



# DEBATES OF THE SENATE

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OFFICIAL REPORT  
(HANSARD)

Tuesday, March 6, 2012

The Honourable DONALD H. OLIVER  
*Speaker pro tempore*

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## THE SENATE

Tuesday, March 6, 2012

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

Prayers.

### SENATORS' STATEMENTS

#### LIEUTENANT-COMMANDER CINDY GALT

##### CONGRATULATIONS ON INDUCTION TO ORDER OF MILITARY MERIT

**Hon. Elizabeth Hubley:** Honourable senators, on Friday March 2, Lieutenant Commander Cindy Galt of Summerside, Prince Edward Island, was invested as an Officer of the Order of Military Merit by His Excellency, the Right Honourable David Johnston. I wish to take this opportunity to recognize and congratulate Lieutenant Commander Galt on this wonderful achievement.

The Order of Military Merit recognizes distinctive merit and exceptional service shown by the men and women of the Canadian Forces, both regular and reserve. In her appointment as an officer, Lieutenant Commander Galt displayed outstanding meritorious service in duties of responsibility.

Lieutenant Commander Galt joined the 85 Royal Canadian Sea Cadet Corps in 1974. At the time, she was one of the first women in the cadet program. Since then, she has proven herself to be an exceptional leader and mentor, taking on various positions of responsibility within the Cadet Instructor Cadre. In 1996, she was appointed Commanding Officer of HMCS *Acadia*, the Sea Cadet Summer Training Centre, where she was one of the first women in Canada to hold such a position.

Over the last 15 years, Lieutenant Commander Galt has also served in a variety of other leadership positions, including as a member of the Atlantic Region Cadet Instructors Advisory Council, officer in charge of the Provincial Cadet Biathlon Championships and Honorary Aide-de-Camp to the Lieutenant Governor of Prince Edward Island, a position she continues to hold today.

Throughout her 35-year career, Lieutenant Commander Galt has demonstrated tremendous enthusiasm, dedication and professionalism while serving as a role model and mentor to the youth in the cadet program and in her community.

Lieutenant Commander Galt, I wish to thank you for your leadership and commitment and to congratulate you again on this prestigious award.

#### CANADIAN CANCER SOCIETY

##### INNOVATION GRANTS

**Hon. Irving Gerstein:** Honourable senators, I rise today to talk about gambling, specifically gambling on innovative cancer research, as reported in the March 1 edition of *The Globe and*

*Mail*. The Canadian Cancer Society, Canada's largest charitable funder of cancer research, is taking a calculated risk with a number of talented cancer researchers who have applied to the society's new innovation grants program. Some of Canada's finest researchers are working on sea lampreys and tumour-killing viruses and applying other creative approaches in their efforts to tame the beast we call cancer. Thanks to the Canadian Cancer Society and this new grant program, we will have the opportunity to witness what scientists will be able to achieve when giving funding that supports bold, original approaches and methodologies in cancer research. This is good news for all Canadians.

Let me tell honourable senators why. Last year, I shared with you that I was diagnosed as having bladder cancer and the subsequent excellent treatment I received by Mount Sinai Hospital's Dr. Alexandre Zlotta. I am delighted to tell you that Dr. Zlotta was awarded one of the Canadian Cancer Society's new innovation grants. In association with Dr. Jeff Wrana, senior investigator at the Samuel Lunenfeld Research Institute at Mount Sinai Hospital, they hopefully will develop a tool to distinguish aggressive from non-aggressive bladder cancer tumours, or to put it in other words, a tool to "distinguish pussycats from tigers." If successful, this could have a huge impact on what is currently a costly and invasive treatment process. These scientists are adapting a molecular analysis tool that was developed initially for breast cancer. How is that for being innovative?

Honourable senators know that from time to time I wear a fundraising hat, and today is no exception. I am appealing to you on behalf of the approximately 180,000 Canadians who will face a cancer diagnosis this year; for 7,000 of them it will be bladder cancer. You can help them.

I urge honourable senators to support the Canadian Cancer Society however you can. Thanks to a donor base made up of average Canadians across the country, the Canadian Cancer Society contributed \$48 million to cancer research last year. The society funds the full spectrum of research from causes and prevention to treatment and palliative care. It funds research into all cancers. Thanks to the millions of dollars that society has put into cancer research over the past several decades, 62 per cent of cancer patients will survive their diagnosis, as compared to 38 per cent in the 1960s. For all these reasons, and I have not even mentioned their advocacy, information and support programs, I encourage honourable senators and all Canadians to make the best possible investment in the fight against cancer by making a donation to the Canadian Cancer Society.

[Translation]

#### VISITORS IN THE GALLERY

**The Hon. the Speaker *pro tempore*:** Honourable senators, I would like to draw to your attention the presence in the gallery of participants in the Parliamentary Officers' Study Program.

On behalf of all senators, welcome to the Senate of Canada.

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

[English]

## CANADIAN CANCER SOCIETY

### INNOVATION GRANTS

**Hon. Terry M. Mercer:** Honourable senators, Senator Gerstein has mentioned a word that you all know means a lot to me: philanthropy. The innovation grants recently awarded by the Canadian Cancer Society have been fully supported by the donations of Canadians like you. That is exactly why we should celebrate philanthropy at every opportunity. In fact, tomorrow they will be speaking at second reading in the other place on Bill S-201, An Act respecting a National Philanthropy Day. That bill highlights our appreciation of the many benefits achieved by donors and volunteers across Canada. I thank you for your support over the years in that.

Honourable senators, today Senator Gerstein has brought us more evidence of why philanthropy in this country must be celebrated. The Canadian Cancer Society's innovation grants simply would not exist without donors. They have allowed the society to develop this new strategic grant program that supports the best in scientific creativity, risk taking and knowledge. Many of us, including our families, friends and colleagues, have already benefited from research funded by the society.

• (1410)

For example, the 1963 discovery of stem cells by Dr. James Till and Dr. Ernest McCulloch forms the basis of bone marrow transplantation, which has saved thousands of lives worldwide. Also, the discovery of the gene responsible for hereditary stomach cancer means families can now be tested and have preventive surgery.

Donors and volunteers, through Ovarian Cancer Canada, have also helped more women in Canada detect ovarian cancer early, which has increased survival rates. This September my wife, an ovarian cancer survivor, and I will participate in the Ovarian Cancer Canada Walk of Hope, as we have many times in the past. We thank you for your support and encourage your participation.

Honourable senators, these contributions to science and our health are a direct result of Canadians' philanthropic contributions. I applaud all the donors who support research and innovation, specifically today through the Canadian Cancer Society, but also through all other foundations and organizations that Canadians help every day.

Thank you, from the bottom of our hearts.

## SYRIA

### MILITARY ENGAGEMENT

**Hon. Hugh Segal:** Honourable senators, the constant bombardment of civilian sites and communities by Syrian armed forces evokes every possible aspect of the responsibility

to protect doctrine proclaimed some years ago by the United Nations on the advice of a task force in which Canada and its then foreign minister, Mr. Axworthy, played a major role.

The engagement in Libya was appropriate and necessary, and Canadian and allied forces, both at sea and in the air, performed a serious humanitarian mission in keeping Gadhafi's air force and artillery from killing Libyan civilians. There, NATO had allies and partners in the Arab League, some of whom flew missions alongside our own pilots.

The Arab League has tried valiantly to seek a non-violent solution to the present violence in Syria. Armed military state violence against women, children, defenceless men and journalists has continued unabated. Not even the Red Crescent and the Red Cross could be allowed assured access to Homs, where so many state-sponsored, military mass murders took place, a city without a single military target. The Arab League is now talking about an Arab-led stabilization force. Canada should encourage NATO to support such a force and to make independent plans to use air assets to contain and restrain the Syrian military, which seems to have no difficulty bombing their own people at will.

Senator McCain of Arizona is quite correct when he said yesterday, "Time is running out. Assad's forces are on the march." Without a readiness to deploy air assets against Syrian government forces, the carnage will continue. The time for a double standard with the people of Syria on the losing end all the time has passed. Refugees are already piling over the Lebanese and Turkish borders. Russia and China have some serious answering to do in view of the deaths that have multiplied since their offensive veto at the Security Council, a veto that raised self-interested cynicism in that body to a new level.

Canada should act in concert with our Turkish, American and Arab League partners and seek a substantive joint Arab-led military engagement in defence of the people of Syria and their right to self-determination. The time for action has come; the time for inaction has passed.

## INTERNATIONAL WOMEN'S DAY

**Hon. Catherine S. Callbeck:** Honourable senators, I am pleased to rise today in recognition of International Women's Day and International Women's Week, which every year give an opportunity to pay tribute to the achievements of women around the world.

The idea of a special day for women has been around for more than 100 years in America and Europe. Initially, its main focus was women's rights and gaining universal suffrage for women. In 1977, the UN General Assembly adopted a resolution proclaiming March 8 United Nations Day for Women's Rights and International Peace.

This year's theme here at home is "Strong Women, Strong Canada — Women in Rural, Remote and Northern Communities: Key to Canada's Economic Prosperity." According to Status of Women Canada, there are more than 5,400 communities of all sizes

in this country and approximately 5,200 of them are classified as rural, remote or northern. About three million women and girls live in these communities and comprise about 45 per cent of the workforce.

My home province has its fair share of strong women who make an economic and social difference in their communities. The PEI Business Women's Association boasts more than 300 members in a wide variety of professions, from artists to financial advisors, from retail store owners to Internet services and web development.

Across the country, women entrepreneurs play a valuable role in driving our economy.

The contributions of women are key to Canada's economic prosperity. In 2010, Statistics Canada found that nearly 1 million of the 2.6 million self-employed workers in Canada were women. Women-owned small- and medium-sized enterprises made up 16 per cent of the SMEs in Canada in 2007. From 1999 to 2009, the number of self-employed women grew by 13 per cent, compared to just 10 per cent for men. Entrepreneurial activity among women has a significant impact on job creation and prosperity across the country.

A great deal of progress has been made for women here in Canada and in other developed and developing countries over the past century. Women's voices are now being heard in places around the world, but much remains to be done. However, today let us celebrate the accomplishments that have been achieved so far and do our best to ensure that they continue until women achieve equality everywhere.

#### THE LATE DEAN HEYWOOD

**Hon. Jim Munson:** Honourable senators, when we think of people who report on and bring us the news, we tend to think about those who stand in front of the camera. We see them and talk about them as if we know them.

Dean Heywood was a CBC parliamentary TV cameraman. Though he worked on the other side of the lens, unseen by television audiences, he delivered the crucial aspect of countless memorable news stories. He was a "great shooter," as we say, and he was passionate about his job and his role in journalism.

I met Dean 30 years ago here in Ottawa. On many occasions, CTV and CBC would use the same crews. In these pooled arrangements covering the Prime Minister overseas, Dean would be the pool cameraman. He always treated me professionally. It was irrelevant that we were from competing networks. What brought us together was a shared purpose and that is what mattered to both of us.

Dean could be full of mischief, too, and he was fun to be around. As they say in the news business, "What happens on the road, stays on the road." Dean was full of laughter and he never took himself seriously, only the story.

When I heard of his death last week, I was in shock — a good friend gone. Dean died suddenly late last month while snorkeling off the Costa Rican coast. His enthusiasm for the things he enjoyed was like an unstoppable force. It is shocking that this has happened.

Since his death, people who knew him and worked with him have reacted with tremendous sadness. He was only 59. He died too soon. He still had so much to bring to this world and the people in his life — especially his wife and children, whom he loved so much. His family must be struggling to come to grips with this loss and my thoughts are with them. I think Dean's obituary said it the best: "Dean passed away while snorkeling in paradise with the love of his life, Cheryl."

I want to thank honourable senators for giving me this opportunity to pay tribute to my friend Dean Heywood and for listening with the respect owed to a life well lived.

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[Translation]

## ROUTINE PROCEEDINGS

### THE SENATE

#### NOTICE OF MOTION TO STRIKE SPECIAL COMMITTEE TO EXAMINE GOVERNMENT LEGISLATION

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, I give notice that, two days hence, I will move:

That a special committee of the Senate be appointed to consider, after second reading, such Government legislation as may be referred to it during the current session, including Bill S-7, An Act to amend the Criminal Code, the Canada Evidence Act and the Security of Information Act;

That, notwithstanding rule 85(1)(b), the special committee comprise nine members namely the Honourable Senators Andreychuk, Dagenais, Dallaire, Day, Frum, Joyal, P.C., Segal, Smith, P.C. (Cobourg), and Tkachuk, and that four members constitute a quorum;

That the committee have power to send for persons, papers and records, to examine witnesses, and to print such papers and evidence from day to day as may be ordered by the committee;

That, pursuant to rule 95(3)(a), the committee have power to sit from Monday to Friday, even though the Senate may then be adjourned for a period exceeding one week;

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

That the committee have power to retain the services of professional, clerical, stenographic and such other staff as deemed advisable by the committee.

• (1420)

## CRIMINAL CODE

### BILL TO AMEND—FIRST READING

**The Hon. the Speaker *pro tempore*** informed the Senate that a message had been received from the House of Commons with Bill C-290, An Act to amend the Criminal Code (sports betting).

(Bill read first time.)

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

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

## FOOD BANKS

### NOTICE OF INQUIRY

**Hon. Fernand Robichaud:** Honourable senators, I give notice that, at a future Senate sitting:

I will call the attention of the Senate to the importance of food banks to families and the working poor.

