dealt with many things, but one of my main interests will always be species at risk. Senator Bryden is not here tonight, but an amendment in motion has been passed so that the House of Commons will deal with a bill respecting species at risk sometime in the future.

Since the 1970s, we have celebrated animal rights. We have been hurt a few times with respect to agreements since then.

Beginning in 1970, the Government of Canada told us we could not study with respect to seals or Arctic char liver, any fish liver. We cannot eat it. I think at that time the government told animal rights officials that our people there were killing too many seals. I think they should have been told that those seals had poison in their livers and tongues and could not be hunted anymore. I am not sure it would have made a difference.

Right after that, there was a ban on leghold traps and we were not allowed to buy any more sealskin at Hudson's Bay. In 1970, we started getting rid of the dog teams and going more towards bombardiers, Ski-Doos and guns for hunting and trapping. The price of fur went from $40 to $50 down to $5 or $2.50. At that time, animal rights activists did not allow us to trap or hunt for seals. That is what happened in the beginning.

For a little over a year, Bill C-51 has been the agreement between the government and Nunavut. Much of the bill relates to people from Northern Quebec and people living in the Baffin and Keewatin regions. We settled at that time. In 1999, we elected 19 members to the legislative assembly in Iqaluit, Nunavut. We now have 19 members who make up the Nunavut government.

Following the agreement in 1993, Nunavut wanted to negotiate the future of the hunt. At that time, the Nunavut government and Department of Fisheries and Oceans created a regulation as to how often one was able to hunt polar bears and whales. We had quotas in Nunavut at that time, but that did not apply to the beluga whales.

Today, the agreement between Nunavut and Nunavik falls within the Nunavut Wildlife Management Board. Section 5.2.1 is the agreement with the Government of Canada dealing with Nunavut harvesting and hunting rights.

• (2050)

Today, the Nunavik Land Claim Agreement, section 5.2.3, is almost exactly the same as the Nunavut agreement that the Government of Canada signed in 2006.

After 1975, people in the community of Nunavik voted for that; to have a future. They voted to have a wildlife management board, just like Nunavut. The community voted 78 per cent in favour of a wildlife management board in Nunavik.

The Nunavut land claim agreement was signed with the Government of Canada in 1993. We have agreed to work together with Nunavik in the future on the hunting and harvesting rights between the Nunavut and Nunavik.

In the meantime, last March, Senator Rompkey —

The Hon. the Speaker *pro tempore*: I regret to advise the honourable senator that his time has expired. Are you asking for more time?

Senator Adams: I am.

Hon. Senators: Agreed.

Senator Adams: Thank you, honourable senators. This issue is important.

The Hon. the Speaker *pro tempore*: Senator Adams, you have five more minutes.

Senator Adams: After eight hours of waiting, now five more minutes.

In the meantime, on March 22, scientists from the DFO told us about the movement of the beluga between Hudson Bay up to Baffin Strait up to the Beaufort Sea. At the beginning, without quotas, the beluga population went down to 1,800 from 13,500. It was not our fault, because Europeans were coming here to hunt the whales and taking the oil back to Europe. That was the beginning.

The Government of Canada looked into how the beluga increased at that time to 1,850. The year was 2006. Between the Hudson Bay up to Ungava, Labrador, Baffin, Cumberland Sound and the Beaufort Sea the whale population today is 122,300. In the meantime, they told us there are only 200 left around Ungava.

Four or five years ago, Bill C-5 passed through the Standing Senate Committee on Energy, the Environment and Natural Resources. We found out that those 200 do not mix with the 123,000 whales. We asked why not, and the scientists would not tell us. The only thing they would tell us is maybe next year they will get the DNA of those 200 whales to see if they became those 123,000 whales. We had never heard anything like that before. That is why I have a problem with those people on Ungava Bay, with only 200 whales left that do not mix with the other 123,000 whales and migrate together. One goes to one place and stays there and another one keeps going. In the meantime, our witnesses from Ungava told us they see whales nine months a year.

DFO conducted a study of killer whales last year in the Hudson Bay. I asked the question: How many killer whales kill belugas? The scientists say they do not eat beluga. I asked, "Why was it named the killer whale?" They say they eat fish and seals.

