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Wednesday, January 28, 2009



THE HONOURABLE NOËL A. KINSELLA
SPEAKER

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THE SENATE

Wednesday, January 28, 2009

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

Prayers.

SENATORS' STATEMENTS

VINCENT JAMES MACLEAN

Hon. Terry M. Mercer: Honourable senators, last fall during their convocation ceremonies, Cape Breton University honoured a proud Cape Bretoner with an honorary degree. Vincent James MacLean of East Bay received an honorary Doctor of Letters.

Vince has lived in Sydney his whole life. He is a graduate of St. Francis Xavier University and Saint Mary's University in Halifax.

Vince has had a wide and varied career in politics. He represented the riding of Cape Breton South from 1974 to 1993. Vince served in various cabinet roles, notably as Minister of the Environment, Minister Responsible for Treasury Board and Minister of Lands and Forests. He also served as Speaker of the Nova Scotia House of Assembly and later as Mayor of the City of Sydney.

Vince was leader of the Nova Scotia Liberal Party from 1985 to 1992, and served during that time as Leader of the Official Opposition. Prior to that, he was a high school teacher at Sydney Academy before being elected a MLA in 1974.

Honourable senators, Vince is also known for his philanthropic work, with over 30 years of community service and experience. He has been a member of the Canadian Cancer Society Nova Scotia division board of directors and chaired the Cape Breton Regional Hospital.

He helped transfer the ownership of the Sydney Airport from the federal Department of Transport to the Sydney Airport Authority. It is worth noting that this money-losing facility was turned into a profitable company under Vince's stewardship. It is not difficult to ascertain why Cape Breton University honoured Vince with an honorary doctorate.

• (1405)

I know honourable senators will join me in congratulating a great Canadian, a great Nova Scotian, and a proud Cape Bretoner. I wish him well in all his future endeavours. Well done, Dr. MacLean.

[*Translation*]

THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

SIXTIETH ANNIVERSARY

Hon. Donald H. Oliver: Honourable senators, an important anniversary occurred while Parliament was prorogued. I would like to draw to your attention the sixtieth anniversary of the

United Nations' Universal Declaration of Human Rights, which occurred on December 10, 2008.

Six decades after it was adopted, the Universal Declaration of Human Rights is still referred to regularly around the world.

[*English*]

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

[*Translation*]

In other words, the Universal Declaration of Human Rights reminds us that, fundamentally, all of the people on this earth are part of the same human family and that, as such, we are all entitled to the same rights, freedoms and protections no matter where we live or which country we are from.

Furthermore, it has had a profound impact on the lives of Canadians, especially on the lives of members of minority groups across the country.

Despite significant victories in the battle for human rights over the past few decades, there is still a long way to go. Even today, many groups of people are being deprived of their fundamental human rights.

[*English*]

This is why groups like the Montreal-based International Centre for Human Rights and Democratic Development, also known as Rights & Democracy, exist and are ever so important. Through its work with individuals, organizations and governments, Rights & Democracy promotes the human democratic rights defined in the United Nations Declaration of Human Rights. Not only have we celebrated the declaration's sixtieth anniversary this past year but we have also celebrated the twentieth anniversary of Rights & Democracy. In 1988, Canadian parliamentarians of all political stripes had the foresight to recognize the need for Canada to support human rights defenders in developing countries.

Last December, I spoke in Ottawa on two different occasions about the sixtieth anniversary of the declaration and its importance to our society. I spoke at the Respectful Workplace Campaign called "Be The Change" organized by the Director General Personnel and Family Support Services of the Department of National Defence, and at a celebration organized by the Canada Council for the Arts and UNESCO. At both of these conferences, I offered my thoughts on the

significance of the declaration in Canada and around the world. I pointed out that Canadians have countless reasons to be proud of the many contributions that we have brought to the world and our achievements in advancing human rights.

INAUGURATION OF PRESIDENT BARACK OBAMA

Hon. Jeremiah S. Grafstein: Honourable senators, the Obama inaugural events were indeed a celebration of democracy. The word “freedom” resounded in words and music and reminded the vast audience of the words spoken by Dr. Martin Luther King 50 years earlier in the same memorable venue.

I was given the privilege of a coveted seat on the Senate side of Capitol Hill in front of the podium. It took me over two and a half hours to wend my way through the happy throngs. Seated next to me, some 25 yards away from the podium, was one of the world’s greatest filmmakers, George Lucas, and on the other side was a well-known chief executive officer of a major American bank and his wife. Around me, Americans from every corner of the United States, who were bundled against the cold in their mufflers and gloves, shared chocolates and exchanged friendly greetings and exciting experiences.

• (1410)

No student of crowds and power could fail to admire the magnificent behaviour of the people who came to share in the history making. Indeed, it was a once-in-a-lifetime moment when hopes and history converged. The premise of the brilliant book entitled *The Wisdom of Crowds: How the Many Are Smarter than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations* was demonstrated.

Reaching down from the heights of Capitol Hill to the distant Washington Monument, the crowds paid rapt and respectful attention to every aspect of the program. Moist eyes changed to tears — from the young, the old, the disabled and the joyous who came flooding in for this memorable experience. It started from the first moment of the formal program that began with the children’s choir followed by the stirring themes from “The President’s Own” United States Marine Band.

Beginning with a rolling chant of “Obama” cutting through the air, Supreme Court Chief Justice Roberts was introduced to administer the oath of office. Senator Obama, who had voted against the confirmation of Chief Justice Roberts, was there in an ironic note to the ritual proceedings. The Chief Justice stumbled over the words of the presidential oath enshrined in the Constitution, misplacing the word “faithful,” to the twitter of the crowds. Later that day, a second ceremony took place where President Obama was again administered the oath of office in a more constitutionally-correct fashion. Then, President Obama, without coat, wearing a bright red tie, spoke firmly and forcefully to the enraptured audience of millions in Washington and around the world, striking a solemn and serious note in tune with the uncertain times. Moist eyes turned to tears and tears poured down, especially from those African-Americans, many of whom sat near me. Then a poem in plain language was read by President Obama’s favourite poet. Finally, a thundering, concluding invocation was given by a grizzled veteran of the civil rights movement and a compatriot of the late Martin Luther King, Jr., who invoked over and over again the word “freedom.”

Later, I reluctantly made my way to the Embassy of Canada, which was emblazoned with Obama posters and the location of a wonderful party hosted by Ambassador Wilson. It was a unique place from which to watch the presidential parade as it passed along Pennsylvania Avenue where President Obama and his wife rode to take up their official residence at the White House for the first time. We met Canadians and Americans from all walks of life at this wonderful, crowded event.

Honourable senators, President Obama entered the White House as the Chief Executive and forty-fourth President of the United States. We are told that he started his first day without wasting any time and, once in the Oval Office, began signing new executive orders. Welcome from dreamland, back to the world of political reality.

On reflection, honourable senators, America, a beacon of democracy, has recaptured its lead in the minds and the hearts of Americans, friends and foes alike around the globe. The American experiment in freedom and democracy was visibly renewed. We now hold high expectations and higher hope that the world can be inspired to achieve the political promise of change we witnessed in this democratic ritual.

We live in memorable and troubled times. We experienced the wisdom of crowds on that cold day in Washington and it was a new day, indeed. We wish the new President of the United States Godspeed. He will need all her help.

THE LATE WILLIAM MOSS LANDYMORE, OBE

Hon. Bill Rompkey: Honourable senators, I rise to pay tribute to a great Canadian to whom we are all indebted for both his valiant defence of our country and his valiant defence and steadfast support of our navy. Rear-Admiral William Moss Landymore crossed the bar in Halifax on Thursday, November 27, 2008, at the age of 92.