[*English*]

## SENATE COMMITTEE ON HUMAN RIGHTS

### NOTICE OF INQUIRY

**Hon. Mac Harb:** Honourable senators, I give notice that, two days hence:

I will call the attention of the Senate to the action of a certain entity and show the Senate how this action is undermining the credibility of the Human Rights Committee and the credibility of the Senate as an institution.

[*Translation*]

## QUESTION PERIOD

### OFFICIAL LANGUAGES

#### SECOND-LANGUAGE TRAINING FOR PUBLIC SERVANTS

**Hon. Maria Chaput:** Honourable senators, my question is for the Leader of the Government in the Senate.

On January 12, the federal government announced the elimination of 190 second-language teaching positions at the Canada School of Public Service. The federal government's intention, from what we

have learned, is to provide language training to public servants using private-sector services, since this would be more cost effective.

On February 2, I asked you a question in that regard and you assured me that language training remains a priority for your government, that language training would continue and that there would be no interruptions. Thank you for that response.

Since then, it seems that an internal audit report from the School of Public Service demonstrates that the privatization of second-language training is a bad decision, economically speaking.

My question is this: Does the Canada School of Public Service have such a report?

[*English*]

**Hon. Marjory LeBreton (Leader of the Government):** I thank the honourable senator for the question. As I reported to her when she last asked this question, the government remains fully committed to Canada's official languages. Language training will be provided to those who need it, as I pointed out in my previous answer to Senator Chaput. The private sector, universities, and colleges have the ability and the expertise to provide training to the public service at a lower cost to taxpayers.

I am unaware of the document Senator Chaput cites, but suffice to say that the government fully supports continuing official languages training and believes that there are facilities that could provide that at reasonable cost to the taxpayer.

[*Translation*]

**Senator Chaput:** Honourable senators, I have a supplementary question. If such a report exists, could the Leader of the Government obtain a copy for me? I would be interested in seeing if such a study has been carried out and the difference in cost between on-site training provided by 100 or so teachers and training provided by universities or the private sector. If the report does exist, I would like to have a copy.

[*English*]

**Senator LeBreton:** As we approach the budget and the work that Treasury Board officials and the government have done, I think we will be facing all kinds of speculation and a lot of misinformation will be floating around. Many people will be commissioning reports and sending in documents to make the case for whatever program they perceive might be involved in the budget.

If the report does exist, and it is possible that it does, I will be happy to try to put my hands on a copy. However, an internal report — and it will be interesting to see the motive behind its commissioning — does not change the government's position that we believe in the linguistic duality of Canada. We believe in Canada's Official Languages Act. We believe in official languages training, and we believe that there are many facilities in this country that are very well equipped to train people in the official languages. Obviously, our commitment to official languages training is not, in any way, affected by those who are able to provide it.

We simply believe that this training can be provided, as required, by many sources, not necessarily just one. We believe that this can be done in the best interests of the taxpayers who ultimately pay for it.

[*Translation*]

**Hon. Gerald J. Comeau:** Honourable senators, I would like to ask the Leader of the Government in the Senate a question on the same matter.

When she makes inquiries, could the minister verify whether a study has been undertaken concerning the value of training provided by universities to our senior public servants, and find out whether they provide superior training to what is presently being provided?

• (1430)

I could cite the example of Université Sainte-Anne in Nova Scotia which, in my opinion, is one of the best universities in Canada and has an excellent reputation. It might even be better for our public servants to attend other universities rather than the existing language training school.

If I remember correctly, the previous government had looked at this approach. Could the Leader of the Government in the Senate, while she is making inquiries, determine whether any universities have been approached about this?

[*English*]

**Senator LeBreton:** The honourable senator is quite right. Public servants are all over the country. There is a belief that most of them are here in Ottawa, when in fact they are spread far and wide across the country. There are many facilities, including l'Université Sainte-Anne, which the honourable senator cited, and Moncton.

When I make inquiries about the report mentioned by Senator Chaput, I will be happy to ascertain whether they have looked at other facilities to provide this service and whether they have, in fact, even graded the potential of the superior training in all the facilities available.

## FINANCE

### FAMILY CAREGIVER TAX CREDIT

**Hon. Catherine S. Callbeck:** Honourable senators, my question is to the Leader of the Government in the Senate. In the last budget, this government created a tax credit that is absolutely worthless to a large number of Canadians. The Family Caregiver Tax Credit gives a 15 per cent tax credit to those caring for family members. It is a good idea. The problem is that it is non-refundable, which means that you cannot take advantage of the credit unless you are paying income tax. Therefore, it is not available to low-income families.

I think that a person who cares for an ailing family member should not be penalized because they do not make enough money. Why did the government not make the Family Caregiver Tax Credit refundable so that all families can take advantage of it?

**Hon. Marjory LeBreton (Leader of the Government):** Honourable senators, it is an interesting theory advanced by Senator Callbeck, but the fact of the matter is that many people are not paying taxes because of policies of the government that have reduced the overall tax burden. We have moved people off the tax rolls so that they have more money in their pockets. We have reduced the overall tax burden to its lowest level in nearly 50 years. Since 2006, we have cut over 120 taxes, and we have cut them in every way government collects them: personal, consumption, business, excise and more. As I think I said in answer to the honourable senator before, the total savings for an average family in this country is \$3,000. That is \$3,000 that we have put back in their pockets, money that they would previously have been paying out in taxes.

We introduced tax credits, such as the Working Income Tax Benefit, as the honourable senator mentioned, established the Tax-Free Savings Account, and removed over one million low-income Canadians completely from the tax rolls.

Honourable senators, in answer to Senator Callbeck's question, I believe that taking low-income Canadians off the tax rolls and providing an average of \$3,000 more per family more than compensates for the fact that, as the honourable senator says, we cannot give a tax credit because they do not pay taxes. However, they do not pay taxes because we took them off the tax rolls.

**Senator Callbeck:** The honourable leader has not answered my question. My question is with regard to the Family Caregiver Tax Credit and why not everyone can take advantage of it.

Forty per cent of Canadians who file income tax returns will never be able to take advantage of this credit because their income is so low. The government continues to bring in these tax credits that are of no benefit whatsoever to low-income Canadians.

The Canadian Association of Retired Persons, the Victorian Order of Nurses and the MS Society are just a few of the groups and experts who have been asking for this tax credit to be made refundable. Family caregivers give so much. It would be fitting for this government to give all of them a helping hand.

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

**Senator Callbeck:** Would the government please make the Family Caregiver Tax Credit a refundable credit?

**Senator LeBreton:** Actually, I did answer the honourable senator's question. I said that we took over a million low-income Canadians off the tax rolls. Therefore, people who paid tax previously no longer have to pay tax. The honourable senator asks for a refundable tax credit, but her party voted against our refundable Working Income Tax Benefit to help low-income Canadians. Every time we bring forward measures to cut taxes for families and small businesses, the honourable senator's party does not support them.

I will again state that I did answer the honourable senator's question. We removed over a million low-income Canadians from the tax rolls. Before, under the previous government, they were paying taxes. Now they no longer have to pay taxes. I am not an economist, but I would argue that the amount we have saved

low-income Canadians in not paying taxes is much more than the refundable tax credit that the honourable senator's party actually voted against.

**Senator Callbeck:** Maybe the government has removed some Canadians from the tax roll; however, my question concerns the Family Caregiver Tax Credit. Why is that credit not available to everyone?

**Senator LeBreton:** Honourable senators, the credit is not available to people who do not pay tax; and over a million people do not pay tax because we took them off the tax rolls.

## VETERANS AFFAIRS

### VETERANS REVIEW AND APPEAL BOARD— RIGHTS AND TREATMENT OF VETERANS

**Hon. Wilfred P. Moore:** Honourable senators, my question is for the Leader of the Government in the Senate.

The Veterans Review and Appeal Board has been accused of some pretty abysmal behaviour in its treatment of Canada's veterans. Today we learned that ex-soldiers appearing before the board were subjected to snide and disrespectful comments that left veterans shocked by this treatment. Personal attacks regarding not only veterans' honesty but also their physical appearances have surfaced. Yet, spokespersons for the board deny any such behaviour, despite the fact that besides those who have emerged to complain, veterans groups cite hundreds of phone calls and emails from angry veterans who are too afraid to complain about their treatment for fear of losing their cases.

I am sure the Leader of the Government in the Senate would agree that this amounts to shabby treatment of our veterans by this board. Has the government taken steps to rectify the situation? If, so could the leader indicate what steps have been taken?

**Hon. Marjory LeBreton (Leader of the Government):** Honourable senators, I believe I answered a similar question last week. Obviously, these reports are very troubling to the government. The Minister of Veterans Affairs, Mr. Blaney, has said many times that our veterans deserve full support and all services available to them at all times. While the Veterans Review and Appeal Board is an arm's-length organization, the minister expects corrective measures to be put in place where privacy breaches occur and also that veterans, when they are being handled by the board, receive the fullest attention and respect and that any decisions by the department be clearly communicated to these veterans and also, at the same time, information provided to them as to how a decision, if it should go against them, can be appealed.

I think our record in treating our veterans is second to none, honourable senators. Clearly, no one condones this treatment of our veterans.

**Senator Moore:** Honourable senators, the leader mentioned the word "privacy." This government indicated, after several privacy breaches like the unfortunate Sean Bruyey incident, that it had cleaned up the situation. We now know this is not

accurate. Mr. Harold Leduc, a 22-year veteran who served on the Veterans Review and Appeal Board, has had his private records breached on two separate occasions. In the first instance, in 2009, 40 officials accessed Mr. Leduc's private file which contained personal information, including medical information. Recently, more of Mr. Leduc's private information has been released publically in another breach after the promise to not allow such a violation to occur again.

• (1440)

Honourable senators, Mr. Leduc claims he was the subject of great abuse at the Veterans Review and Appeal Board because he often sided with the veterans when it came to their claims and that he was subjected to harassment in an attempt to get him to quit. This, coupled with the privacy breaches regarding his medical files, points to a serious problem that exists at the Veterans Review and Appeal Board. In fact, the Prime Minister wrote to Mr. Leduc promising an appropriate response.

Mr. Leduc feels that a judicial investigation is appropriate considering what he has gone through, suffering harassment, abuse and having his privacy rights violated on two occasions. Could the leader please indicate to the Senate what response the government will take to rectify this unfortunate situation?

**Senator LeBreton:** Honourable senators, we believe that any breach of anyone's privacy, veterans included, is totally unacceptable. The Veterans Ombudsman recently, within the last few weeks, released a report citing breaches over the last 10 years.

Honourable senators, we put in place a 10-point plan to address the issues. I will have to get an update from the Department of Veterans Affairs to see what actions they have taken in this regard, but I do know that no one would ever condone breaches of privacy like this. Clearly, this is a situation that the minister and the government and officials in the department would hopefully take seriously because private information on veterans, or anyone for that matter, should remain private. There is no excuse whatsoever for breaching this privacy.

**Senator Moore:** I am pleased to hear the honourable leader say that. One breach is enough, but two and the subject being the same person? The Prime Minister has already written to him talking about the inappropriateness of the conditions he experienced, so I would really urge the leader to speak with the minister and try to get the bottom of this and get the situation cleaned up at this board so these veterans do not suffer this same type of treatment when they appear there in the future.

**Senator LeBreton:** I did mention that as a result of the breaches of Sean Bruyey's case, which went back over many years as well, this 10-point plan was put in place to deal with people who breach the privacy of veterans. It suggests strict disciplinary measures if such a breach takes place.

Honourable senators, I will obtain an update from the department as to what disciplinary measures or other measures have been taken to deal with people who have committed breaches of someone's privacy. They are reprehensible and not to be tolerated.



[Translation]

## OFFICIAL LANGUAGES

### LINGUISTIC DUALITY— CORNWALL COMMUNITY HOSPITAL

**Hon. Jean-Claude Rivest:** Honourable senators, my question is for the Leader of the Government in the Senate and pertains to the language issue at the Cornwall Community Hospital, which has been widely reported in the media in Quebec and the rest of Canada. I know that this issue falls under the Ontario legislature's jurisdiction since it pertains to the right of francophones to obtain services in French at the Cornwall hospital.

I would like to point out to the minister that a similar situation with regard to bilingualism occurred in the 1980s in Winnipeg. Despite the fact that this situation fell under the Manitoba legislature's jurisdiction, the Prime Minister of Canada at the time, the Right Honourable Pierre Elliott Trudeau, and the then secretary of state, who I believe was our colleague Senator Serge Joyal, demonstrated their strong support for Alberta's francophonie.

Moreover, I believe that the minister herself will remember that, despite the advice of some members of his caucus, Brian Mulroney, who was the opposition leader at the time, went to Winnipeg himself to show his steadfast support for linguistic duality and the francophone cause.

The statement that was made on television by a resident of Cornwall — “Canada is one country, one flag and one language.” — shows that language is still an extremely sensitive issue.

Does the minister not think that it is the Prime Minister of Canada's responsibility — not a constitutional responsibility but a political responsibility in this case — to very clearly state that linguistic duality exists in Canada and that the rights of our country's francophone population must be fully respected?