I talked to my friend, a hunter, and told him that they say killer whales do not kill whales. He said one time he was chasing a beluga and a killer whale came along, he bought a net and put him right up in the air. That is the kind of stuff we get sometimes from our government. We know how they live.

We try not to overkill; we just try to take what we need.

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

Hon. Senators: Question!

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

Some Hon. Senators: On division.

Motion agreed to, on division, and bill read second time.

REFERRED TO COMMITTEE

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

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

BUSINESS OF THE SENATE

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, before we go to reports of committees, I was wondering if the house might entertain a motion that would allow for television and photographers for tomorrow's Royal Assent. The Governor General will be here; it will be a full-fledged Royal Assent. Generally, when we do have the full Royal Assent ceremony, we allow cameras, and so forth.

Hon. Senators: Agreed.

Senator Comeau: Honourable senators, with leave of the Senate, and notwithstanding rule 58(1)(j), I move:

> That television cameras be authorized in the Senate Chamber to televise the Royal Assent ceremony on Friday, June 22, 2007, with the least possible disruption of the proceedings; and
>
> That photographers be authorized in the Senate Chamber to photograph the ceremony, with the least possible disruption of the proceedings.

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

Motion agreed to.

• (2100)

ACCESS TO INFORMATION ACT CANADIAN WHEAT BOARD ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Mitchell, seconded by the Honourable Senator Peterson, for the second reading of Bill S-224, to amend the Access to Information Act and the Canadian Wheat Board Act.—(*Honourable Senator Gustafson*)

Hon. Robert W. Peterson: Honourable senators, I rise to speak on Bill S-224, the legislation that would subject the Canadian Wheat Board to access to information legislation just as though it were a government entity entirely within the federal system.

I find it interesting that the government is pressing ahead with this matter even though the parent legislation, Bill C-2, has yet to be enacted. Why is the government so determined to press ahead with this relatively minor aspect of Bill C-2 at this time? I would suggest it is not because the government wants to improve public access to information. It is because the government does not like the Canadian Wheat Board, never has liked the Canadian Wheat Board and sees this as an opportunity to further weaken the board by stealth rather than by frontal attack.

Some Hon. Senators: Hear, hear.

Senator Peterson: I refer my fellow senators and those monitoring this legislation to the presentation by Ken Ritter, Chair of the Canadian Wheat Board, to the Standing Senate Committee on Legal and Constitutional Affairs on September 20, 2006. Mr. Ritter points out that Bill S-224 adds the Canadian Wheat Board to the list of entities referred to as "other government agencies." The simple fact is that the board is not a government agency. The Canadian Wheat Board is governed by an independent board of directors, of which 10 out of 15 are elected by farmers. The act under which the Canadian Wheat Board operates specifically states that the board is neither an agent of the Crown nor a Crown corporation.

The Canadian Wheat Board is fully accountable to the western grain farmers who sell their products through it. It has its own accountability policy, which is posted on its website. Through this policy, it discloses such things as market performance and delivery-related information. However, the policy protects personal information about farmers and commercially and strategically sensitive marketing material. Also, as I have mentioned, the freely producer-elected directors are fully accountable to their constituents, the farmers of their districts and the West.

Therefore, honourable senators, the Canadian Wheat Board is not a government agency. It is a fully accountable, independent agency that serves western Canadian farmers.

The Canadian Wheat Board is one of the world's largest grain marketers. It markets close to 20 million tonnes of grain on behalf of our farmers every year. This amounts to annual sales of over $4 billion in some commodities such as high-quality spring wheat and durum. It supplies more than half the world's trade.

In its daily and year-round work, the Canadian Wheat Board operates in a highly competitive marketplace, competing on behalf of farmers against huge private organizations, including organizations that operate in places like the United States and the European Union where farmers receive huge agricultural subsidies.

Through Bill S-224, the government seeks to further handicap the Canadian Wheat Board by having it disclose information that its competitors can use against it in the marketplace. The huge private corporations that operate in the international grain marketing system must be rubbing their hands with glee. Canada is going to force its main player in the grain marketing system to reveal its hand before every play.