Admiral Landymore enrolled at the Royal Military College in Kingston in 1934 and entered the Royal Canadian Navy in 1936. He distinguished himself in both war and peace, serving in 13 ships of the Royal Navy and the Royal Canadian Navy during World War II. Additionally, he trained the gunnery crews of seven Allied ships at Scapa Flow. He survived the sinking of HMCS *Fraser* and HMCS *Margaree*. He saw active service in Palestine, the North Atlantic, the Pacific, and was awarded a Mention in Dispatches on the Murmansk Convoys. During the Korean War, Admiral Landymore commanded HMCS *Iroquois* on two tours, was awarded a second Mention in Dispatches, was appointed Canadian Commander Destroyers Far East and awarded the Order of the British Empire. Following the war, he commanded HMCS *Bonaventure*, our last aircraft carrier. He also served as Flag Officer Pacific Coast and Flag Officer Atlantic Coast.

However, it was his final act of service that earned him a place of honour as one of Canada’s greatest naval heroes. A staunch opponent of unification, Admiral Landymore refused to sacrifice his principles to save his career. He foresaw the many problems unification would bring for the navy and to the morale of his sailors and he fought with a true “Heart of Oak” to serve his navy and keep true to the motto of the RMC: “Truth, Duty, Valour.”

• (1415)

History has vindicated Admiral Landymore. Many of the initiatives that ended the Royal Canadian Navy have since been reversed and, today, we once again have a navy we can be proud of and depend upon. However, his legacy extends far beyond the navy of today.

Admiral Landymore established a tradition of principled leadership and uncompromising care for the welfare of subordinates that has since spread through generations of future military leaders. Without his great example of courage and conviction we would not generate leaders like General Rick Hillier; leaders who tell the truth to power and who are unwilling to compromise on the welfare of the men and women who protect and defend this country.

After he was shamefully removed as head of our navy, Admiral Landymore continued to give to our country. Serving on the Board of the Grace Hospital in Halifax, he was awarded the Salvation Army Cross of the Order of Distinguished Auxiliary Service. His work to promote health care, education and care for those with special needs brought many accolades that he never sought but so clearly deserved.

Honourable senators, I am honoured to pay tribute to a great sailor and a great Canadian, Admiral William Moss Landymore.

[*Translation*]

MILITARY FAMILY SERVICES PROGRAM

Hon. Lucie Pépin: Honourable senators, the Canadian Forces take it as their duty to support the families of our men and women in uniform. As an employer, the chain of command recognizes the unique nature of military life and the contribution military families make to the operational effectiveness of our armed forces. To lighten the load on soldiers' families, the high command recently made a commitment to a new dynamic to give these families better quality of life.

One of the most significant aspects of this new initiative, which I commend, is the official signing of the Canadian Forces Family Covenant. In signing this covenant, the Chief of the Defence Staff committed Canadian Forces leadership to improving the military lifestyle and families' quality of life. This commitment has translated into a complete overhaul of the Military Family Services Program. Begun in 2008, work to improve the program continued last weekend at a meeting in Ottawa of military leaders, service providers and military wives. This meeting, which I attended, followed on the consultation forum and the preparatory work done by advisory committees and task forces.

These consultations led to a series of recommendations designed to improve health care, child care, mental health care, social support, deployment support and education and employment services for military wives.

I am convinced that with the implementation of these recommendations, military family resource centres will be better equipped to address families' needs appropriately. This

[Senator Rompkey]

commitment by military leadership to support military families more effectively can also be seen in recent changes to the regulations governing the Memorial Cross. Since 1919, this decoration had been presented to the mothers of soldiers who died while serving overseas. The eligibility criteria were broadened in 2007 to include parents, widows or widowers and individuals designated by soldiers who die while serving in combat missions, taking training or responding to an incident or flood.

This initiative is to be commended, as are all the other measures designed to honour the resilience of military families and recognize the sacrifices they make for Canada.

I congratulate our military leaders and encourage them to continue their efforts, and I invite you, honourable senators, to take every opportunity to support our military wives. They keep a low profile, but remember that our soldiers do an excellent job because their wives hold the fort while they are away.

ROUTINE PROCEEDINGS

NATURAL RESOURCES

EXPLOSIVES REGULATORY DIVISION— PROPOSED REVIEW OF USER FEES, NOVEMBER 2008— REPORT TABLED AND REFERRED TO ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, pursuant to section 4 of the User Fee Act, I have the honour to table, in both official languages, a document concerning a proposed review of the user fees of the Explosives Regulatory Division of Natural Resources Canada.

After consultation with the Leader of the Opposition, it was decided that the Standing Senate Committee on Energy, the Environment and Natural Resources would examine the document.

The Hon. the Speaker: Honourable senators, pursuant to rule 28(3.1), the document is referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

• (1420)

BUDGET 2009

DOCUMENTS TABLED

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, I have the honour to table, in both official languages, Budget 2009, *Canada's Economic Action Plan*.

[English]

**ORGANIZATION FOR SECURITY AND CO-OPERATION
IN EUROPE PARLIAMENTARY ASSEMBLY**

NOTICE OF MOTION TO SUPPORT RESOLUTION
ON EXPANDING TRADE BETWEEN
NORTH AMERICA AND EUROPE

Hon. Jeremiah S. Grafstein: Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That the Senate endorse the following Resolution, adopted by the OSCE Parliamentary Assembly at its 17th Annual Session, held at Astana, Kazakhstan, from June 29 to July 3, 2008:

RESOLUTION ON EXPANDING TRADE BETWEEN
NORTH AMERICA AND EUROPE

1. Reaffirming the importance of trade for economic growth, political stability and international peace,
2. Recalling the fundamental importance of the economic and environmental dimension in the OSCE's comprehensive approach to security,
3. Considering that expanded free trade between North American and European markets will benefit all OSCE participating States politically as well as economically,
4. Recalling the commitments made by the participating States at the Maastricht Ministerial Council in December 2003 regarding the liberalization of trade and the elimination of barriers limiting market access,
5. Recalling the recommendations of the 2006 OSCE *Best Practice Guide for a Positive Business and Investment Climate*, published by the Office of the Co-ordinator of OSCE Economic and Environmental Activities, which advocate stronger international trade policies and conditions favourable to the circulation of international capital,
6. Concurring with the conclusions of the Co-ordinator of OSCE Economic and Environmental Activities that free trade agreements and the reduction of tariffs are vital to a strong trade policy,
7. Recalling the importance that the OSCE Parliamentary Assembly accords to the development of international trade as underlined by the Assembly's Fifth Economic Conference on the theme of "Strengthening Stability and Co-operation through International Trade" held in Andorra in May 2007,
8. Recalling the deep historical and cultural ties between the peoples and states of North America and Europe which shaped their common values, on which the OSCE is based, and which are reinforced by the strength of their economic links,

9. Recognizing the considerable impact that the economies of North America and Europe have on international trade,
10. Considering the increasingly interdependent nature of the economic links between North America and Europe,
11. Noting the scope and depth of trade between North America and Europe which benefits public accounts and the private sector in addition to generating opportunities for employment,
12. Welcoming recently signed agreements that promote greater and freer trade between a limited number of markets in North America and Europe, such as the January 2008 Free Trade Agreement between Canada and the European Free Trade Association,
13. Acknowledging the appeal of the emerging markets in Asia and South America, whose growth will generate new levels of competition and economic efficiencies for trade between North America and Europe,
14. Concerned with the persistence of trade barriers in the economic relations between North America and Europe which limit opportunities for greater economic growth and human development,
15. Concerned with the state of the Doha Round of negotiations at the World Trade Organization which is affecting inter-regional trade negotiations such as the Canada-European Union Trade and Investment Enhancement Agreement suspended since 2006,

The OSCE Parliamentary Assembly:

16. Resolves that seminars and conferences to raise awareness of the opportunities and shared benefits of trade liberalization should be considered;
17. Calls on the parliaments of the OSCE participating States to vigorously support and accelerate all multilateral, inter-institutional and bilateral initiatives that promote the liberalization of trade between North America and Europe, including the harmonization of standards and the elimination of regulatory barriers;
18. Calls on the parliaments of the OSCE participating States to sustain the political will of their governments as members of existing economic agreements, including the North American Free Trade Agreement, the European Union, the European Free Trade Association and the Central European Free Trade Agreement, to develop transatlantic partnership agreements that expand and liberalise trade between and among them;
19. Recommends that current and future initiatives that target expanded trade between the economies of North America and Europe consider greater involvement where appropriate of regional and subregional governments and groupings;
20. Recommends that current and future initiatives that target expanded trade between the economies of North America and Europe reflect the principles and

standards of the OSCE, particularly human rights, environmental protection, sustainable development and economic and social rights, including workers' rights, as agreed to in the 1990 Document of the Bonn Conference on *Economic Co-operation in Europe*, the 1990 Document of the Copenhagen Meeting of the Conference on the *Human Dimension of the CSCE* and the 1990 *Charter of Paris for a New Europe*.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY ACCESSIBILITY OF POST-SECONDARY EDUCATION

Hon. Catherine S. Callbeck: Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report on the accessibility of post-secondary education in Canada, including but not limited to:

- (a) analysis of the current barriers in post-secondary education, such as geography, family income levels, means of financing for students, debt levels and challenges faced specifically by Aboriginal students;
- (b) evaluation of the current mechanisms for students to fund post-secondary education, such as Canada Student Loans Program, Canada Student Grants Program, Canada Access Grants, funding for Aboriginal students, Canada Learning Bonds, and Registered Education Savings Plans;
- (c) examination of the current federal/provincial transfer mechanism for post-secondary education;
- (d) evaluation of the potential establishment of a dedicated transfer for post-secondary education; and
- (e) any other matters related to the study; and

That the Committee submit its final report no later than December 31, 2010, and that the Committee retain until June 30, 2011, all powers necessary to publicize its findings.

ORGANIZATION FOR SECURITY AND CO-OPERATION IN EUROPE PARLIAMENTARY ASSEMBLY

NOTICE OF MOTION TO SUPPORT RESOLUTION ON MEDITERRANEAN FREE TRADE AREA

Hon. Jerahmiel S. Grafstein: Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That the Senate endorse the following Resolution, adopted by the OSCE Parliamentary Assembly at its 17th Annual Session, held at Astana, Kazakhstan, from June 29 to July 3, 2008:

RESOLUTION ON A MEDITERRANEAN FREE TRADE AREA

1. Reiterating the fundamental importance of the economic and environmental aspects of the OSCE concept of security,
2. Recognizing that without economic growth there can be no peace or stability,
3. Recalling the importance that the OSCE Parliamentary Assembly accords to the development of international trade, as underlined by the Assembly's fifth economic conference on the theme of *Strengthening Stability and Co-operation through International Trade*, which was held in Andorra, in May 2007,
4. Maintaining that creating a free trade area will, inter alia, contribute significantly to the efforts to achieve peace,
5. Recalling that the European Union itself was made possible by the establishment of free-trade areas, first the European Coal and Steel Community in 1951 and then the European Economic Community in 1957,
6. Recalling the Helsinki Final Act of 1975, in which OSCE participating States expressed their intention "to encourage with the non-participating Mediterranean States the development of mutually beneficial co-operation in the various fields of economic activity" and to "contribute to a diversified development of the economies of the non-participating Mediterranean countries",
7. Recalling the Helsinki Final Act, in which OSCE participating States recognized "the importance of bilateral and multilateral intergovernmental and other agreements for the long-term development of trade" and undertook "to reduce or progressively eliminate all kinds of obstacles to the development of trade",
8. Celebrating the decision made at the OSCE Summit in Budapest in 1994 to create a Contact Group with Mediterranean Partners for Cooperation,
9. Expressing support for the Barcelona Declaration of 1995 regarding the establishment of a free trade area between the members of the European Union and all Mediterranean states by 2010,
10. Saluting the American Middle East Free Trade Area Initiative (MEFTA) launched in 2003,
11. Concerned by the slow pace of economic development in the Middle East, especially in the agriculture sector and the knowledge-based economy, where two-thirds of the population is under the age of 35,
12. Considering the obstacles to economic growth posed by agricultural trade and tariff barriers, as discussed at the OSCE Parliamentary Assembly meeting in Rhodes in 2004,

13. Considering the lack of direct foreign investment in Middle Eastern Arab countries and the concentration of such investment in a small number of these countries,
14. Noting that despite the efforts made in the Middle East to stimulate free trade, economic growth in Mediterranean countries is markedly stronger in the Israel-Europe-North America axis than among countries in the region, and
15. Encouraged by the increased literacy rate and the increased participation of women in the domestic economies of countries in the Mediterranean basin,

The OSCE Parliamentary Assembly:

16. Recommends the creation of a Mediterranean Economic Commission whose objective would be to quickly reduce trade barriers and facilitate the transition to a knowledge-based economy in countries in the region;
17. Recommends the creation of a Mediterranean Agricultural Marketing Board whose objective would be to create jobs in the agriculture sector for young people in the region;
18. Invites OSCE participating countries and partner states for co-operation to intensify their efforts under the Barcelona Process and to more fully benefit from the MEFTA Initiative in order to expedite the establishment of a free-trade area among all Mediterranean countries.

NOTICE OF MOTION TO SUPPORT RESOLUTION ON
WATER MANAGEMENT IN THE OSCE AREA

Hon. Jerahmiel S. Grafstein: Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That the Senate endorse the following Resolution, adopted by the OSCE Parliamentary Assembly at its 17th Annual Session, held at Astana, Kazakhstan, from June 29 to July 3, 2008:

RESOLUTION ON WATER MANAGEMENT
IN THE OSCE AREA

1. Reiterating the fundamental importance of the environmental aspects of the OSCE concept of security,
2. Recognizing the link between natural resource problems and disputes or conflicts within and between states,
3. Noting the opportunities presented by resource management initiatives that address common environmental problems, including local ownership and sub-regional programmes and co-operation amongst governments, and which promote peace-building processes,
4. Recalling the OSCE's role in encouraging sustainable environmental policies that promote peace and stability, specifically the *1975 Helsinki Final Act*, the *1990 Concluding Document of the CSCE Conference on Economic Co-operation in Europe* (Bonn Document), the *1999 Charter for European Security* adopted at the Istanbul Summit, the *2003 OSCE Strategy Document for the Economic and Environmental Dimension* (Maastricht Strategy), other OSCE relevant documents and decisions regarding environmental issues, and the outcome of all previous Economic and Environmental Fora, which have established a basis for the OSCE's work in the area of environment and security,
5. Recognizing that water is of vital importance to human life and that it is an element of the human right to life and dignity,
6. Noting the severity of water management issues and the scarcity of water resources faced by many states in the OSCE region, affected in particular by unregulated social and economic activities, including urban development, industry, and agriculture,
7. Concerned by the impact of poor water management systems on human health, the environment, the sustainability of biodiversity and aquatic and land-based eco-systems, affecting political and socio-economic development,
8. Concerned by the more than 100 million people in the pan-European region who continue to lack access to safe drinking water and adequate sanitation,
9. Concerned by those areas and people in the North American region of the OSCE space without access to safe drinking water and sanitation,
10. Concerned by the potential for water management issues to escalate if options to address and reverse the problem are not duly considered and implemented,
11. Recognizing the importance of good environmental governance and responsible water management for the governments of participating States,
12. Applauding the work of the Preparatory Seminar for the Tenth OSCE Economic Forum which took place in 2001 in Belgrade and which focused on water resource management and the promotion of regional environmental co-operation in South-Eastern Europe,
13. Applauding the work of the 15th OSCE Economic and Environmental Forum and its preparatory meetings, "Key challenges to ensure environmental security and sustainable development in the OSCE area: Water Management," held in Zaragoza, Spain,
14. Applauding the OSCE's *Madrid Declaration on Environment and Security* adopted at the 2007 Ministerial Council which draws attention to water management as an environmental risk which may have a substantial impact on security in the OSCE region and which might be more effectively addressed within the framework of multilateral co-operation,