[English]

**Hon. Marjory LeBreton (Leader of the Government):** Honourable senators, I am not familiar with the specific case the honourable senator mentions, but I thank him for the question. He points out that it falls within the jurisdiction of the Province of Ontario, but I have absolutely no hesitation in standing here and proudly stating the commitment of our Prime Minister to Canada's linguistic duality and our official languages. The Prime Minister's actions speak for themselves.

In terms of the Prime Minister's public and private department, he adheres to this religiously, and I have no hesitation getting up and absolutely applauding the Prime Minister's commitment in this area.

With regard to the situation in Cornwall, naturally the honourable senator would not expect me to have intimate knowledge of that. I was not aware of it. He talks about the Manitoba languages issue. If he checks the history, he is quite right that Brian Mulroney, as Leader of the Opposition, went out

and made a very strong defence of Manitoba languages, despite the efforts of the then Liberal government to try and embarrass him into a position which blew up in their faces because Mr. Mulroney would have none of it. I dare say that that single act by Mr. Mulroney contributed greatly to his forming a majority government in 1984.

[Translation]

## THE ENVIRONMENT

### CANADA'S OIL SANDS INNOVATION ALLIANCE

**Hon. Rose-Marie Losier-Cool:** Honourable senators, on the weekend I read an article in *Le Devoir* that said Environment Canada has loaned out a senior official for one year without pay to Canada's Oil Sands Innovation Alliance, an alliance that works for that Alberta industry. I know that public servants sometimes leave their jobs to go work in the private sector, and there is nothing wrong with that. However, this is the first time I have heard of a public servant being temporarily loaned to the private sector. What is more, this public servant, in his work for the federal public service, is being paid to monitor the oil sands industry.

Can the Leader of the Government tell us whether assigning public servants — who are supposed to be neutral and who are paid by taxpayers — to contentious private industries is one of her government's new policies?

[English]

**Hon. Marjory LeBreton (Leader of the Government):** I suppose the question is whether the honourable senator and all parliamentarians support Canada's oil sands. The government welcomes the industry's initiatives to form Canada's Oil Sands Innovation Alliance to improve the environmental performance of the oil sands operation. The public servant that the honourable senator referred to is Dr. Dan Wicklum, who was previously Director General of Environment Canada's Water Science and Technology Directorate. He is on assignment as the chief executive of this alliance. We anticipate that Dr. Wicklum's assignment will bring new opportunities to strengthen collaboration and understanding between the Government of Canada and the oil sands industry.

• (1450)

Dr. Wicklum is on leave without pay. While on assignment, he is subject to the Values and Ethics Code for the Public Service. The code is clear on the measures to be taken by public servants to avoid real or perceived conflicts of interest.

Dr. Wicklum's assignment agreement stipulates that he cannot provide advice to Canada's Oil Sands Innovation Alliance, or to its members, that relies upon information that is not publicly available or that was obtained in the course of his employment with Environment Canada. Obviously, there is a very clear barrier there. Of course, Dr. Wicklum cannot communicate with Environment Canada employees on behalf of the alliance.

At the end of the day, honourable senators, Dr. Wicklum has followed all of the proper procedures, and this is a free country.

[*Translation*]

**Senator Losier-Cool:** I am not at all questioning the abilities of this public servant, but when he returns to Environment Canada, after a year working for Canada's Oil Sands Innovation Alliance, will his work to monitor those same oil sands be deemed credible and objective?

[*English*]

**Senator LeBreton:** I would dare say that I would not call into question anyone's character. Obviously, Dr. Wicklum has made a clear commitment to this alliance. He has made a clear commitment under the ethics code not to communicate with his former colleagues at Environment Canada on behalf of the alliance. I would not for a moment question the abilities or the character of Dr. Wicklum. I am quite sure that should he return to Environment Canada after this assignment, he will conduct himself in a professional and ethical way.

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## ORDERS OF THE DAY

### POINT OF ORDER

#### SPEAKER'S RULING RESERVED

**Hon. Grant Mitchell:** Honourable senators, I would like to draw attention to an article that was in *The Hill Times* yesterday. This is the earliest time at which I could draw attention to it. It is a quote from the Chair of the National Security and Defence Committee, Senator Wallin:

Under the Liberals, the committee spent nearly four years studying the RCMP, so the force has had no lack of attention. My feeling remains that too often this ended up besmirching the reputations of the many by associating them with the sins of a few. That will not be my approach.

I mention this for a couple of reasons, colleagues. First of all, it does imply that it was a Liberal committee. Of course there were Conservatives, and fine Conservatives, on that committee at that time, and I recall that I think every single report by that committee was a consensus report, so it would not have been anything intrinsically Liberal that was done; it was a consensus report.

The accusation in this statement that somehow a committee of this house, of this Senate, actually besmirched reputations is a very serious accusation. Of course the senator has every right to make an accusation like that if it is in fact based in fact. If the committee made statements or reported or concluded that something inappropriate or something incorrect did in fact besmirch someone's reputation, she is absolutely within her rights to say that.

However, because it is so serious, I think she should demonstrate, and I ask her to do so, with examples how in fact the committee did besmirch anyone's reputation in the RCMP

or anywhere else, and if she cannot, I would simply ask her to consider that in the absence of any kind of evidence to that extent, she is actually besmirching the reputation of that committee and the people who were on it at that time.

**The Hon. the Speaker *pro tempore*:** Is this a point of privilege or a point of order?

**Senator Mitchell:** A point of order.

**Hon. Pamela Wallin:** Honourable senators, I would like to speak to this point of order, if I could, for a moment.

I want to say in general that the honourable senator has been telling members of the press that he is being denied the right to look at the RCMP, so this is where the questioning came from. A reporter called me after he had made these statements, but I want to speak to the point that he raised.

I sat on the committee when it was chaired by one of our colleagues, Colin Kenny, when a final version of a report on the RCMP came out that was indeed attacking the organization. One of the suggested titles at the time, or certainly a phrase that the chair approved of, referred to the RCMP as a rent-a-wreck of a police force. That was not approved by the Conservative members on the committee.

In fact, if memory serves me correctly, Liberal members of the Senate, that summer, after the session ended and we rose, prepared their "own report" based on information that was collected by the Senate and put a report out that they called a "Liberal report," which made many accusations and I think some unfair commentary about our national police force.

I do not know exactly what his point is, but I do think that we have too often seen people cast the net a little widely and refer to the sins of the few as the problem of the many, and I do not think we should be besmirching the reputations of members of the RCMP, many of whom — all of whom — get up every single day and leave their homes to go and protect us and put their lives on the line.

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

**The Hon. the Speaker *pro tempore*:** Is there further debate on the point of order, honourable senators? If not, the matter will be taken under advisement.

## INVOLVEMENT OF FOREIGN FOUNDATIONS IN CANADA'S DOMESTIC AFFAIRS

### INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Eaton calling the attention of the Senate to the interference of foreign foundations in Canada's domestic affairs and their abuse of Canada's existing Revenue Canada Charitable status.

**Hon. Doug Finley:** Honourable senators, I rise today to hopefully add further context to the inquiry opened by Senator Eaton and expanded by Senator Wallace last week regarding the infiltration of foreign influence under the guise of Canadian charitable foundations.

Why are foreign foundations spending so much money in Canada instead of in their own or in needy Third World countries? It is important that Canadians are aware that American interests are behind many of the so-called “grassroots movements” taking place in Canada today. Shady foreign money is being used to influence Canadian domestic and commercial policy in an obscure fashion. U.S. charitable foundations, which may perhaps have their own economic and market-driven agendas, are contributing major dollars to pseudo and radical environmental groups in Canada.

• (1500)

There is nothing wrong with groups advocating for environmental conservation. However, there is a problem when their unstated intent is to undermine Canadian industries and do irreparable damage to Canada’s economy. The environmental movement has been benignly trusted in Canada for far too long without being called into question. It is high time they were held to some account.

Reference was made by Senator Eaton regarding assertions that United States-based charitable foundations do not necessarily serve Canadian interests. We should ask ourselves why U.S. charities are concentrating so much of their funding activity in Canada. If the genuine concern was purely environmental, surely Canada would not be the only country under such considerable foreign intervention, especially when Canadian oil producers are already held to among the highest environmental regulations and standards in the world.

Does Saudi Arabia or Iran even have environmental standards? Technically, we do not know because they are dictatorship regimes that will not tell us. We can freely speculate, however.

Canadians deserve more information about the significant sums of cash flowing across the border. This money is being deployed to damage support for projects that stand to generate considerable economic activity and jobs in Canada.

The Tides Foundation is an organization that is “values-based,” focusing on “social change.” Tides funds over 230 groups, including a number of groups in Canada to “work in partnership with people whose work confronts issues like global warming, AIDS treatment and prevention, and economic disparity.” To this end, Greenpeace and the World Wildlife Fund have received grants from Tides Foundation totalling US \$350,000 for their “tar sands campaign.” These are the same people who fund “Rethink Alberta,” a campaign that fundamentally engages in disparaging Alberta tourism.

In 2010 alone, Tides USA paid a total of 36 organizations \$4.8 million for their participation in the anti-oil sands campaign. Corporate Ethics International, which runs the Rethink Alberta campaign, received \$1,450,000 from Tides in that same year.

To provide comparison, the Tides Foundation funded a rape intervention project in Sub-Saharan Africa with a charitable sum of US\$9,000; a generous donation of US\$9,998 was granted to a

project to support people with HIV in Indonesia; and a program in Tanzania received an impressive US\$5,802 for an AIDS prevention initiative. I am not criticizing anyone for providing relief to the Third World, but I ask honourable senators where they would place Tides’ priorities. It certainly would not appear to be in Sub-Saharan Africa or in Indonesia.

It would seem that Tides is spending significantly more in Canada, one of the most environmentally secure and economically thriving countries in the world, with campaigns discouraging tourism and destroying industries than they are in developing countries.

The oil sands in Alberta not only create high-paying jobs, but they also generate revenue for governments and will continue to do so for decades to come. There are significant spinoffs for all Canadian provinces and territories, including job-hungry Ontario and Quebec. These revenues support local businesses, develop innovative technologies, boost the Canadian economy and support traditional charities.

For some perverse reason, Tides and other multi-billion dollar foreign foundations see it as a more effective investment to adversely influence Canada’s economy rather than contribute to traditional charitable causes in far more needy parts of the world.

In what fashion do these campaigns provide any beneficial or charitable purpose to the Canadian public? It would look as if the only purpose they have served is influencing our national debate by making misleading and exaggerated charges. It should never be considered a charitable act to attack Canada’s oil sands.

“Charity” is a word that, like many others in the English language, has become distorted, contaminated and debased over the centuries. It has migrated from being largely a religious-based concept — in fact, Saint Paul described charity as one of the three primary Christian graces — to the extent that it has now become part of the murky lexicon of financial, political and other institutions. Charities were originally established to assist in the relief of poverty, the advancement of education and religion, and for the benefit of the broader community. Of course, the charity concept has broadened, and rightly so, to include invaluable efforts to promote medical research and the like.

I fail to recognize where foreign-funded, radical, economically motivated environmentalists fall into any of these categories. Rather, these campaigns claim environmental concern, masquerade as “grassroots” movements, and undermine the credibility of Canadian industries.

The simple reality is we have to use oil for most modes of transportation. There is no other universally practical alternative right now. If the supply does not come from Canada, then it will have to come from somewhere else. Would we rather market share go to Saudi Arabia or Iran? No.

However, groups in Canada are receiving major grants from foreign foundations to achieve just that. Do you know what is particularly galling about that, honourable senators? They are receiving unfettered charitable status from the Canada Revenue Agency — that is what.

Using foreign money, these groups are selfishly slanting Canadian domestic policies in a shadowy and, I would say, Machiavellian manner. If we allow American groups to do this, why not facilitate other nations to do so, who, perhaps, are not quite so democratic?

Let me provide my colleagues with further contextual information.

Since 2003, the Hewlett Foundation, based in California, has granted a total of \$25.7 million for various projects to “address” the energy sector in Canada.

The Gordon and Betty Moore Foundation, based in California, has granted at least \$80 million to environmental organizations working in Canada.

Another organization, the Lazar Foundation, from Portland, Oregon, has furnished funds in a particularly targeted fashion on drafting reports targeting Canadian natural resources.

The most crucial part surrounding all of this is that not one of these foundations is headquartered in Canada and yet these groups are freely granted protected, nondisclosure tax status for interfering in issues of national importance. Canadian shell foundations are receiving large sums of money from trusts based in the U.S., and the Canadian public has every right to know about it. Canadian residents freely have such knowledge when it comes to foreign investment in business. While one cannot mix oil and water, when it comes to these so-called “charitable” acts from U.S. foundations, we can certainly mix oil and fish.

• (1510)

Let me tell you a story. Back in the early 2000s, British Columbia had a lucrative salmon farming industry, whereas Alaska’s salmon ranching industry was very much in decline. According to a 2011 *National Post* article, since 2000, the Packard Foundation, an American group based in San Francisco, has paid some \$83 million for various projects that have diverted market share away from B.C. farmed salmon toward Alaskan ranching salmon. B.C. salmon farming has been demonized by various organizations, all paid for by Packard, while the value of Alaskan ranching salmon has tripled in price.

Let us be clear: These are not campaigns opposing aquaculture organizations since they do not discourage buying Alaskan ranching salmon. These are campaigns motivated deliberately by American interests under the guise of erroneous public health concerns.