Perhaps those who drafted this legislation have never played poker. I have to say immediately that I think they are poker players, but they are playing another game.

The purpose of this legislation is not to improve access to information within the government system but to weaken the Canadian Wheat Board, which the party in power at present has been trying to do for years. The government believes that if they can weaken the Canadian Wheat Board as a player on the world stage on behalf of farmers, it will become easier to eliminate the board altogether.

This is the thin edge of the wedge designed to fundamentally damage the Canadian Wheat Board. Once the board is weakened in this way and less able to do its fine work on the world stage, the government will be able to say, "I told you so," and will have fulfilled its own prophecy.

Another example of the insensitivity of this government towards farmers is found in their treatment of the Canadian Grain Commission. For many years, farmers have had on-the-ground support from the Canadian Grain Commission through their Assistant Commissioners, who, for the most part, are the only Canadian Grain Commission representatives our farmers speak to on a daily basis across the Prairies. Now, the current Minister of Agriculture refuses to fill vacant Assistant Commissioner positions, leaving farmers yet again without the support and advocacy they have historically had, leaving them with no one to turn to, especially in situations where they feel they have been mistreated by the grain companies.

The current Minister of Agriculture does not seem to value nor even understand the role of these Assistant Commissioners. He does not understand nor appreciate that farmers lack the resources and power to confront the grain companies, which, in a dispute, often bully the farmer who cannot adequately defend himself. It means the Minister of Agriculture does not understand the nature of business relationships where one party has much more knowledge and power than another. It is just one more voice lost to the farmers, not dissimilar at all to what we are now going through with the government and the Canadian Wheat Board.

One of the ironies here is that the World Trade Organization appears to have no objection to the Canadian Wheat Board in its present form. There is no international pressure on the government to change the Canadian Wheat Board. That pressure is coming from within the governing party itself.

Honourable senators, I urge you to see this legislation for what it is. It is not designed to improve access to information; it is designed to undermine a fine Canadian institution, the Canadian Wheat Board.

Some Hon. Senators: Hear, hear.

On motion of Senator Gustafson, debate adjourned.

• (2110)

OLYMPIC AND PARALYMPIC MARKS BILL

BANKING, TRADE AND COMMERCE—
RESERVATIONS BY INTELLECTUAL PROPERTY
INSTITUTE OF CANADA

Hon. W. David Angus: Honourable senators, with your leave, I seek permission to revert briefly to the Orders of the Day regarding Bill C-47 on the Olympic logo. Senator Campbell and I had undertaken to put something on the record at third reading but through inadvertence, it was not done. If I could have your leave, I would like to do so now.

The Hon. the Speaker: Is leave granted? It is just for clarity. The bill is no longer before us, but Senator Angus is asking the house for leave to make a statement on behalf of the Standing Senate Committee on Banking, Trade and Commerce. Is it agreed?

Hon. Senators: Agreed.

Senator Angus: Thank you, honourable senators. When we studied Bill C-47 yesterday, the only opposition to the bill came from the Intellectual Property Institute of Canada, who pointed out that there were provisions in the bill that involved the protection of various Olympic trademarks. The usual conditions for obtaining an interim interlocutory injunction would be modified and the provision that required the demonstration of irreparable harm being caused was left out. This sets a bit of a precedent, and the Intellectual Property Institute indicated that they felt it was a dangerous precedent.

We called the chairman of the Vancouver Olympic Committee to give his explanation. He gave a satisfactory explanation and tabled a letter, dated February 6, addressed to the Honourable Maxime Bernier, Minister of Industry, with proof that the letter had been received, signed by John A. Furlong, Chief Executive Officer of VANOC.

That letter forms part of the record of the hearings of June 20, 2007, of the Standing Senate Committee on Banking, Trade and Commerce. We felt, as did the witness, that there should be a little bit more comfort given by having a reference made at third reading and noted in the *Debates of the Senate*.