15. Expressing support for the efforts made to date by several participating States of the OSCE to deal with the problem, including the workshop on water management organized by the OSCE Centre in Almaty in May 2007 for experts from Central Asia and the Caucasus,

The OSCE Parliamentary Assembly:

16. Calls on the OSCE participating States to undertake sound water management to support sustainable environmental policies;
17. Recommends that the OSCE participating States pursue and apply the measures necessary to implement the 2007 *Madrid Declaration on Environment and Security*;
18. Recommends that such water management and oversight activities include national, regional and local co-operative initiatives that share best practices and provide support and assistance amongst each other;
19. Recommends that the OSCE participating States adopt the multiple barrier approach to drinking water protection, with particular attention to water tables, in their national, regional and local regulations to ensure that people living throughout the OSCE space have access to safe drinking water;
20. Recommends that the OSCE participating States consider developing more effective national, sub-national and local results-based, action-oriented and differentiated approaches to sound water management policies;
21. Encourages the OSCE participating States to continue their work with other regional and international institutions and organizations with respect to water management solutions, providing for the establishment of supranational arbitral commissions with decision-making powers delegated by the States.

• (1425)

NOTICE OF MOTION TO SUPPORT RESOLUTION
ON COMBATING ANTI-SEMITISM

Hon. Jerahmiel S. Grafstein: Honourable senators, I give notice that, at the next sitting of the Senate, I shall move:

That the Senate endorse the following Resolution, adopted by the OSCE Parliamentary Assembly at its 17th Annual Session, held at Astana, Kazakhstan, from June 29 to July 3, 2008:

RESOLUTION ON COMBATING ANTI-SEMITISM,
ESPECIALLY ITS MANIFESTATIONS
IN THE MEDIA AND IN ACADEMIA

1. Recalling the Parliamentary Assembly's leadership in increasing the focus and attention of the participating States since the 2002 Annual Session in Berlin on issues related to manifestations of anti-Semitism,

2. Reaffirming especially the 2002 Porto Ministerial Decision condemning "anti-Semitic incidents in the OSCE area, recognizing the role that the existence of anti-Semitism has played throughout history as a major threat to freedom",
3. Referring to the commitments made by the participating States in the previous OSCE conferences in Vienna (2003), Berlin (2004), Brussels (2004) and Cordoba (2005) regarding legal, political and educational efforts to fight anti-Semitism,
4. Welcoming all efforts of the parliaments of the OSCE participating States on combating anti-Semitism, especially the All-Party Parliamentary Inquiry on anti-Semitism in the United Kingdom,
5. Noting with satisfaction all initiatives of the civil society organizations which are active in the field of combating anti-Semitism,
6. Acknowledging that incidents of anti-Semitism occur throughout the OSCE region and are not unique to any one country, which necessitates unwavering steadfastness by all participating States to erase this black mark on human history,

The OSCE Parliamentary Assembly:

7. Appreciates the ongoing work undertaken by the OSCE and ODIHR through its Programme on Tolerance and Non-discrimination and supports the continued organisation of expert meetings on anti-Semitism and other forms of intolerance aimed at enhancing the implementation of relevant OSCE commitments;
8. Appreciates the initiative by Mr. John Mann MP (United Kingdom) to create a world-wide Inter-Parliamentary Coalition for Combating Anti-Semitism and encourages the parliaments of the OSCE participating States to support this initiative;
9. Urges participating States to present written reports on their activities to combat anti-Semitism and other forms of discrimination at the 2009 Annual Session;
10. Reminds participating States to improve methods of monitoring and to report anti-Semitic incidents and other hate crimes to the Office for Democratic Institutions and Human Rights (ODIHR) in a timely manner;
11. Recognizes the importance of the ODIHR tools in improving the effectiveness of States' response to anti-Semitism, such as teaching materials on anti-Semitism, the OSCE/ODIHR Law Enforcement Officers Programme (LEOP), which helps police forces within participating States better to identify and combat incitement to anti-Semitism and other hate crimes, and civil society capacity-building to combat anti-Semitism and hate crimes, including through the development of networks and coalitions with Muslim, Roma, African descendent and other communities combating intolerance; and recommends that other States make use of these tools;

[Senator Grafstein]

12. Expresses appreciation of the commitment by 10 countries — Croatia, Denmark, Germany, Lithuania, the Netherlands, Poland, the Russian Federation, Slovakia, Spain and Ukraine — in co-developing with ODIHR and the Anne Frank House teaching materials on the history of Jews and anti-Semitism in Europe, and encourages all other OSCE participating States to adopt these teaching materials in their respective national languages and put them into practice;
13. Encourages participating States to adopt the guide for educators entitled *Addressing Anti-Semitism — WHY and HOW*, developed by ODIHR in co-operation with Yad Vashem, in their respective national languages and put them into practice;
14. Urges governments to create and employ curricula that go beyond Holocaust education in dealing with Jewish life, history and culture;
15. Condemns continued incidents of anti-Semitic stereotypes appearing in the media, including news reports, news commentaries, as well as published commentaries by readers;
16. Condemns the use of double standards in media coverage of Israel and its role in the Middle East conflict;
17. Calls upon the media to have discussions on the impact of language and imagery on Judaism, anti-Zionism and Israel and its consequences on the interaction between communities in the OSCE participating States;
18. Deplores the continued dissemination of anti-Semitic content via the Internet, including through websites, blogs and email;
19. Urges participating States to increase their efforts to counter the spread of anti-Semitic content, including its dissemination through the Internet, within the framework of their respective national legislation;
20. Urges editors to refrain from publishing anti-Semitic material and to develop a self-regulated code of ethics for dealing with anti-Semitism in media;
21. Calls upon participating States to prevent the distribution of television programmes and other media which promote anti-Semitic views and incite anti-Semitic crimes, including, but not limited to, satellite broadcasting;
22. Reminds participating States of measures to combat the dissemination of racist and anti-Semitic material via the Internet suggested at the 2004 OSCE Meeting on the Relationship between Racist, Xenophobic and Anti-Semitic Propaganda on the Internet and Hate Crimes, that include calls to:
- pursue complementary parallel strategies,
 - train investigators and prosecutors on how to address bias-motivated crimes on the Internet,
 - support the establishment of programmes to educate children about bias-motivated expression they may encounter on the Internet,
 - promote industry codes of conduct,
 - gather data on the full extent of the distribution of anti-Semitic hate messages on the Internet;
23. Deplores the continued intellectualization of anti-Semitism in academic spheres, particularly through publications and public events at universities;
24. Suggests the preparation of standards and guidelines on academic responsibility to ensure the protection of Jewish and other minority students from harassment, discrimination and abuse in the academic environment;
25. Urges all participants of the upcoming Durban Review Conference in Geneva to make sure that pressing issues of racism around the world will be properly assessed and that the conference will not be misused as a platform for promoting anti-Semitism;
26. Suggests that the delegations of the OSCE participating States hold a meeting on the eve of the Durban Review Conference to discuss and evaluate the Durban Review process.

[Translation]

BUDGET 2009

NOTICE OF INQUIRY

Hon. Gerald J. Comeau (Deputy Leader of the Government): Honourable senators, pursuant to rule 57(2), I give notice that, two days hence, on behalf of the government:

I will call the attention of the Senate to the budget entitled *Canada's Economic Action Plan*, tabled in the House of Commons on January 27, 2009 by the Minister of Finance, the Honourable James M. Flaherty, P.C., M.P., and in the Senate on January 28, 2009.