Let me read you two comments that tell the tale, both from a *Financial Post* article from January of this year. Regarding B.C.:

Marketing efforts for so-called sustainable fish going by the name of “Seafood Choices” have moved Wal-Mart to favour “Marine Stewardship Council” certified seafood — of which Alaskan salmon comprises 95%.

Regarding Alaska, since 2002, the ex-vessel value of Alaskan salmon has more than tripled from \$125 million to \$409 million.

[ Senator Finley ]

Let no one believe that Canadians are entirely innocent in this nefarious adventure. In fact, everybody’s favourite fruit fly biologist, David Suzuki, has been one of the biggest obstacles facing the aquaculture industry in Canada. The David Suzuki Foundation released a report compiled by Dr. Michael Easton that made claims about the high levels of contaminants in farmed salmon. These damaging allegations have since generated unwarranted controversy within the industry and have done irrefutable damage to the Canadian aquaculture sector.

Not surprisingly, during the 2005 B.C. provincial election, NDP leader Carole James pledged to forbid expansion of the salmon farming industry. She remarked: “It’s my understanding jobs will be lost anyway, because people are losing their taste for farmed fish.”

Mrs. James’ rather careless view of an industry that puts thousands of people to work in her province is typical of the unbalanced approach between environmental rhetoric and the economic impact pronounced by the left.

Although the findings of this report have been repudiated extensively with firm scientific evidence, Suzuki has not stopped. The Packard Foundation paid the David Suzuki Foundation US \$762,000 for Pacific Salmon Forests, a project that produced a brochure entitled *Why You Shouldn’t Eat Farmed Salmon*. In 2010, the aforementioned and Gordon and Betty Moore Foundation paid the David Suzuki Foundation a further \$8.3 million to “establish an ocean plan for Canada’s Pacific North Coast.”

May I have a further five minutes’ indulgence?

**The Hon. the Speaker pro tempore:** Is five more minutes granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Finley:** I would like to quote a 2010 article filed by the *National Post*:

The Cohen inquiry, launched this week, will bring a microscope to the fish-farm industry on the Fraser River, where wild salmon stocks collapsed last summer. Last week, William Shatner —

— a great Canadian —

— endorsed a federal NDP push to bring more regulation to fish farms. And dozens of environmental NGOs (ENGOs) including Greenpeace and the David Suzuki Foundation are behind Ms. Morton’s efforts to restrict B.C.’s farmed salmon industry. More to the point, the environmentalists have millions of dollars to help their cause from a quiet but powerful ally: Americans.

This is not a conspiracy. The Alaska Seafood Marketing Institute admits it has received “lots of private foundation money” from billion-dollar funds such as the Gordon and Betty Moore Foundation, the David and Lucile Packard Foundation and the Pew Charitable Trust to help fight B.C.’s fish farms and pressure stores and restaurants to boycott their products. The foundations aren’t concealing

it, either. B.C. fish farms threaten Alaska's wild salmon industry, after all, and the coastal communities that depend on it. Nothing personal; this is business.

"The issue is not the environment. I think the issue is competition," says Vancouver seafood industry researcher Vivian Krause. "American wild-fish interests are thwarting the [Canadian] farm-fish interests in the name of science, sustainability and conservation." . . .

Even Ms. Morton, godmother of the anti-fish farm movement, acknowledges that too many anti-fish-farm groups have been captured by American interests. She says she cut her own ties from U.S.-connected funds two years ago.

Over the past decade, Canada's coastal communities have suffered substantial economic hardships, and the environmental activism funded by these foreign foundations has invested millions in linking Canadian salmon farming to the notion of environmental and health risks. Foreign money has effectively mobilized a narrative degrading Canada's aquaculture industry.

To quote an article published in the *UBC Press*:

In doing so, these networks have popularized the conflict, brought significant media attention to bear on the issue, and disseminated claims about Canadian aquaculture across a nation and around the world.

Honourable senators, the issue here is about accountability. In both the U.S. and Canada, a large number of groups that campaign against Canadian industries are funded by these billion-dollar foreign foundations. Their political interference significantly and sinisterly slants the debate in Canada and is likely to be geared in favour of foreign interests.

Regrettably, Canadian financial statements from charity and not-for-profit organizations fail entirely to require a disclosure of detailed information, which would facilitate transparency and accountability in terms of how the funds are raised and how they are used. Such information should be filed with the Canada Revenue Agency and be made public on a department's website in a complete and accurate format.

It has been estimated that since 2000, U.S. foundations have funneled well over a quarter of a billion dollars to various organizations and campaigns in Canada. However, Canadians are blind to this suspiciously duplicitous use of foreign money because they do not know it is happening.

We should be regulating our charities and making them more accountable for how they raise, spend and distribute money. As Senator Wallace eloquently highlighted, regrettably our rules are few. Principle one requires registered charities to spend 80 per cent of tax-receipted donations on charitable works. Principle two, as far as the Canada Revenue Agency is concerned, is that what they do with the non-receipted donations or any other income, including billions in government grants, is up to them.

Canadians need to march with their phones and computers to tell Carol Larson of the David and Lucille Packard Foundation, Melissa Bradley of the Tides Foundation and Peter Robinson of the David Suzuki Foundation that they will not stand for this.

• (1520)

Most importantly, I would also ask that all senators support any potential revision of Canadian tax legislation to ensure that Canadians are aware of this transparency gap and have the tools to follow the money. I am sure before this debate is complete that Senator Eaton will likely have a solution for this problem.

**Hon. Daniel Lang:** Honourable senators, like my colleague Senator Finley, I rise today to speak to the inquiry initiated by Senator Eaton on the involvement of foreign foundations in Canada's domestic affairs. You will recall that the senator brought to our attention that over \$300 million has been funneled into our country with very little, if any, public disclosure or transparency. I think it is also important to refer to Senator Wallace's presentation on this issue, as he outlined that currently there are no limitations regulating the amounts that a Canadian registered charitable organization can accept in the form of donations from foreign foundations. All such donations received from foreign foundations are nowhere to be found in any record that is publicly accessible in this country. He went on to say that there is currently no public disclosure requirement in this regard; there is absolutely no public transparency.

Simply put, honourable senators, Canada's present income tax treaty with the United States allows American foundations to contribute funds into Canadian charitable organizations. It is becoming more and more evident that in some cases these funds are being used for political purposes with very little, if any, public scrutiny or accountability.

As Senator Eaton informed us, it is estimated that hundreds of millions of dollars have been channeled into Canada through these foreign foundations. In fact, the information that is available for our consideration has to be accessed through the United States Internal Revenue Service, as the Canada Revenue Agency does not disclose the origin of foreign donations.

Furthermore, credit has to be given to a young woman from the West Coast, Vivian Krause, a single mother with a computer at her kitchen table. She has taken it upon herself to unearth this information and has spent countless hours going over U.S. tax returns. This process of channeling money from foundations in the United States into Canada has gone on for years without Canadians realizing this was happening.

Honourable senators, this, in my judgment, is wrong. We must take steps to revise the system and require greater transparency and disclosure so that Canadians can ask questions. We have to ask the question, "Why?" Why are these foreign foundations so interested in Canada? Why are they contributing so much money when we know there are greater environmental, social and economic concerns elsewhere in the world? To put it into perspective, the amount of greenhouse gases emitted by the oil sands in an entire year is equivalent to those emitted by China in two days. One would think that these groups should be more

focused on changing this, rather than deliberately discrediting an industry that is working diligently to meet its environmental responsibilities.

As we stand back and review the past 10 years, it is interesting to note the West Coast of Canada has become less and less accessible for any development as more restrictive land designations are put in place. Currently there are plans to develop a marine park from the tip of Vancouver Island to the Alaskan border, once again funded in most part by an American foundation.

More and more Canadians are beginning to ask, "Why are these U.S. foundations so interested in us?" There is a theory now being expressed in many quarters that the long-term objective is to influence public opinion in an attempt to prevent Canada from accessing the markets of Southeast Asia.

I should also point out that with only one purchaser for its oil, Canada sells at a significant discount to the United States. In a recent report of last week the discount was as high as \$24 per barrel.

Another theory also being expressed is that this is a well-financed, well-organized movement by foreign interests to make Canada one big park, to be the preserve of those who might visit us once a year. Only time will tell.

In recent years we have witnessed representatives from some of these organizations with designated charitable status actively supporting political parties at the municipal, provincial and federal levels. The revelations that have been brought to the public's attention have very serious consequences for our country. It is a sad day for us as Canadians if we allow these foreign organizations to continue to take advantage of our tax system for a purpose that it was not designed to accommodate. This has to be of concern to Canadians because we have a large amount of tax-exempt money coming into our country, which is influencing public policy. Even more distributing is that there is no disclosure of where the money comes from or why. This is not acceptable and we must have transparency and disclosure.

It is interesting to note that it is much easier for American organizations to donate to Canadian charities than vice versa. This is because Canadian registered charities are not permitted to make grants to non-qualified organizations.

I think common sense dictates that tax-exempt organizations should provide full disclosure of foreign financing to the Canadian public. There certainly needs to be some explanation as to where this money is going and why it is being spent. We should make sure that all information regarding the fundraising of tax-exempt foundations is made available for full public disclosure.

The lack of transparency and disclosure is a very broad issue that allows for the potential of abuse.

I refer honourable senators to the 2009 report by the Centre for Tax Policy and Administration entitled *Report on Abuses of Charities for Money-laundering and Tax Evasion*. This report outlines ways in which money can be laundered into our country

for a number of illegal purposes, including tax evasion and terrorism. These are also very serious issues that need to be considered.

Perhaps, honourable senators, we need to revisit the way that charities are defined in Canada. In order to be registered as a charitable group, current regulations require that the group must achieve at least one of the following purposes: the relief of poverty, the advancement of education, the advancement of religion, and certain other purposes that benefit the community in a way the courts have said is charitable. The fourth purpose is vague, as the parameters are quite broad. This category has been defined over the course of recent history through case law and precedent.

I do not believe that it was Parliament's intention that charitable groups would be funded by foreign agencies without full disclosure and transparency. I do not believe it was the intention of Parliament to allow groups with charitable status to affect the outcome of municipal, provincial or federal elections.

There are two major aspects that we need to pay attention to. The first is what do we, as Canadians, feel is charitable? The second is what kind of disclosure and transparency should we demand?

My recommendation to improve our current system and decrease the amount of potential abuse that can occur would be to re-examine the definition of charity. I believe that some of these groups would be better defined as a lobby group or a non-profit interest group. This status would differentiate them from the charitable status that they currently have. While non-profit groups are permitted some tax exemptions, I think this shift would better indicate whether the organization is a charity, interest group or a lobby group.

Honourable senators, people have the right to spend their money however they wish, but I think we need to have the discussion of what charity means.

**Senator Mitchell:** Honourable senators, I absolutely agree with Senator Lang, for whom I have great respect. We need to have this discussion. I am just struck by the irony of it.

• (1530)

I am noticing the Finley-Eaton tag team. They are getting good at this as they have done this a few times — you have to admire it. The first time they did it on the old freedom of speech indignation and self-righteousness where they stood on their hind legs and said that Ann Coulter from the United States was being thwarted in her right to speak freely in Canada because the university asked her to be careful. They did not shut her out the room or anything like that. Ann Coulter said that Alberta should be the fifty-first state. That is okay, and I bet you she was brought in by some kind of charity that probably had a tax deduction to do it.

The second case where they did this was on ethical oil. However, they forgot one important feature of their ethical oil argument: The U.S. should buy our oil because it is ethical and it is more secure. That is true, but they forgot to point out that the Maritimes are buying the same oil as the U.S., and it is perhaps not so ethical or secure; so, who is worried about that?

Now we have the third effort in this regard. I want to point out that there are some fundamental weaknesses in this one just as there were in the other two.

[*Translation*]

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, I would like some clarification. I thought that Senator Mitchell was going to ask Senator Lang a question. I see that he is using his right to speak.

[*English*]

**The Hon. the Speaker pro tempore:** Does the Honourable Senator Mitchell have a question?

**Senator Mitchell:** This is on debate; I am debating this.

**The Hon. the Speaker pro tempore:** Before the honourable senator proceeds with his debate, some had questions to put to Senator Lang. May I interrupt?

**Senator Mitchell:** Honourable senators, I am sorry. I will start over, though.

**Hon. Michael Duffy:** Honourable senators, I have a question for Senator Lang. In the interests of transparency, I found it interesting that some of the main donors who seemed to be trying to interfere in the Canadian economy actually have big stakes in the Canadian economy. Would Senator Lang agree with me that the next time Canadians go computer shopping, they should remind themselves that the David and Lucile Packard Foundation is one-half of the Hewlett-Packard that makes computers and printers, which we probably all have in our offices. Would the honourable senator agree that it is important to remember about the Gordon and Betty Moore Foundation that Gordon Moore is the co-founder of Intel, the computer chip maker, and we all have these devices in our offices? Would the honourable senator agree that Canadians should remind themselves of who is on the side of Canada and who is only on the side of themselves?

**Senator Lang:** I have to agree with the honourable senator. I want to make an important point: We have to recognize that many people outside our borders are very interested in our country. We are privileged to be Canadians and to have the country we have and the resources we have. We have a responsibility to develop them in a responsible way not only environmentally but also economically. Other interests out there, as Senator Finley and I pointed out, have some economic interests in keeping our resources and directing them in such a manner that is to their benefit and not necessarily to Canada's benefit.