ABORIGINAL PEOPLES

BUDGET—STUDY ON RECENT REPORTS AND ACTION
PLAN CONCERNING DRINKING WATER
IN FIRST NATIONS' COMMUNITIES—
REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the ninth report of the Standing Senate Committee on Aboriginal Peoples (budget—study on drinking water in First Nations' communities), presented in the Senate on June 19, 2007. —(*Honourable Senator St. Germain, P.C.*)

Hon. Gerry St. Germain moved the adoption of the report.

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

Motion agreed to and report adopted.

NATIONAL CAPITAL ACT

BILL TO AMEND—REPORT OF COMMITTEE—
DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Banks, seconded by the Honourable Senator Moore, for the adoption of the eighth report of the Standing Senate Committee on Energy, the Environment and Natural Resources (Bill S-210, to amend the National Capital Act (establishment and protection of Gatineau Park), with amendments and observations), presented in the Senate on June 7, 2007.—(*Honourable Senator Nolin*)

Hon. Mira Spivak: Honourable senators, I do not wish to speak to this again; I have spoken. I would merely like to have it brought to a vote.

On motion of Senator Comeau, debate adjourned.

[*Translation*]

OFFICIAL LANGUAGES

BUDGET AND AUTHORIZATION
TO ENGAGE SERVICES—STUDY ON STATE
OF FRANCOPHONE CULTURE IN CANADA—
REPORT OF COMMITTEE ADOPTED

The Senate proceeded to the consideration of the ninth report of the Standing Senate Committee on Official Languages, (*budget—study on the francophone culture in Canada—power to hire staff and to travel*), presented in the Senate on June 20, 2007.—(*Honourable Senator Keon*)

Hon. Maria Chaput moved the adoption of the report.

Motion agreed to and report adopted.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the eighteenth report of the Standing Committee on Internal Economy, Budgets and Administration, (amendments to the *Senate Administrative Rules*), presented in the Senate on June 20, 2007.—(*Honourable Senator Furey*)

Hon. George J. Furey moved the adoption of the report.

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

Motion agreed to and report adopted.

TRANSPORT AND COMMUNICATIONS

BUDGET—STUDY ON CONTAINERIZED FREIGHT TRAFFIC—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twelfth report of the Standing Senate Committee on Transport and Communications, (budget—release of additional funds (study on containerized freight traffic handled by Canada's ports)), presented in the Senate on June 20, 2007.—(*Honourable Senator Tkachuk*)

Hon. David Tkachuk moved the adoption of the report.

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

Motion agreed to and report adopted.

THE SENATE

MOTION URGING GOVERNOR GENERAL TO FILL VACANCIES IN SENATE—DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Moore, seconded by the Honourable Senator Phalen:
>
> That an humble Address be presented to Her Excellency the Governor General praying that she will fill the vacancies in the Senate by summons to fit and qualified persons. —(*Honourable Senator Tardif*)

Hon. Sharon Carstairs: Honourable senators, it is my intention to speak to this motion, but I am not prepared to speak to it tonight. Therefore, I move the adjournment of the debate in my name because Senator Tardif actually took this adjournment in my name.

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

An Hon. Senator: On division.

On motion of Senator Carstairs, debate adjourned, on division.

FISHERIES AND OCEANS

COMMITTEE AUTHORIZED TO EXTEND DATE OF FINAL REPORT ON STUDY ON NEW AND EVOLVING POLICY FRAMEWORK FOR MANAGING FISHERIES AND OCEANS

Hon. Bill Rompkey, pursuant to notice of June 20, 2007, moved:

> That, notwithstanding the Order of the Senate adopted on Tuesday, May 16, 2006, that the Standing Senate Committee on Fisheries and Oceans authorized to examine and report on issues relating to the federal government's new and evolving policy framework for managing Canada's fisheries and oceans, be empowered to extend the date of presenting its final report from June 29, 2007 to June 27, 2008; and
>
> That the Committee retain until August 15, 2008 all powers necessary to publicize its findings.

Motion agreed to.

The Senate adjourned until tomorrow at 9 a.m.

CONTENTS

Thursday, June 21, 2007

Available from PWGSC – Publishing and Depository Services
Ottawa, Ontario K1A 0S5