[English]

QUESTION PERIOD

FINANCE

BUDGET 2009

Hon. Claudette Tardif (Deputy Leader of the Opposition): Honourable senators, yesterday, in response to my question, the Leader of the Government in the Senate told us, at page 16 of the *Debates of the Senate*:

The government has been projecting a surplus for this current fiscal year, not a deficit.

Unfortunately, this is not the situation. Less than two hours after the minister had reassured honourable senators, her cabinet colleague, the Honourable Jim Flaherty, announced in the other place that for the current fiscal year of 2008-09, there would be a deficit of \$1.1 billion. What happened in two hours? As a member of cabinet, did the Leader of the Government in the Senate not receive a briefing yesterday about the contents of the budget? If she did get such a briefing, why did she provide the chamber with erroneous information on such a basic budgetary issue?

Hon. Marjory LeBreton (Leader of the Government and Minister of State (Seniors)): Honourable senators, I would have to check exactly what I said. Perhaps I misunderstood the question. I was referring to the state as of the economic update in November. It was clear that at that time — and it was an economic update, not a budget or a stimulus package — the government was in surplus.

Hon. James C. Cowan (Leader of the Opposition): That is not what you said.

Hon. Art Eggleton: Honourable senators, my question is to the Leader of the Government in the Senate. In an effort to cover many bases in yesterday's budget, the government has scattered a substantial amount of money over a wide range of programs, which raises two issues. First, is this money being spread too thin to effectively counter the economic downturn? Should there not have been a more precise focus?

Second, is the machinery of government, with all of its red tape — we all know that there is a lot of red tape regardless of who is in power — capable of getting these numerous programs operating in a timely fashion?

A case in point is infrastructure funding. The Building Canada plan was announced in Budget 2007, but according to municipal leaders across the country, hardly a penny has come their way. More infrastructure money is now being proposed, but what has changed in terms of the ability to deliver? How can we be confident that there will be shovels in the ground this year if, after two years, the Building Canada plan has not been delivered as promised?

Senator LeBreton: Honourable senators, as the Minister of Finance stated yesterday, the country faces an unprecedented situation because of the world economic slowdown.

• (1430)

Yesterday, I took as notice a question from Senator Milne as to exactly what monies were expended under the Building Canada plan. I wish to assure Senator Eggleton that when the Minister of Finance delivered the budget, he mentioned specific projects in all the provinces and territories. As part of the broad consultation process between the Minister of Finance, the Minister of Transport and their provincial and municipal counterparts, they identified programs in which all levels of government are ready to participate.

No doubt, there were instances in the past when federal money was available and ready, but the provincial or municipal counterparts had not completed their work and had not asked for the money. As a result, the money did not flow because the provinces or municipalities did not officially request it. In this

case, the municipal and provincial governments have identified projects that are ready to go.

In addition, as an economic stimulus, the other programs announced by the government in terms of renovations and retrofits are great job creators that affect many small business people who can work with individuals to stimulate the economy.

Senator Eggleton: I appreciate the intent, but a great deal will have to be done to get shovels in the ground. Some of the projects the minister mentioned yesterday have been involved since the Building Canada plan was started over two years ago, and they still have not reached shovel-in-the-ground status.

Let me ask the minister about the municipalities' ability to pay their share of the program. There are a great many more projects than the leader has mentioned that the municipalities would have to fund with their own money. The municipalities asked that the money be funded through the Gas Tax Fund, which would mean less red tape and would give them more flexibility to get shovels in the ground quickly.

This morning, the president of the Federation of Canadian Municipalities said that many municipalities will not be able to afford to put money on the table. He said that many municipalities are stretched to the limit with property taxes and can ill afford to have more debt. The Minister of Finance says that they should use these funds or lose them. Losing the monies will not accomplish anything in terms of an economic turnaround or getting people back to work, so that is not a good solution.

How can we be sure that the municipalities will be able to pay one third of the cost as their portion of this program?

Senator LeBreton: Honourable senators, as Minister Baird consulted with the various mayors and heads of municipalities, he received assurances that the projects that they put on the table were projects that they were able to fund. He received assurances that the projects would put shovels in the ground. There are programs where loans can be made if they do not have immediate funds available.

The honourable senator mentioned the President of the Federation of Canadian Municipalities, Jean Perrault, the Mayor of Sherbrooke, but I will put on the record what this gentleman actually said:

Today the federal government took concrete action to create new jobs, fight the recession and invest in a safer, greener, more competitive Canada.

FCM strongly supports the federal government's commitment to invest significant new dollars in infrastructure projects that will put Canadians to work in 2009 and 2010.

• (1435)

As we said yesterday, there is no doubt that much collaborative work must be done by all levels of government. That is what Canadians want. They want us to work to resolve the problems they face.

There is no easy solution. All levels of government and all people should do everything possible to assist those who have lost or may lose their jobs. Infrastructure is only one part of it. In our

negotiations with the various levels of government, everyone acted and made commitments in good faith. As parliamentarians, we should have faith in our municipal, provincial and federal politicians.

Hon. Sharon Carstairs: Honourable senators, my question is directed to the Leader of the Government in the Senate. Canadians are Canadians, whether they pay municipal tax, provincial tax or federal tax. The Minister of Finance recognized yesterday that tax increases would not be a good thing. Why does he think that raising property taxes would be a good thing, which is what he is forcing the municipalities to do?

Senator LeBreton: Honourable senators, the head of the Federation of Canadian Municipalities obviously believes that the actions the government took yesterday were appropriate. I am pleased that the Leader of the Opposition in the other place agrees and has urged that this plan be put in place quickly. I could not agree more. His were very wise words.

Hon. Lorna Milne: Honourable senators, I thank the Leader of the Government in the Senate for her answers to Senator Carstairs and Senator Eggleton, but what she has said ignores the financial realities facing most provincial and local governments. I am afraid that this Conservative government is choosing to turn these potential investments in our infrastructure into nothing more than a series of forgettable press releases. We have seen this show before, and we already know the ending.

Yesterday, I asked how much of the infrastructure budget the government had committed in Budget 2008 and how much of that has already gone out the door. I am convinced that the answer will be extremely disappointing.

As Senator Eggleton said, if the provinces and communities could not come up with matching funds last year, what on earth makes the government think they will be able to come up with them this year? How will they be able to invest funds in their infrastructure under this new budgetary program? Is it part of the government's plan to be seen to be all things to all people but to avoid shelling out any money in the long run? In other words, this budget seems to be the same as past Conservative budgets — a mile wide and an inch deep.

Senator LeBreton: Honourable senators, I believe that all levels of government acted in good faith. As I said yesterday and repeat today, the budget consultation process was massive and involved many ministers at all levels of government.

Senator Milne appears to have no faith in the municipalities of the country. The Association of Municipalities of Ontario welcomed the announcement of substantial new federal infrastructure funding, saying that it “will help Ontario municipalities get on with priority infrastructure projects and it will provide an important boost to the economy and job creation.”

As has been pointed out by many observers, difficult times such as these, where the problem is worldwide, present an opportunity to focus on projects at home that are in dire need of attention from all levels of government, such as sewer systems, clean water supplies and bridges. The current condition provides an opportunity to work on those projects and, by so doing, provide jobs to Canadians for work that is long overdue.

• (1440)

I hope all of us will have faith in the various people the government has consulted, and who gave advice to the government. Ontario municipalities obviously would not have supported in such overwhelming numbers what the government has done if they believed the advice given to the government was wrong.

Senator Milne: I thank the leader for that answer. Someone yesterday described this budget as a “Christmas tree budget” — something for everyone.