It is important in this debate that we understand, for example with the proposed gateway pipeline, that outside forces are paying indirectly to put up opposition and create public opinion against the project. In fact, I would go so far as to say that we have already seen how technologies are affecting our ability to go ahead with a project like this when one particular non-governmental organization proudly stated that they got more than 600 people to apply to be interveners in the process. That will cause a delay of up to a year in any definitive decision being made about that pipeline. If I were a senator from Alberta, I would be very

concerned about the regulatory process in place to review all the information environmentally, socially and economically to look at the viability of this project. Now, we are seeing a political warfare where suddenly we are arguing over whether there should be a pipeline, not whether we can build it and what the risks are. The public is getting lost in the process, which is a shame, honourable senators. I do not like the fact that we are being influenced by big money outside our borders, when this is a Canadian decision.

**Hon. Don Meredith:** I thank the Honourable Senator Lang for his presentation. Something near and dear to my heart in Canada is charities. There are a lot of government cutbacks, and charities depend on organizations to solicit funding to ensure they survive. I do not agree with American influences undermining our natural resources; I do not support that at all. However, I am looking at the charities and the day-to-day operations that they experience. They are not getting federal, provincial or municipal funding and are looking elsewhere. How do you propose that they carry on their work and advance the causes of poverty, education, at-risk youth and religion? How do you propose that?

**Senator Lang:** Honourable senators, that is a very good question. I think I can speak for both sides of this house when I say it is a concern for all that we continue to have prosperous charitable institutions in this country and that they are well financed. The question we are putting before honourable senators — one that we have to look at from a non-partisan point of view — is why there is so little, if any, public accountability and transparency with the type of money that is coming into this country? That is the point I am making. For our Canadian charities, the laws are probably sufficient. However, changes have happened in our system, in particular technology changes with the advent of the Internet, Facebook and Twitter, where we see a much more political involvement by certain organizations that cross the line of what a charity is. That must be looked at.

I also want to say loudly and clearly from the perspective of all that we obviously want the charitable institutions in this country to carry on and get the money necessary to be able to do it. I am sure that if they knew and Canadians knew what we know and are debating here, Canadians would have concerns for their country. For example, the proposed northern gateway pipeline could be the lifeblood of our Canadian economy to provide the tax dollars to allow those charities and to allow us to meet our social obligations. If it is not built, what is the alternative? Do we sell our oil for less than the world market price to one particular buyer? We should be looking at all options, and the honourable senator from Alberta would have to agree with me on that. I hope he will support us as we move along.

**The Hon. the Speaker pro tempore:** Honourable senators, are there further questions? On debate.

**Hon. Grant Mitchell:** Honourable senators, owing to the fact that I stood down to allow others to ask questions, I ask that the clock be restarted. Fair is fair, and it is freedom of speech, for crying out loud.

Honourable senators have to admire the Finley-Eaton tag team — they are good at politics. They are sitting together, and they punch above their weight, one has to say, on ethical

oil. However, they forget, of course, that by saying the U.S. should buy our ethical oil, what are we saying about the Maritimes who buy the same oil from the Middle East and from other countries that some construe as less than ethical? That is a facile and transparent argument, and that is why it did not work.

The freedom of speech argument was to let Ann Coulter talk and to defend her right to speak while not defending the right of people in this country to stand up and fight for issues that are absolutely within the context of public policy debate in this country.

• (1540)

Let me go on. The other side's arguments go like this: First, there is some kind of tax advantage or tax expenditure implicit on behalf of the Canadian taxpayer when international foundations are allowed to help fund foundation activities in Canada. Of course, there is no tax expenditure because the foundation here does not pay tax and the foundation there does not pay tax. There is no tax expenditure, period. In fact, where there is tax expenditure is on the other side — the companies that hire the government relations firms and the heavy-duty law firms to fight their case through the process on environmental issues. They get to write that expense off and that saves them tax money and, in effect, costs the Canadian taxpayers.

If honourable senators want to talk about tax savings, it is not the foundations and not the charities, but the businesses. I am not against that, but they get to write off their expenses against money that they make in Canada. Of course, the rest of the money goes out of Canada — and we are not talking about that — along with many jobs.

Second, when that does not work because they kind of twist off that argument — that is, the people who make this case, the Conservatives — and they say, “No, the problem is that at least some charities simply should not be allowed to participate in political activities.” They morph “political” and “partisan.” “Partisan” is different, and they do not participate in partisan activities — that is, supporting a political party — or they lose their charitable status, period.

Let us talk about participation in political or public policy debate. Which dictator would decide which groups can participate, with their charitable status, on which issues to influence which public policy debate? I wonder how many churches get funding from international foundations on issues so that they can participate directly in the public policy debate on issues like abortion or gay marriage. How many gun advocates and gun advocate groups in Canada receive charitable foundation money from gun advocates and gun advocate groups in the United States? I wonder who is doing the research on that. Let us have an inquiry.

Let us talk about the Fraser Institute. Their entire reason for being is public policy intervention in the public policy debate. How much money do they get from international foundations? Honourable senators, do you know what they say in their annual report? They say that 9 per cent of their contributors are international. They do not say what percentage of the \$10 million

that they raise every year is international. Conceivably, it could be \$9.99 million. Some 99 per cent of what they raise could come from international foundations. However, they do not declare that. Let us talk about the Fraser Institute and what kind of money it gets from abroad.

Which dictator would say that it is okay for this group with its charitable status to participate in public policy debate, but it is not okay for that group to participate in public policy debate? What would the difference be? The difference would be whether or not that group takes the position that the government likes. Which dictator would decide? That dictator, and that would be a fundamental problem.

The third position is that they fall back to the idea of openness. Senator Wallace is a very capable lawyer, obviously, from capable of the legal presentation that he made the other day. I do not think many environmental groups in this country would be opposed to declaring. In fact, I have one here. In its annual report, the Pembina Institute already does. It lists who gives it money. One of them is the Natural Resources Defense Council, an American group. It is one of the single biggest contributors.

Honourable senators, go to the Fraser Institute's annual report and you get a disingenuous “9 per cent of our contributors.” They do not tell you how much of their money in total comes from abroad. Therefore, yes, if you want to go there and open it up and have disclosure, excellent. I do not think that anyone would disagree with that. I certainly do not think that environmental groups are concerned about it. I can go on. They also get money from Suncor, Shell Canada and Cenovus. It is not like the energy industry itself is not funding these groups such as Pembina, which does participate on the environmental side to protect the environment.

Then, when all else fails, they fall back to innuendo and aspersion. We heard the minister talk about how PACs, political action committees, are now surreptitiously investing in Canada. He did not mention any particular cases and was not able to tell us which PACs. Senator Eaton talked about how these groups, the foundations in the States, fund — what are they? — front foundations in Canada, yet there was no mention any of these front foundations. Now we hear about shady money. If there was ever an effort to intimidate, to attack and to cut the legs out from under them, that is exactly what it is. We now see money-laundering. This is hot on the heels of one of the ministers over there comparing environmentalists to white supremacists.

What is becoming of this government and its inability to accept freedom of speech, and debate, and so on? You are with us or you are against us, absolutely.

The other thing that they have to keep in mind is this: What cost is there in the message they are sending with this particular activity in Canada? Hot on the heels of the public relations disaster of Durban, the Keystone project is delayed for a good deal of time. What kind of message do the people in the United States who want to stop that — environmentalists, coal interests and others — take from a trumped-up debate in Canada by this government that says, “We do not even want to talk about the environmental side of things. We do not even want to demonstrate that we are open to public discussion and policy debate about the environmental side of things.”



Honourable senators, let us look at some of the substance of their argument. The premise is that if one does the environment, then one wrecks the economy. How yesterday is that? How 19th century is that? I will tell you what will wreck the economy —

**An Hon. Senator:** Old school.

**Senator Mitchell:** Yes, old school. You just keep doing what you are doing on climate change and you will wreck the economy absolutely, infinitely. In many ways, environmental groups are saving the economy and opening up possibilities for new economic endeavours. Do you know what? Dealing with climate change and greenhouse gas emissions will not hurt this economy one iota. It will promote this economy in many different ways, make us competitive and creative, reinvigorate us, create jobs that we have not imagined, and sustain international markets for our oil and gas and natural resources industries.

Then, honourable senators, you start to say, well, if it is that there is not really a tax advantage for anyone on the environmental side, and if it is that charities have a right to participate in the public policy debate — because, if environmental ones do not, then neither would church ones, the gun control ones, the Fraser Institute, and the other economic right-wing think tanks have a right, so that does not work — then the fallback position is that we have to get disclosure. Well, no one is arguing against disclosure; let us have disclosure. Let us get the Fraser Institute in there to tell us who, exactly, is funding them.

None of those things work. Innuendo and aspersion, I know, does not work; we all know that. Why is it that we are doing this? Well, I do not want to be cynical about it, but I am thinking that the government, the governing party, is so effective at raising money on hot-button issues. However, the crime agenda has passed on its way, because we passed that bill; and gay marriage and abortion are off the radar, apparently. What is the other one that has just been dealt with? Oh, gun control. Those hot-button issues are gone. I do not want to cast aspersions, but I am wondering if, perhaps, we are looking for another hot-button issue in the emails and letters that are going out right now saying, “Give us some money so that we can defend our economy against the vagaries and the power of those environmental groups.”

You know what is really at stake here, honourable senators? What is really the issue here is a government that is intimidating the democratic process. They are taking, I believe, surreptitious, aggressive, intimidating and bullying tactics to put the chill on people who want to disagree with them. These people have every right to appear before a process that has been set up by their government to review economic projects, and this government is saying that somehow there is something improper about that. Here is a government that has 1,500 communications experts — 1,500 probably cost them well over \$100 million a year. They have the advantage of the Prime Minister’s office, of his pulpit, which is now, of course, by definition, a bully pulpit. They have the advantage of his level of exposure and of the public purse, billions of dollars. They have an oil industry that gets more funding in a single day than these foundations have ever received in the last 10 years. Yet, they are saying that, somehow, they are at a disadvantage in that debate. Why can they not just stand point for point, argument for argument, and debate for debate against these groups and allow the strength of their message and of their case, such as it is, to win on its own merits?

• (1550)

That is what democratic debate is. That is what freedom of speech is. One of our colleagues in this house, former Senator Taylor, once said to me, when we were in the house in Alberta together, “Often, you have to be really, really careful because the cure can often be worse than the disease.” I know that there have not been excesses in the way we have handled our environmental review of projects and that our economy has been developed very, very aggressively. It is not as though there is a shortage of jobs in Alberta. There are so many jobs we cannot fill them. I am looking at a government that somehow, at some level, is so insecure that it has to bully and intimidate.

If I can go back to my Monty Python examples, in *Life of Brian*, the poor knight has just had all four limbs chopped off. He is there on what is left of his legs, and he is saying, “Come back and fight, you coward! Come back and fight!” In a sense, you are cutting the legs out from under these environmental groups. They do not have anything like the resources that you have, and they have an absolute right to raise legal money wherever they want, to fight this fight and to debate this debate. You are trying to intimidate them, in spite of the fact that you would stand here and talk about freedom of speech.

I will close with a quick statement by Prime Minister Benjamin Disraeli, who said that a Conservative government is an organized hypocrisy. If ever there was an example of that, it is this debate right here.

**Hon. Donald Neil Plett:** Honourable senators, I would like to join the Eaton-Finley tag team and therefore move the adjournment of the debate in my name.

(On motion of Senator Plett, debate adjourned.)

[*Translation*]

## OVERSEAS TAX EVASION

### INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Downe calling the attention of the Senate to:

- (a) the problem of Canadians evading taxes by hiding assets in overseas tax havens;
- (b) the harm this does to Canada, both in terms of lost revenue and its effect on those Canadians who obey the law and pay their fair share of taxes;
- (c) the pathetic efforts of the Canada Revenue Agency to discover, halt and deter overseas tax evasion, and how, in comparison to those similar agencies in other countries, CRA falls short;

(d) the fact that this, plus recent scandals involving the CRA could lead one to conclude that there are serious problems at the Agency; and

(e) concerns that this situation amounts to a lack of leadership on the part of the Government of Canada.

**Hon. Grant Mitchell:** Honourable senators, I have a question for Senator Carignan, if he grants me leave to speak to this inquiry today.

**Hon. Claude Carignan (Deputy Leader of the Government):** Leave is granted.

**Senator Mitchell:** Thank you very much. Honourable senators, I would like say a few words about the issue of tax evasion.

[English]

Tax evasion and the CRA inquiry were so appropriately and effectively presented the other day by Senator Downe.

[Translation]

Honourable senators, today I would like to talk about a most serious issue: overseas tax evasion and the inability of the Canada Revenue Agency to address this appalling crime.

[English]

As the Honourable Senator Downe pointed out, Canadian tax cheats, who greedily stash their money abroad in known tax havens like Liechtenstein, Switzerland, and Panama, are not only breaking the law but also depriving Canadians of important government revenue badly needed to fund our health care system, repair crumbling infrastructure, such as roads and bridges, pay the salaries of countless hard-working, honest, law-abiding, tax-paying Canadians, and now, I guess, put more money into fighting those nasty environmental groups.

[Translation]

The worst part, honourable senators, is that in this era of economic austerity — when many Canadians are praying that they will not be the next factory workers or public servants to be handed a pink slip, when the government is cutting costs, when services to Canadians will inevitably be reduced due to budget cuts, when the Prime Minister and his government have old age security in their sights because Canada apparently cannot maintain the existing system — it is distressing to see the Canada Revenue Agency giving preferential treatment to the rich and privileged people who try to hide their money offshore to avoid paying their fair share.

[English]

You will recall Senator Downe mentioning something called the Voluntary Disclosure Program, or VDP. The VDP allows taxpayers to come forward, without penalty or prosecution, to correct information or to disclose information that they have not reported during previous dealings with the CRA. Among other

criteria, for disclosure under the VDP to be valid, it must be voluntary. CRA's own definition of "voluntary" disqualifies disclosures where:

- the taxpayer was aware of, or had knowledge of an audit, investigation or other enforcement action set out to be conducted by the CRA or any other authority or administration, with respect to the information being disclosed to the CRA, or
- enforcement action relating to the disclosure was initiated by the CRA or any other authority or administration on the taxpayer, or on a person associated with, or related to the taxpayer . . . or on a third party, where the purpose and impact of the enforcement action against the third party is sufficiently related to the present disclosure, and
- the enforcement action is likely to have uncovered the information being disclosed.

[Translation]

Many wealthy tax cheats who were caught hiding assets in Liechtenstein took advantage of the Voluntary Disclosure Program, which is clearly against the agency's own guidelines.

[English]

CRA has previously assured Canadians that none of the individuals with accounts in Liechtenstein were eligible because compliance actions had been brought against all 106 of them. However, CRA has allowed at least 20 tax cheats, with hundreds of thousands, if not millions, of dollars hidden in secret bank accounts, to avoid penalties and prosecution. This kind of special treatment, we can all appreciate, is little short of despicable. No one is above the law, and this tough-on-crime government should not be bending over backwards to allow these tax sneaks to escape fair and deserved punishment for what they have done.

[Translation]

The fact that these tax cheats can use the VDP, even though the agency had established clear eligibility criteria that said they could not, shows that there is a huge problem within the organization.

[English]

I turn now to the Enforcement and Disclosures Directorate evaluation mentioned by my colleague. This internal review highlights the misaligned priorities of the Canada Revenue Agency. The report suggests that CRA employees are declining to pursue cases that may be of significant criminal non-compliance with the tax code because of resource limitations and workload pressures. This is deeply concerning. The report notes that convictions resulting in less than \$100,000 in tax on which convicted accounted for 84 per cent of all convictions. In all regions, with the exception of Quebec, just over 60 per cent of cases result in tax on which convicted of less than \$40,000.

These findings support observations by program staff that the agency's officers are choosing smaller cases that represent quick hits.

• (1600)

The CRA should be focusing on the big fish, not the minnows. Wealthy Canadians are hiding millions in tax havens and getting away with it as a result of CRA's misaligned priorities.

[Translation]

According to Gail Shea, the Minister of National Revenue, Canadians will not tolerate some people benefiting from an unfair advantage by not paying their taxes. I suppose the minister is consoling herself with the belief that, by targeting people who hide a few dollars of their income, rather than dealing with the more risky cases of serious fraudsters, the agency will enjoy more small victories.

Minister Shea needs to show some leadership on this issue and tell her staff to rethink its priorities. All Canadian taxpayers would be furious to learn that the minister is letting such things happen.

[English]

Honourable senators, veteran humorist Sam Ewing once said that "The government deficit is the difference between the amount of money the government spends and the amount it has the nerve to collect." This government must do the right thing and show the nerve to pursue all those who were found to be hiding money to the fullest extent possible. Breaking rules for those who have already broken the rules is just plain wrong, as we all know, and honest, law-abiding, tax-paying Canadians deserve better from their government, especially at this time of fiscal restraint.

[Translation]

I will conclude by asking the government the same questions as Senator Downe. Law-abiding Canadians who pay their taxes want to know why some people are getting preferential treatment. Why is the government giving wealthy people a tax holiday? Canadians want to know where the minister responsible for the Canada Revenue Agency, the Honourable Gail Shea, is? Why is she letting these things happen? Why is she letting fraudsters, who hide their money in tax havens, escape justice here in Canada? Canadians want to know this: who exactly is she protecting?

[English]

It was Denis Healey, a former British Chancellor of the Exchequer, who remarked that "The difference between tax avoidance and tax evasion is the thickness of a prison wall." All evidence to the contrary, it would seem the Harper government prefers there be no wall at all. Under this tough-on-crime government, where Canadian tax evaders are being treated like tax avoiders, I would be remiss if I did not quote another famous British politician, former Prime Minister Benjamin Disraeli, who said, "A Conservative government is an organized hypocrisy." He also said that he was becoming tired of Toryism. Aren't we all?

**The Hon. the Speaker *pro tempore*:** Honourable senators, if there is no further debate at this time, is it agreed that this matter can be adjourned once again in the name of Honourable Senator Carignan?

**Hon. Senators:** Agreed.

(On motion of Senator Carignan, debate adjourned.)

## LIQUEFIED NATURAL GAS

### INQUIRY—DEBATE ADJOURNED

**Hon. Richard Neufeld** rose pursuant to notice of February 29, 2012:

That he will call the attention of the Senate to the issue of liquefied natural gas in Canada and its associated benefits.

He said: Honourable senators, in today's day and age, the developing world is striving to establish the same standard of living that we as a nation enjoy. It is no secret that with the rapidly growing world population and increased use of new technology in households and industry alike, energy demands are increasing at an exponential pace.

By the year 2035, it is estimated that the world's population will reach nearly 9 billion people, with the developing world and Asia accounting for nearly 90 per cent of that number. Subsequently, the International Energy Agency forecasts an energy consumption increase as much as 45 per cent within the next 20 years. To put this into perspective, oil demand will increase from 87 million barrels per day to 99 million barrels per day by the year 2035. Furthermore, in 2005, worldwide natural gas consumption reached 87.6 trillion cubic feet per year, 5.1 billion tonnes of coal per year, and 182.5 million pounds of uranium per year. Undoubtedly, those numbers will surely increase over the coming years.

Canada is a leader in energy development and innovation. In fact, the energy and natural resources sector generated \$133 billion, 11 per cent of Canada's gross domestic product, and directly employed nearly 759,000 people in 2009. Considering our abundance of resources, Canada has an unparalleled opportunity to advance its economy in the energy sector, creating many lucrative opportunities for job growth and government revenue alike, to provide for an ever-increasing demand in health care, education, and other imperative services upon which our society depends.

Honourable senators, a potential source for this advancement that has not been fully actualized is the production and distribution of liquefied natural gas, LNG. Canada currently places third in natural gas produced worldwide, behind the United States and Russia. With the worldwide advent of shale gas, we must seize the opportunity before us.

In 2009, Canada exported \$77.9 billion of energy products, of which 97 per cent was to the United States. Currently, 88 per cent of all natural gas imported into the U.S. in 2010 came from Canada. As our only customer, the U.S. anticipates self-sufficiency and the ability to export this resource by 2020, only eight years from now. Clearly, Canada must look for other opportunities to export its abundance of natural gas; our nation has great potential to tap into this market.

Natural gas has an interesting history. Its first known use dates back to 500 B.C. when the Chinese used crude bamboo pipelines to harness natural gas from surface seams to light temples and distill seawater. Since its initial development on Canadian soil more than one century ago, an expansive network of pipelines that transport our crude oil and natural gas has been constructed, spanning more than 540,000 kilometres country wide. Its uses are

nearly endless. Nearly 3,000 products we use every day contain petro sources. In addition to heating, drying kilns, electrical generation, and cooling, many would be surprised to learn that natural gas is used to make some of the clothes we wear, the utensils with which we eat, the medications that heal us, plastic products, and even women's make-up products like lipstick and blush.

The trademark feature of natural gas is that it can be easily transported not only through pipelines as a gas but also via ships in liquid form. This is achieved by supercooling the gas to negative 160 Celsius, causing it to take liquid form. LNG transportation evolved in the late 1950s and early 1960s, through the establishment of routes via tankers between Louisiana and Britain and the second-largest route between Alaska and Japan. Since 1969, Japan remains the world's largest importer of LNG and now attains its supplies from Indonesia, Australia and Alaska. Japanese power plants have been the largest single market for LNG since the 1970s. Canada has a geographical benefit to trade with Asia in this regard. Natural gas is said to be a transition fuel because it releases 30 to 40 per cent less greenhouse gases than other fossil fuels.

• (1610)

Honourable senators, Canada has an immense opportunity at hand. Worldwide demand for energy is constantly increasing, especially in Asia. What better way to supply that need than through our existing network of pipelines and the ability to easily and cheaply transport LNG via ships? Canada's natural gas sector is at the forefront of economic stability and potential. In conjunction with the oil sector, it provides an estimated 500,000 jobs for Canadians. Additionally, the industry has invested \$53 billion in 2010 and an estimated \$54 billion in 2011 in Canada. It is evident that the industry is on the rise. The potential for job growth, corporations and government revenues is a reality. In fact, more than 30 per cent of the industry's core workforce is expected to retire within the next decade. If demand for energy continues its upward climb, the petroleum sector anticipates hiring an additional 130,000 workers by 2020. This is great news from which all Canadians will benefit.

The benefits of LNG are spread across residential and business industries alike. For example, Vedder Transport, a trucking company in B.C., will cut fuel costs by nearly 50 per cent by fuelling their trucks with LNG. They expect to operate a fleet of 50 LNG-powered trucks this year. In Quebec, Robert Transport will operate a fleet of 180 LNG-powered trucks for its routes through the Quebec City area and Greater Toronto Area. From the West to East Coasts, Canadian businesses are realizing the benefits of this abundant resource. Their efficiency initiatives help their customers save money and, in turn, help create more jobs. Additionally, the use of LNG in comparison with diesel can reduce greenhouse gas emissions by at least 25 per cent.

According to the Canadian Energy and Pipeline Association, the annual value of energy transported over regulated pipelines to both Canadians and export customers has exceeded \$100 billion each year for the past five years, but this is just the tip of the proverbial iceberg. Canada has an unprecedented opportunity it must seize with fervor. Asia is our next goldmine. As mentioned before, the Asian market is projected to exponentially grow over

the next few decades, and Canada is in a strategic position to meet their demand with our abundant supply, all the while securing reserves for our own domestic use. A large LNG terminal in Kitimat, B.C., is already in the works and is well funded by private enterprises such as Encana, EOG and Apache. The opportunity to service Asia is unparalleled. LNG can be transported to Asia two days sooner from northern B.C. than from Los Angeles. Time is money.

At one time it was assumed that Canada would have to import LNG to meet our own needs but, with the massive shale and tight gas fields, we find ourselves with trillions of cubic feet of natural gas to develop and spur our economy. For example, in the mid-2000s, there was an import LNG plant proposed at Kitimat. Since then, this plant owned by Apache, Encana and EOG will actually be an export terminal, with two additional terminals proposed by Shell Oil and Douglas Channel LNG. This anticipated growth is as a result of new technology in the development of shale and tight gas. For example, B.C. produces approximately 1.2 trillion cubic feet of natural gas per year and is the second-largest producer of natural gas in Canada. It is estimated that in northeast B.C. alone there are approximately 1,000 trillion cubic feet of shale and tight gas, 25 to 30 per cent of which can be produced with today's technology and has been safely and successfully produced for nearly a decade. Natural gas is the cleanest burning fossil fuel we have and is said to be the transition fuel to the future. Just imagine the opportunities, but we must realize that time is of the essence. Shale and tight gas is abundant in Canada and, for that matter, in many parts of the globe.

Maximized usage of LNG undoubtedly cannot be realized overnight. Barriers to progress lay on the road ahead, including lengthy permit application timelines and environmental review and approval processes. Rightfully so, as any environmental project requires research, scientific study and opportunity for the public's opinion. However, approval processes have become increasingly lengthy, with no additional value to the time spent. A meaningful review process with in-depth research can be conducted in a shorter, more efficient period of time, saving the public tax dollars and creating jobs more quickly.

The government has great potential to play a more active role in this regard. Firstly, clarification of permitting procedures, such as engineering studies and environmental assessments, could be made more easily available and understood, a necessary step in understanding current energy projects and the establishment of future undertakings. Secondly, the government could launch campaigns to promote the sharing of accurate information by supporting the development of a national network of organizations and individuals active in the energy field. Results of energy research could be more easily disseminated to stakeholders and the public. Lastly, the government should support education programs in energy development and the continued education of existing workers to advance their skills. Programs should begin at the adolescent level to prime Canada's future energy leaders for innovation and leadership in the industry.

Honourable senators, time is of the essence. The opportunity for Canada to hold the post at the forefront of LNG development, production and exploration will not be here forever. Eventually, we will be in competition with other

markets. For this reason, we cannot languish. We must not only secure our energy future with a stable supply of our own resources, but we must endeavour to create more jobs and a source of government revenue that is cycled back into the economy. The public needs to know that life will change if we do not seize this opportunity before us.

Honourable senators, I invite you to join me on this quest to maximize our resources and guarantee Canada's energy future, and I hope this chamber will be the place from which this enterprise will derive.

(On motion of Senator Carignan, debate adjourned.)