Economist Hugh Mackenzie noted today in the *Toronto Star*, by refusing to put up first-dollar funding for infrastructure it is obvious that the Conservative government felt politically compelled to pursue budgetary policies that it considers to be ideologically unpalatable; a necessary evil to be pursued for its political value alone, to be implemented in half measures and to be abandoned as quickly as possible.

At least one city mayor has suggested that many cities and towns have already set infrastructure budgets and tax rates for 2009 and would be hard pressed to come up with more cash if it is demanded by Ottawa. Essentially, communities must decide whether to take advantage of this federal cash in this year, when it is really needed, or in 2010, farther down the road as Minister Flaherty's most recent offer of help has a two-year time limit. Why is there, practically, only a one-year window for communities to improve their infrastructure under the proposal set out in this budget?

Senator LeBreton: Honourable senators, one problem, and that was the tenor of some of the questions yesterday, was that there was too much red tape and it took a long time to get these projects underway. Putting the money on the table with a time frame forces everyone to take advantage of the money and thereby create jobs and stimulate the economy. That is the object of the budget.

I know various people opposite are concerned about the positive reaction we received to the budget, but we consulted and we listened. As a result, we have had an extremely positive reaction to the budget. Since some honourable senators do not want to take my word for it, I will list some of the associations that had positive comments: the Canadian Alliance of Student Associations; the Federation of Canadian Municipalities; the Association of Municipalities of Ontario; the Canadian Manufacturers & Exporters; the Forest Products Association of Canada; the Tourism Industry Association of Canada; the Canadian Chamber of Commerce; the Association of Canadian Community Colleges; the chief economist at the Conference Board of Canada; and Canada's Association for the 50Plus, CARP.

I am pleased with the reaction of all the provincial premiers except for Danny Williams, Premier of Newfoundland and Labrador, which is predictable. Gordon Campbell, Premier of British Columbia, said it best when he said it was a positive platform for progress and productivity. He said it was a call for partnership with all other levels of government and he was ready to go there.

• (1445)

I will continue with the list: Sherry Cooper, the chief economist at Bank of Montreal; Doug Porter, deputy chief economist at BMO; Derek Holt, vice-president of Scotia Capital Economics; the National Trails Coalition; the Southwest Economic Alliance; the Mayor of Stratford; the Canadian Federation of Independent Business; the Canadian Chemical Producers' Association; the Canadian Association of Accredited Mortgage Professionals; the Canadian Automobile Association; Direct Sellers Association of Canada; the chief economist at RBC Asset Management; the Canadian Trucking Alliance; the Canadian Medical Association; the Independent Contractors and Businesses Association; the Canadian Television Fund; the Investment Industry Association of Canada; and Transat A.T. Inc.

Here is a good one that honourable senators opposite will not like: The Canadian Film and Television Production Association.

The list continues: the Canadian Automobile Dealers Association; the Canadian Finance & Leasing Association; the Association of University Research Parks Canada; the Canadian Life & Health Insurance Association; the Nishnawbe Aski Nation and Grand Chief Stan Beardy; the Canadian Home Builders' Association; the deputy chief economist at the TD Bank; the Ontario Liberal Minister of Finance, Dwight Duncan; the Canadian Housing and Renewal Association; the Air Transport Association of Canada; and the Conference of Rectors and Principals of Quebec Universities.

Here is another one honourable senators on the other side will not like: the Canadian Museums Association.

The list goes on: Magazines Canada; the Canadian Airports Council; the National Airlines Council of Canada; the Canada Council for the Arts; the Canadian Conference of the Arts; the Canadian Community Newspapers Association; Quebec Manufacturers & Exporters Alliance; the Conseil du patronat du Quebec; the Union of Quebec Municipalities; the Wellesley Institute; the Canadian Council of Snowmobile Organizations; the Railway Association of Canada; the Chartered Accountants of Canada; the Society of Management Accountants of Canada; Sustainable Development Technology Canada; the Canadian Construction Association; and the Certified General Accountants' Association of Canada.

Here are another two honourable senators across the aisle will not like: the Co-operative Housing Federation of Canada and the Canadian Youth Business Foundation.

The list continues: the Hotel Association of Canada; the Canadian Real Estate Association; Bill Robson of the C.D. Howe Institute; the Canadian Automobile Association; Manitoba's NDP Minister of Finance; the Canadian Restaurant and Foodservices Association; and Dennis DesRosiers, an auto industry analyst who said the budget is hitting the core issue in the automotive marketplace.

The Canadian Auto Workers President, Ken Lewenza, said:

We're satisfied that the government recognizes the importance of the auto industry to the Canadian economy and recognizes that every other major auto-producing nation in the world is doing similar stimulus packages to enhance the industry.

[Senator LeBreton]

Hon. Jim Munson: What about the unemployed? Do they endorse this?

Hon. Terry M. Mercer: What about the literacy groups?

Senator Milne: Honourable senators, when I listened to the Leader of the Government in the Senate hanging bobbles on the Christmas tree, I wondered how quickly the glow would disappear off those bobbles as they dropped to the ground when they find they cannot possibly access that money.

I ask the Leader of the Government: When will this money begin to flow?

Senator LeBreton: I refer the honourable senator to the advice that her own leader has given; to pass this budget and get projects moving as quickly as possible.

• (1450)

Hon. Jeremiah S. Grafstein: Honourable senators, before asking a question of the Leader of the Government in the Senate, I wish to welcome, more concretely, some of my great friends on the other side. I am sure they will be effective and efficient senators, and I look forward to working with them. I see a number of old friends here and I welcome them to the chamber.

I do have a question for the leader, and it is a serious question. This question comes from the perspective of the individual taxpayer. Prior to the budget, the individual taxpayer heard three different, confusing messages coming from the government. The government told us to save. The government told us to spend and invest. Then we heard the government say, "We are not in crisis."

Many confused taxpayers, businesspersons and others came to me for advice during that confusing time prior to the budget.

We now have the budget, and, for the first time we hear that we are in crisis. Indeed, the government has added an adjective and it is now a "new" crisis. Some of us in this chamber have warned for some years that this crisis was brewing.

Honourable senators, what is the message in the budget? Which message is the government prepared to direct to individual taxpayers? Should they save? Should they spend? Should they invest or should they just worry and cringe?

Senator LeBreton: Honourable senators, I do not believe that Senator Grafstein has characterized the question correctly. The access to financing was a problem, and we know that problem created great difficulty for small business. There are unique problems.

In the last budget we brought in the tax-free savings account and many Canadians are taking advantage of that tax shelter, including a large number of seniors. Each individual taxpayer will make his or her own decisions. Yesterday's budget and the budgets of 2006, 2007 and 2008, all continued the Conservative government's intention to lower taxes and let taxpayers keep their own money. The stimulus package is designed to encourage taxpayers to renovate or retrofit their homes. This will create jobs for small business owners and tradespeople.

The message that the government is trying to convey to our fellow Canadians is make your own decisions, obviously, but have some confidence in the country and in the economy.

Senator Grafstein mentioned being at the inauguration of President Obama, and that was clearly the message the new president was giving to his citizens. Everyone in the country must assess his or her own situation, but everyone must do his or her part in helping to steer our country through difficult economic times. That message was pointed out in yesterday's budget and by the IMF today.

• (1455)

As difficult as the situation is, this is a worldwide crisis. Canada's actions last year created an environment such that we did not go into a recession until very late in the year, as opposed to the United States, which entered one very early in the year. Even at that, according to the IMF today, Canada is still in a good position. We are a safe port in a big storm, but the IMF again predicted that Canada would lead the G8 in recovery.

I do not think, honourable senators, that all is doom and gloom. We should be trying — all of us, each in our own way — to participate in the stimulus package and get our country working again.