### NATIONAL SECURITY AND DEFENCE

#### MOTION TO AUTHORIZE COMMITTEE TO STUDY STATE OF DEFENCE AND SECURITY RELATIONSHIPS WITH THE UNITED STATES—DEBATE ADJOURNED

**Hon. Pamela Wallin**, pursuant to notice of February 29, 2012, moved:

That the Standing Senate Committee on National Security and Defence be authorized to examine and report on the state of Canada's defence and security relationships with the United States; and

That the Committee present its final report to the Senate no later than December 31, 2013 and that the Committee retain, until March 31, 2014, all powers necessary to publicize its findings.

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

**Hon. Joan Fraser**: Honourable senators, I wonder if we could ask what this involves. It is a two-year study, nearly. It could involve very large amounts of travel and other special expenses. I am not quite sure of what the final goal of it is. "Canada's defence and security relationships with the United States" is a vast topic. I wonder if we could be given some detail.

**Senator Wallin**: I would be delighted. It is a very large and comprehensive topic. This is why I think the Defence Committee has travelled to Washington every year, save one when we did not go because Parliament prorogued.

As honourable senators know, the Department of National Defence, like all departments of government, is going through the strategic review process. We have already seen this process under way in the United States. Fairly significant reductions have already been announced, many of which will impact us in the future and some of which are impacting us today, such as the training mission in Afghanistan. Issues like that will overlap with the next motion when it comes forward, No. 68. This relationship that we have with our largest ally and trading partner is now dovetailing. Since each of us will probably be dealing with reduced budgets, and because interoperability, as we have learned

in Afghanistan, Libya, Haiti and many other places, is absolutely key at this point, these discussions that we have among and between our counterparts in the United States and ourselves are really important.

• (1620)

As honourable senators may be aware, we have just recently reached an agreement on a bilateral, combined defence plan. Canada has signed a memorandum of understanding, among other things, to fill its strategic satellite communications for the next 20 years. It is one of the issues. Two countries are coming up almost immediately and, in the course of the next couple of years on specific deadlines and beyond the border, the perimeter, security talks — those are very real and very much part of our mandate here.

The complex relationship that we have with the U.S. and our other "Five Eyes" partners, if you will, is fundamentally changing. I was at a conference last week in which I listened to an American general, a British general, and others lay out the importance of allies being able to talk with one another, not just through organizations like NATO — but obviously that is on the table, too — but through this kind of daily contact that we need to have. In that way, there is interoperability technically, but it is also there in terms of contact, ideas, policy and direction.

This kind of trip to deal with all these issues is key at this point. As I say, we have been doing this since the committee was first invented and I hope we will continue to do it.

**Senator Fraser**: I have a supplementary question. Is the honourable senator talking about, for a two-year study, just one trip to Washington? Let me give an example of why I suspect the honourable senators may find themselves doing more, particularly in connection with the perimeter arrangement, whatever that ends up being.

In January I had the privilege of accompanying the Speaker on a trip to Colombia. We visited, among other very interesting places, the Port of Cartagena. We were absolutely astounded to realize that, on the Caribbean coast of South America, that port has security arrangements so tightly entwined with Washington that they have — I forget how many live cameras — but 20 or 40 live cameras all over the port feeding directly to Washington — a live feed to Washington.

When they unpack a container — and, if memory serves, they unpack about 40 a day, and they really do unpack it down to the last little sheet of Kleenex in that container — there is a camera feeding every move directly to Washington. There is also a live data feed telling them every truck that comes into that port, with its licence plates, where it goes in the port, how long it is there, who it is registered to and what it is carrying. These enormously elaborate security measures are absolutely inextricably linked to Washington.

I do not know whether honourable senators will be going to facilities around the perimeter to investigate what might be involved with this. I would hope the honourable senator would, depending how much money is available. However, from what the honourable senator said, it sounds as if she was planning a single trip to Washington and that would be that.

**Senator Wallin:** At this point, honourable senators, this is what we are planning and proposing, because that is one among many issues on the table. It is a little bit why we have put the timeline out, because I think honourable senators might well see interim or separate reports before we get to some final report on that.

This is what these discussions are about, if we are to free up the trade and the access at the shared border — the 49th parallel in this particular case — then it means that we will be sharing that information both ways. A container unpacked on the Canadian side will therefore be free to travel and move even inland inside the U.S. and vice versa. That is what we are trying to do. These discussions have been on and off again for 10 years, but have only seriously been really focused upon in the last year with the agreement of the President and the Prime Minister to actually move this agenda forward.

There are all kinds of issues that I cannot begin to recite to honourable senators, but I am sure what is encompassed in the perimeter agreement has been read about. We will be meeting with NORAD and NATO. There is a big meeting coming up in Chicago, and a parallel meeting in Camp David. Those issues are there. There are the procurement issues around the F-35s. The list is long, because almost every single defence matter involves the two of us due to the shared border, the need for interoperability, our NATO alliance and our “Five Eyes” agreement.

Yes, I think it would be important for us to keep in contact on a regular basis, which we try to do to the best of our ability with technology and taking advantage of people who travel here. However, there are times when one needs to have conversations with people and those are best done face to face. It is important that, at the very least, we make a trip to Washington in the near future.

**Senator Fraser:** If I understand the honourable senator, there will, in fact, be a whole lot more than one trip to Washington. Perhaps they are not currently planned, but are looming. I do not know whether Senator Wallin is aware of a speech I gave here a few days ago —

**Senator Wallin:** Yes, I listened to it.

**Senator Fraser:** I am not picking on the honourable senator or the Standing Senate Committee on National Security and Defence, but I strongly believe that it is important for us to have a fairly detailed understanding of what it is that a committee hopes to study and accomplish with such a study before the Senate approves the order of reference. I would have appreciated a bit more specific detail about what was likely to be involved in this particular work.

**Senator Wallin:** I would be happy to send the honourable senator information if she wants to read it in a more detailed way. I have two-page summaries and a 500-page document. I will send it to all honourable senators if they want to read it.

This particular committee has a very complicated mandate, and it is hard to reduce it to one or two pages. I am trying to give the broad strokes here in terms of how diverse the issues are.

As I said, we are hoping to make at least one annual trip to Washington, which is the habit of this committee, with the exception of 2008, I think. That is essential. We also plan to make the very best use, as I have said, of technology and of others coming to this country for a variety of reasons to keep this dialogue going on a weekly basis, if not more.

The issues are extremely complicated. In the second motion, we are talking about Afghanistan, which is a separate vantage point or lens on the same kind of issue because the security is so tied. The Americans are literally providing security for us in that area. We have tried to divide it up into those two areas, because the second motion has to do with some of the larger Allied approaches to this, whether that is through NATO and the change in thinking. As I said, this big meeting coming up in Chicago is about really looking at the question of NATO, its future, and how we will proceed with these decisions.

It is about using the one lens to go at it specifically and see what that relationship is, how it plays out, what it means, and what the effects of transformation are. The cuts in the U.K. have been dramatic and severe. Those are changing the very fundamental relationship of joint security. We must see what are coalitions of the willing and/or NATO, as well as coalitions of the willing inside NATO, because we have members of NATO that have very different capabilities and many political caveats on what their levels of participation can be.

• (1630)

It is important that we bring all those facts to the table in engaging in the discussion that is now well under way in this country about the transformation of the Canadian Forces: what we are going to look like, what we need to be anticipating, the kinds of missions that we are going to be going on and how our allies will be participating, what they are prepared to put forward, what we are prepared to put forward. We are going to be doing these things together.

Even the United States of America has made it clear that it is not capable because of reductions in spending to actually take on solo missions. We have to do this in a different way. It fundamentally impacts the decisions being made as we speak about the shape and how the CF will be transformed. It is a word that is kicked around, but it does mean rethinking what we are capable of doing and the pieces of the puzzle that need to come together for us to be able, first and foremost, to defend this country and, second, to be a willing and valuable ally with those that share common cause.

**Hon. Wilfred P. Moore:** May I ask a question of the honourable senator?

**The Hon. the Speaker *pro tempore*:** Yes, Senator Moore.

**Senator Moore:** Honourable senators, I am thinking about Senator Comeau's caution a little while ago with regard to committees seeking mandates and the expense involved. This is more than two years out. The honourable senator is talking about a range of things, and it sounds like she is talking about all the chiefs of staff of the Canadian military. I thought that was their

job. However, I think the honourable senator would be wise to heed Senator Fraser's suggestion and come back with some details. Do this work in a sectioned, reasoned manner with expenses that our budget could handle. I would ask Senator Wallin to look at that, please.

**Senator Wallin:** A copy of a budget has been discussed and will be forwarded to the Standing Senate Committee on Internal Economy, Budgets and Administration. I am not sure I understand the honourable senator's question. Does he want the budget discussed here?

**Senator Moore:** I would like the honourable senator's committee to consider breaking up. She is talking about the whole range of all activity in Canada's defence — now and what it may be in the future and all of that — in terms of its relationship with the United States. That is massive. That is why we have all the people over at DND. I would think the honourable senator would be wise to pick an element of that, study it thoroughly within our budget, and come back and do another section.

**The Hon. the Speaker *pro tempore*:** Senator Wallin, before you proceed to answer, the time for this motion has expired and there are other honourable senators who want to pose questions. Are you asking for more time?

**Senator Wallin:** Please.

**Senator Fraser:** I would perfectly be content to allow the time that has elapsed count as my time since I was the first up on my feet. That would allow Senator Wallin more time to address this matter now or at a future date.

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

**Some Hon. Senators:** Agreed.

**Senator Wallin:** Thank you very much; I appreciate that gesture.

I see the honourable senator's point that somehow he wants to have a series of separate studies that will be set out over several years. The point is that we are at a crossroads right now, and some key decisions are being made. It is hard to separate off one topic and say we are just going to look at bilateral cooperation inside NORAD or Canada's role in NATO without bringing in the other topics. That is why we did a general one. We hope, as I said earlier, that we might do separate studies as he suggests, with the intent at some point in the not-too-distant future of putting this together to be part of the debate and the decision making and reflect on what we see happening.

The NORAD and NATO pieces are separate but related: the combined events plans, operations in Afghanistan, procurement issues, and certainly the border perimeter talks. They are part of a puzzle, and it is hard to separate them and say we are just going to look at the issue of NATO. It is hard to do that when we see some fundamental changes in the works right now not only in Canada but also amongst our allied countries. There needs to be an understanding of what is going on there because it impacts what we will be deciding and the shape of those decisions here. It is hard to separate things off.

We have to have a general view to bring the pieces of that puzzle together. Then I hope we could have some broader statement to make about what we think in an informed way as a committee is a way to go ahead, move ahead and make some of the choices. We are all going to be making choices in all of our allied countries about how to spend and use more limited resources, and wherein and in what circumstances. That rethink is going on globally. It is important that Canada is part of that and that this committee, which serves this house on those issues, is well-informed so that when we report to you, and in turn to the Canadian public, there is information there that is key to the decision-making process.

**Senator Moore:** I have a supplementary. May I suggest that I think it would behoove the honourable senator and the committee members to have in the Canadian defence chiefs, sit down with them, discuss this with them, try to determine what they see as being our needs — the equipment we may or may not have, what we might be doing — and discuss what they might like to see happen vis-à-vis allies. However, I think you have to know where you are at home first. I think you could do that study, come back and report to the chamber.

**Senator Wallin:** We are in the midst of hearing from these people on a weekly basis. We heard a week ago from the three chiefs of the three forces. We are about to hear from the defence minister, the Chief of the Defence Staff, people in charge of Canada Command, and people who do foreign operations. It is an ongoing process. As the committee sits on a weekly basis, we are gathering that information, talking to people about what their priorities are, hearing about what they think is happening in our allied countries and how that will impact us. I would be happy to send to the honourable senator the list of witnesses we have had since we have come back into session.

**Hon. Mobina S. B. Jaffer:** I congratulate Senator Wallin for the extensive work she and the committee do on these very important issues for the safety of our country.

With regard to what Senator Comeau said to us as the chair of the subcommittee, and when I look at what your order of reference is, and from what you have explained, may I ask that before we approve it the honourable senator set out in detail here — not hundreds of pages — exactly what the committee is attempting to do?

This is so general, and we were reminded by Senator Comeau that as a Senate we have to take more responsibility on the order of references. May I please ask the honourable senator to consider doing that, and then we can look at the motion?

**Senator Wallin:** Thank you. As I have tried to explain to Senator Moore, the issue is that we are attempting not to narrow it down to one aspect or one sliver of it. I do not think you can get a view of the question of transformation and what we should be thinking about in terms of what our military, our Canadian Forces, should look like in its composition and its structure and how the decision making goes on. I do not think you can do that by looking through a narrow lens. That is exactly why we are trying to do the big picture, at which point we will then, from that

process, be able to drill down or decide what parts of this process might benefit from our study, our help or our insight. At this point we are getting from all of the key players their particular vantage points.

• (1640)

As honourable senators can well understand, each force inside our CF believes that its work and its role are most important and its procurement projects are the most important. We are trying to see the broad picture of what transformation is like before we drill down into specific, very narrow studies. If we are to have influence and impact in terms of the transformation process, it has to happen relatively quickly, while larger questions about the future of NORAD or the structure of NATO might come out later as something that we would have a specific view on and a much more narrow focus.

It may sound unwieldy, but the transformation process is actually under way right now, redefining the structure of the military, of our Canadian Forces as they exist — lessons learned from Afghanistan and what other countries are doing because of budget impacts. All of those things have to be brought together, and then we have to look at the broader questions of things like the impact of cybersecurity or the use of UAVs as opposed to planes. I think we need to look at that, which is why we have proposed these two motions.