[Translation]

THE SENATE

WELCOME TO NEW PAGES

The Hon. the Speaker: Honourable senators, before proceeding to Orders of the Day, I am pleased to introduce two new pages who will be working with us this year.

Jeff K. Ahonoukoun is from Gatineau, Quebec. While at university, he cofounded a Rights and Democracy delegation and the University of Ottawa's French debating society, which he chaired in its year of inception. Jeff is currently in fourth year in the International Studies and Modern Languages program at the University of Ottawa.

[English]

Yumi Rahman was born and raised in Vancouver, British Columbia. She graduated in June 2007 from York House School, where she was valedictorian, a member of the student government, as well as founder and President of the Global Issues Club. Yumi is currently pursuing a Bachelor of Arts honours degree in political science at Carleton University.

Welcome.

POINT OF ORDER

Hon. Tommy Banks: Honourable senators, I rise on a point of order. Senator Di Nino earlier tabled a proposal under the *User Fee Act*, which requires that proposed changes in or extensions to or additions to user fees be presented to each house of Parliament. Senator Di Nino quite correctly quoted rule 28(3), which states that when those proposals are tabled, they are deemed to have been referred to the appropriate committee; Senator Comeau named that committee today.

The senators looking for that rule will not find it, and I thank the table officers for responding with such alacrity to my question. Honourable senators will not find this rule printed in our rule book because it was added in 2006 and there has not been a reprint of the *Rules of the Senate* since then. However, rule 28(3.2) states, "If the select committee" — in this case, the Standing Senate Committee on Energy, the Environment and Natural Resources — "does not report within twenty sitting days, the committee is deemed to have recommended approval of the user fee," or the change in the user fee.

My question is: Does the counting of the 20 sitting days start from today or when such a committee is established?

The Hon. the Speaker: I thank the honourable senator for that point of order. The Selection Committee was only struck the day before yesterday and has not as yet reported. However, the *Rules of the Senate* provide for the establishment of the Standing Senate Committee on Energy, the Environment and Natural Resources. Therefore, operating pursuant to rule 28(3.1), this matter is referred to that committee. When the composition of that committee is approved by the chamber, the days will start counting.

Hon. Percy E. Downe: On the point of order raised by Senator Banks, do I understand correctly that the rule book has not been updated since 2006?

Senator Banks: I cannot answer that question with any direct knowledge, but I believe, on the basis of advice from the table, that is so. However, I would defer to His Honour.

The Hon. the Speaker: I thank the honourable senator for raising that matter. I will look into it and report to the house.

• (1500)

[Translation]

ORDERS OF THE DAY

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CREDIT AND DEBIT CARD SYSTEMS— DEBATE ADJOURNED

Hon. Pierrette Ringuette, pursuant to notice of January 27, 2009, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report on the credit and debit card systems in Canada and their relative rates and fees, in particular for businesses and consumers; and

That the Committee report to the Senate no later than June 30, 2009, and that the Committee retain all powers necessary to publicize its findings until 90 days after the tabling of the final report.

She said: Honourable senators, I have moved a motion proposing that the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report on the credit and debit card systems in Canada and their relative rates and fees, in particular for businesses and consumers.

This is my second attempt, since I had the misfortune of moving this motion two days before Parliament was prorogued last month. We have lost two precious months of debate and work on this and other important matters.

My research indicates that Canadians hold 68.2 million credit cards with the Visa and MasterCard brands and used them to purchase \$267 billion of goods and services in 2008.

Eighty per cent of all credit cards in Canada are Visa or MasterCard. Consumers pay up to 24.75 per cent in interest on their credit cards. Current legal interest rates in Canada can be up to 60 per cent.

Credit card transaction fees or, to use the financial sector's language, the interchange rate, are up to 3 per cent of purchases for businesses, up to 1.8 per cent for governments and 1.5 per cent for charities. The interchange rates are set by the credit card companies and paid to them. For the same volume of sales, Canadian businesses pay up to \$6.7 billion more per year in interchange fees than their Australian counterparts.

Some say there is not enough regulation in Canada relating to credit. Can you imagine that even in 2008 the definition of money does not officially include electronic money? Since electronic money is not regulated federally, this could become a major problem.

Consumer groups, such as Option consommateurs, have voiced their concerns, and I believe the Banking, Trade and Commerce Committee should be able to hear them.

Interchange rates and other rates set by the credit card companies have gone up since the spring of 2008. The interchange rate is the percentage of the total purchase price, including tax, that Visa, MasterCard and related banks charge to businesses. In addition, there are also major concerns about the interest rates charged by credit card companies.

[English]

Since my first attempt at moving this motion, I have received feedback and encouragement from ordinary Canadians, which has increased my determination that the Senate move forward on this matter. Make no mistakes; Canadians are furious about the sky-high interest rates charged by banks and credit card companies. We all know that the global financial crisis prompted the federal government last fall to buy, unconditionally, \$75 billion in mortgages from Canadian banks in an effort to retain their lending capacity to businesses and individuals. In addition, the Bank of Canada has injected \$36 billion of additional liquidity into money markets. Moreover, a recent Bank of Canada survey shows widespread tightening of credit and terms. This tightening tells us that the government's billion dollar bailout did not push banks to ease access to credit to help the

[Senator Ringuette]

Canadian economy. Yesterday's budget added another \$50 billion in Canadian tax dollars for bank bailouts to total \$125 billion, which we must borrow.

To put things into perspective, I will give two examples. First, last October, 13.8 million Canadians voted; the \$125 billion bank bailout represents \$9,058 per voter. Second, the Canadian banking sector employs about 257,000 people in Canada; the \$125 billion unconditional bailout represents \$486,380 per bank job.

Why are no conditions imposed on bankers to reduce their high salaries while lower salary conditions were imposed on the auto sector? Why do we have double standards — one for the rich and one for the middle-income citizen?

On December 9, 2008, the Bank of Canada prime rate fell to 1.5 per cent. However, commercial banks did not pass the reduction on to individuals and businesses. Furthermore, on January 20, 2009, the Bank of Canada slashed its interest rate again, bringing it to 1 per cent. Banks have continued to increase fees on other products such as lines of credit, safety deposit boxes, et cetera. While the Bank of Canada's prime rate has been going down, why are credit card interest rates not following the same trend?

In December, the TD Bank drove up interest rates for most Visa customers who miss two consecutive minimum payments. Customers who take 30 days beyond the due date to make the minimum payment will face a 5 per cent increase in the interest rate to 24.75 per cent. We have learned that the Bank of Montreal notified its customers of a 1 per cent increase in the interest rate on lines of credit obtained before October 15, 2008, yet, in that same week, announced that it was buying a financial institution in the U.K. Keep in mind that the Bank of Canada's prime rate is currently set at 1 per cent and that this rate is intended to promote consumer confidence and business investment.

Facing a difficult financial situation, some Canadians will depend more and more on credit, especially during the winter season. Given the current state of our economy, consumers need to pay lower interest rates to sustain their purchasing power. Honourable senators, Canadians are paying high credit card rates even though Canadian banks have received a handout from the federal government.

[Translation]

Aggressive marketing of credit cards to various target groups — youth and students being prime examples — is another issue.

That brings me to the issue of solicitation since many cards are unsolicited and are practically imposed by default on card holders. The aggressive marketing strategies used by credit card issuers to give consumers premium cards are directly responsible for increased interchange rates for the business community and eventually for consumers themselves.

This is another aspect that the Standing Senate Committee on Banking, Trade and Commerce may wish to tackle if the Senate authorizes a thorough study through this motion.

Credit card companies are also marketing sub-products, such as credit balance insurance — and we all know that Canadians are the population group that owns the most insurance throughout the world.

• (1510)

The fees charged to businesses, charities, educational institutions, government services and others for accepting payments by credit card have been rising. My research indicates that businesses pay fees to credit card issuers of up to 3 per cent of the purchase price, and indications are that credit card issuers are increasing these fees for premium cards and for higher risk customers.

Businesses are not informed of the customer's risk factor and associated fees, and they have not had any input with regard to the number of premium cards issued. As of last year premium cards constituted 20 per cent of the market, which represents roughly 14 million premium cards. Businesses have no option. The terms of the contracts that businesses sign with their processor include a clause dictated by the card companies. It requires them to "honour all cards" and thus they cannot refuse to accept premium cards, which carry increased fees. The higher cost to the business community either increases product cost or lowers profit margins depending on the market.

[English]

The Canadian Federation of Independent Business, which represents 105,000 small businesses in every sector, has denounced through a press release the introduction of new types of cards called "premier" or "infinite" cards. In addition to being unsolicited, many Canadians find it very difficult to refuse these cards. Canadians are told that their credit will be cut off if they do not activate their new premium card, and it is almost impossible to return the card. Interchange rates vary considerably and the complexity of their structure becomes a burden for businesses. I have received different statements from businesses indicating this fact.

Business interchange rates on major credit cards generate \$4.5 billion in revenue for credit card companies and banks. Canadian rates are currently among the highest in the industrialized world. Of course, credit card issuers need to generate revenue for their shareholders. However, I believe that rates must be fair, transparent and accountable. Therefore, they should be regulated.

An independent study conducted in 2006 by Diamond Management Consultants in the U.S. estimated that only 13 per cent of the fees charged to businesses went to the actual cost of facilitating the transaction. The remaining 87 per cent funded aggressive marketing campaigns and the profit lines of the credit card companies and their issuers.

Visa Inc.'s 2008 fourth fiscal quarter earnings figures show that the company has a net income of \$800 million from total operating revenues of \$6.3 billion. The MasterCard Worldwide 2007 Annual Report indicates a net income of \$1 billion from net revenue of \$4.1 billion. MasterCard Worldwide's net income has more than doubled between 2006 and 2007.

Honourable senators, credit cards are an important payment option for consumers and businesses. In 2008, 68.2 million Visa and MasterCard credit cards were issued in Canada to purchase

\$267 billion worth of merchandise. Visa and MasterCard hold about 80 per cent of the national credit card market. Credit card companies are, therefore, extremely wealthy and powerful. Is this a case collusion because of the quasi-monopoly situation? Could the credit card issuers' proposed increases be a means to fill the void left by the 2 per cent of sales vacated by the reduction of the GST?

[Translation]

There is no turning back. Electronic payments and electronic money are an essential part of monetary transactions. Therefore, if 80 per cent of credit card transactions go through two companies, it should be a serious concern for parliamentarians and government.

Commenting in numerous news articles regarding interchange rate increases, Visa and MasterCard indicate that the Canadian credit card market is very competitive. How can they qualify the market as competitive if they hold 80 per cent of it? Can you identify another market in Canada where fierce competition leads to higher prices?

[English]

We should also look at the potential impact of rising interchange rates on the three levels of government — that is, Crown corporations and government agencies, museums and parks, and licensing departments — which are all paying interchange rates when Canadians purchase government services. Any increase in the rates paid by these entities would logically raise a government's costs for services. Being from New Brunswick, my office has been in contact with Service New Brunswick, and we have discovered that it has a blended interchange rate of 1.813 per cent.

Rates charged to government agencies and Crown corporations are significant. A report from the United States Government Accountability Office states that for fiscal year 2007, "federal entities accepted cards for over \$27 billion in revenue and paid at least \$433 million in associated merchant discount fees. For those able to separately identify interchange costs, these entities collected \$18.6 billion in card revenue and paid \$208 million in interchange fees."

May I have five more minutes, honourable senators?

Hon. Gerald J. Comeau (Deputy Leader of the Government): The honourable senator has five more minutes.

Senator Ringuette: All things being equal, let us assume that Canada, having 10 per cent of the U.S. population, has government credit card costs at 10 per cent of the U.S. figure. This would infer that government costs are at about \$20 million. Imagine what we could do to any given government program with an additional \$20 million a year. Honourable senators would all agree that these taxpayer dollars could have a more efficient use. While Australia's legislated credit card interchange rate for governments and agencies is at 0.33 per cent, Canada's rate for governments and agencies is at 1.8 per cent, which is 1.5 per cent more.

[*Translation*]

Honourable senators, when Canadians use a credit card to donate to a charitable organization, they have no idea that part of their donation is used to pay the companies that issue credit cards. When I discussed this with representatives of some large charitable organizations, I found out that the credit card companies charge an average of 1.5 per cent of all donations as an interchange fee. I should note that these companies have suspended their fees in certain cases, such as when the tsunami hit.

In Australia, MasterCard and Visa have voluntarily eliminated interchange fees for charitable organizations. Why can they not demonstrate that kind of corporate citizenship in Canada by applying the same policy here? In the difficult times that lie ahead, many Canadians will need to rely on charities, and it would be a good thing to help these organizations.

Similarly, we are concerned about the impact on businesses and consumers of the likely fee increase for debit card purchases, such as those using Interac.

Apparently, Interac is in talks with the Competition Bureau about giving up its not-for-profit status. The committee's study should provide information for the Competition Bureau.

In 2006, the Bank of Canada did a survey revealing that each debit card purchase cost the vendor about 12 cents. In addition, certain debit card holders were paying a monthly fee or a per-use fee. If Interac were no longer a not-for-profit operation, the fees businesses pay on debit card transactions would go up, leading to higher consumer prices. Would fees go up for consumers who use their debit card to make purchases or use bank machines?

[*English*]

Last December, I invited honourable senators to visit a website called www.stopstickingittous.com. This group, made up of Canadian associations led by the Retail Council of Canada, represents more than 160,000 businesses and continues to grow.

• (1520)

According to the campaign's website, Canada has some of the highest interchange rates in the world. Rates in Canada average 2 per cent while regulated rates in Australia are 0.45 per cent and in the U.K., they are 0.78 per cent. It is important to keep in mind that the Australian authorities have been regulating interchange rates for the past five years.

There is also a related campaign headed by the Canadian Federation of Independent Business. The federation says that there is also a lack of transparency in rates for businesses given that they are unable to easily recognize credit card fees at the point of sale.

Honourable senators, I strongly believe the Senate must refer this motion to committee. We must make sure businesses are respected and that their work and efforts are not undermined by over-the-top interchange rates. All things being equal, the rates in Canada should be competitive, as they are in Australia.

We must untangle the complex web of fees and rates to ensure that Canadian businesses and consumers are treated with fairness, respect and in a manner that promotes a sustainable and competitive economic environment. We must ensure fair interest rates for consumers, taking into consideration that the current Bank of Canada rate is 1 per cent while credit card issuers are charging up to 24.75 per cent.

Honourable senators, these issues are not about the Senate. They are not about party politics. They are about regulation, accountability and oversight. They are about our economy.

We need to ensure that the voices of Canadians are heard and we need to pressure the government to intervene. Since the first step is getting all the facts on the table, I hope the Senate will allow the committee to do its work and pursue this study sooner rather than later.

The Hon. the Speaker: I assume the honourable senator would take questions if she had an extension of her time.

Senator Ringuette: Yes, I have no problem in answering questions. I have bitten my tongue a few times because I could go on and on about this issue.

The Hon. the Speaker: Honourable senators, is it agreed that Senator Ringuette has another five minutes?

Some Hon. Senators: Agreed.

Hon. Terry Stratton: It was an interesting speech, as honourable senators are well aware. I listened with rapt attention. I want to take the time to reflect on it and respond in due course. Therefore, I adjourn the debate.

(On motion of Senator Stratton, debate adjourned.)

(The Senate adjourned until tomorrow at 2 p.m.)

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