Our largest defence partner and ally is making those decisions right now, as are we. In fact, they are further down the road in terms of financing. Looking at the lessons learned from the last 10 years would include what we learned in Afghanistan that helped us in Haiti and Libya. We want to put those things through a fairly particular lens and do that relatively quickly.

Honourable senators will see the dates in this motion because, as I said several times, I would like to see a larger report a little further out. Right now we need to do the initial study and get that one out there while these decisions are still in train. As a Senate committee, we have the ability to access the wisdom of not only those in our own country but those in other places and to put valuable advice on the table as to what we should be doing or at least what we conclude should be done.

**Senator Jaffer:** I can see from the way the honourable senator speaks how passionate she is about the study she wants to do and the details she wants to cover. However, the reality is that almost three months have passed this year, so this will be a nine-month study. I respectfully request that she set out for us what she wants to cover in the nine months.

**Senator Wallin:** Factually, the dates are December 31, 2013, with the committee retaining powers until March of 2014, the end of that fiscal year, to deal with that report. However, this process is already in train, if you will, hearing from the heads of the forces and the key decision-makers at this point, the people who are influencing that. We have been interspersing a lot of the testimony. We have just completed a report on reserves, but throughout that we have been bringing people in who actually have views on this whole process. The reserves were a key part of that as well, tied much more specifically to the Afghan mission. We are looking to broaden that a bit. That is the kind of

information that will be gathered, including a trip to Washington as soon as is feasible. We want to find a window between now and the U.S. election so that we can get that information while they are still in the decision-making process and so are we.

Short of a list of names, which I am also happy to share at some point, we have a proposal for committee witnesses from now until the end of June. That is in train with continuing into September. It is mapped out in a detailed way.

**Hon. Hugh Segal:** Will Senator Wallin take a further supplementary question?

**Senator Wallin:** Yes.

**Senator Segal:** Senators have asked whether the work can be broken up into pieces and slices. I am sure they are well-intentioned in so doing. Could my honourable friend share with the chamber her own views of the risks of not having a broad oversight report that takes a strong view of the full dimensions of the Canada-U.S. defence relationship and, secondarily, the lessons learned with regard to the other motion? Are there risks in doing it piece by piece? If so, could she share her views as to what those risks might be?

**Senator Wallin:** I did hint at that issue, which is that time is of the essence right now, not only in this country but in those that matter most to us in terms of defence and security matters. These issues are all related and intertwined. I think we are in desperate need in this country of an overview from the outside. The transformation process has been wrestled with, to a certain degree, inside the Department of National Defence, inside that establishment. The purpose of this committee, and all Senate committees, is to stand back some distance, objectively look at what is in train and ask whether that is the right direction; is that what we, based on all the testimony we gather, think is the right thing to do? If we start to hive off a particular study and report and go down just one path, we are going to be silent on other key issues that are being decided at this moment.

I do not want to risk that in the sense that if we want to have an impact before decisions are finalized, not *post facto*, we need to do this with some speed and focus. The overview is to let us look at what we think the shape of the Canadian Forces should be, contemplating what the threats might be. None of us have crystal balls; no one could have predicted 9/11. However, we know more now than we knew 10 years ago about what shape our threats will be, both on the security front and on the defence front. We are dealing with asymmetric warfare. We will no longer find front lines with good guys on one side and bad guys on the other. We are fighting inside and amongst civilian populations. Counter-insurgency coin, as it is called, is what was employed in Afghanistan. We have learned a lot about how that works and how it does not work.

I am pleased to say that Canadians have been leaders in that regard. The military leadership in our allied countries raised this and said, “You are the people who seem to understand this intuitively and you are the ones we can learn from.” Even though it may have been General Petraeus who authored the first counter-insurgency document, he is turning to us for advice. We need to learn that ourselves and implement those lessons learned

[ Senator Wallin ]



into our own transformation process, into reshaping our own military, because we are going to have a different kind of warfare.

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

**Senator Cordy:** I have a question. I wonder if I could do it on debate.

**The Hon. the Speaker *pro tempore*:** Are honourable senators ready for the question? I put the question before Senator Fraser rose the first time, and I said it was moved by Honourable Senator Wallin, seconded by Honourable Senator Martin, and then we had debate. I am rising again to ask whether honourable senators are now ready to have the question put.

**Some Hon. Senators:** No.

**The Hon. the Speaker *pro tempore*:** Are there further questions, honourable senators?

**Senator Cordy:** May I ask questions now?

**The Hon. the Speaker *pro tempore*:** On debate.

**Senator Cordy:** I will let Senator Mitchell speak and then perhaps ask him some questions.

• (1650)

**Hon. Grant Mitchell:** I want to encourage Senator Wallin in the emphasis and priority that she placed on our committee doing a study of the F-35 procurement process. I hope that we do support this, and that will indicate the Senate's support for this important study.

Senator Wallin is saying that we will have some general discussion and make a trip to Washington to fill the hopper with ideas, and then we will determine the areas that we want to dig down in as we move forward as a committee.

In that context, will Senator Wallin commit to have the committee use perhaps an hour or two of its time on a Monday afternoon to decide, as a committee, what areas we would choose out of this hopper of ideas to drill down on so that, as a team, we can decide whether to pursue the study and, if so, the parameters of the study?

**Senator Wallin:** We have had much discussion about this. We have been discussing it at committee and in steering committee, and there is agreement on these issues.

**Senator Cordy:** Is this questions?

**The Hon. the Speaker *pro tempore*:** Senator Wallin is responding in debate on your time. You gave the floor to Senator Mitchell, and Senator Mitchell is engaging in debate.

**Senator Cordy:** Someone told me I could not ask a question.

**Hon. Gerald J. Comeau:** I rise on a point of order. I think we are now into an area that is a little far from what is provided for in our rules. I do not think there is any provision for a two-way debate. My understanding is that Senator Wallin exhausted her time and that Senator Mitchell got in on debate and wanted to change the rules in order that he could ask questions of Senator Wallin. I do not think our rules provide for that.

If we change rules on the fly, we must be very careful. I know that we can do virtually anything we want with unanimous consent, but we have to be careful with that as well because unanimous consent can soon turn into the way we do things here.

I suggest we return to the existing rules. Senator Mitchell can make a speech, but I do not think we can get into a two-way discussion.

**Senator Fraser:** I think our rules do provide a great deal of latitude for us to do something approaching what we are doing now. It is perfectly within the rules for senators to speak and to invite comments and questions. If Senator Mitchell, in the course of his remarks, had invited Senator Wallin to comment on the substance of them, that would have covered the issue quite neatly, and he would be bound by the usual rules in terms of time with which we are all very familiar.

This is not the first time I have seen this kind of exchange occur in the Senate under our rules. I think it is very fruitful. I think it is very instructive for all of us to be able to engage in this kind of debate, and I would urge Your Honour so to find.

**Senator Comeau:** For Senator Mitchell to use only a portion of his speaking time and to invite comments from other senators is perfectly in order. However, I believe that asking a question was out of order. Perhaps the way in which Senator Mitchell phrased his comment invited the exchange that Senator Fraser is looking at. That would be perfectly in order.

[Translation]

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, the point was that a senator can decide to yield his or her time to another senator. Then the other senator must accept. If that senator accepts, he or she is able to speak for the remainder of the time allotted to the senator who has yielded the floor, unless he or she decides to yield it in turn. We need to be clear: if Senator Mitchell gives his remaining time to Senator Wallin, she will have the 15 minutes and his time will be exhausted.

[English]

**The Hon. the Speaker *pro tempore*:** The honourable senator could use the portion of his time that she needed. I believe that that was understood by Senator Mitchell. Senator Mitchell invited another honourable senator to engage with him during his time for debate.

I will now ask Senator Wallin if she wishes to accept that invitation.

Senator Wallin, do you wish to accept Senator Mitchell's invitation to participate in his time?

**Senator Wallin:** Yes, thank you. I am not sure what the request is. These matters have been under discussion with members of the committee, of which the Honourable Senator Mitchell is a part, including with the deputy chair, who is a member of the party across the way. There has been complete agreement that looking at the state of the relationship between Canada and the U.S. on defence and security matters is key. It is an issue that is fundamental to our own national security. It deals with matters that Senator Fraser raised about how goods and people will cross the border and what kind of security arrangements will be possible in the future. The discussions and negotiations are under way as we speak. The two countries have instructed their officials for the better part of the last year to be examining this, and we are coming up on some key deadlines for the two countries to announce new mechanisms for dealing with security matters at the border.

These are very specific matters. I do not think they are open ended or vague; I do not think they are unclear. The *Beyond the Border* action plan is a very clear document that spells out a couple of dozen issues that need to be wrestled with where the joint activities and rules and regulations have to be agreed upon. There are deadlines attached to these things, which explain the timing of an interim report. We have to get a handle on this and identify the issues that we are dealing with, and we have to determine where we are going with the shared defence relationships. Both matters are spelled out in documents. We are looking at plans for how our countries will share the defence of our border and the defence of the North American continent, and at how we might go to a third place together and on what terms.

This is very specific. It is not a vague idea of just getting together. We have a shared beyond-the-border plan and we have to look at whether that can work, how it will work, and whether the agreements our two countries are coming to are effective and efficient and working. Looking at the defence and national security relationship of this country with that of our largest ally, the United States of America, seems to me to be a very specific kind of reference.

• (1700)

Many issues come in around the outside that may or may not be the subject of separate reports at another occasion, such as procurement in general and if those kinds of plans might be more shared. We are seeing some evidence of how the U.K. is dealing with its European neighbours in terms of shared activities and shared resources. We need to look at that with our primary defence partner, which remains the United States of America.

We are also in other arrangements. We are going to try to get the overview report on the status of where we are at in this relationship with the issues laid out on the table. I said on several occasions here this afternoon that we have a timeline that would allow us to look at some other issues that might present themselves. Once we do the initial study, we will know where we have to drill down further. However, we need to set in place where we are at today with the issues we are dealing with in this relationship, with the *Beyond the Border* deal on the table and with the combined defence plan. That is what we have to assess now before we can take that further. It is specific. I am sorry if I am not making that clear, but it is not a vague topic to me. The

notion that we will assess where we are at on those two key aspects of our relationship is where we must start and in a timely way, because decisions are being made as we speak.

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

**Hon. Terry Stratton:** Honourable senators, I would like to enter the debate. We seem to be at an impasse.

**The Hon. the Speaker *pro tempore*:** Senator Cordy had asked first to enter the debate.

**Senator Stratton:** Ask for a status report.

**Hon. Jane Cordy:** Honourable senators, I want to thank Senator Comeau very much because these kinds of debates are extremely important. We have to ask questions. It is very challenging for the Internal Economy Committee and the subcommittee specifically, which Senator Comeau chairs, to comment after the Senate has passed an order of reference. These are the times to ask questions on an order of reference. I liked Senator Fraser's idea that perhaps the Chair of the Defence Committee would come back to the Senate as a whole with additional information, and not just forward it to the senator at her office. That would be a great idea.

The order of reference talks about relationships between Canada and the United States. We know that those relationships are key because they are our neighbour by geography and they are our friend by history. We work closely with them, and that is extremely important.

When I heard about the bilateral agreements, NORAD was mentioned, which is between Canada and the United States. The bilateral defence plan was mentioned, which again is between Canada and the United States. Defence and security, the border and perimeter are between Canada and the United States. However, then we got into NATO, which involves not only Canada and the United States, but also a number of other countries. I have to wonder if the committee plans to look at NATO from the Canada-U.S. perspective only, or at all NATO countries. I get a bit nervous about this.

In terms of the committee's budget, we all understand the trip to Washington, but will there be a trip to Colorado to look at NORAD? Senator Fraser raised the security aspects. Will we be looking at the Mexican border, for example?

It is important for the Internal Economy Committee to know exactly where the Defence Committee plans to travel. It was mentioned that the Defence Committee will be studying defence and security issues and procurement in general. Senator Mitchell talked about looking at the procurement of the F-35s, which would be a great idea because that would be specific to the United States. Other issues such as goods and people travelling across the border could be looked at.

Senator Wallin talked about looking into the Canadian and American reserves and about looking at the U.K. and its relationship with the European Union. She said "other

countries,” but I assume she meant the relationship with the European Union. When we are looking at it from a financial perspective and talking about the relationships, I would like to know what relationship she means. Obviously, we have bilateral arrangements and agreements, but if we are looking at NATO, the U.K. and the European Union, then it opens up a whole new avenue.

I understand that one cannot be specific because one does not want to limit what the Defence Committee is doing, given the great work they do. However, when the Senate is approving an order of reference and the Internal Economy Committee is approving a budget for that order of reference, it is extremely important that we have the specifics. Are we looking at just Canada and the United States, or are we looking at all the NATO countries as well? The idea is great, but I, too, would like a little more detail, as Senator Fraser requested earlier.

**Senator Stratton:** Honourable senators, I am suggesting that we seem to be at an impasse. It would be nice if we were able to do things by consensus, and we are not far from that, really. The Senate could ask for interim reports as we proceed, which would accommodate both sides. We would then be aware of how this will unfold. Senator Wallin has described it in broad scope and the importance of it, but she cannot do more than that at this stage. It would be important to reach a conclusion to this by asking for interim reports as we proceed and deal with it in that fashion.

**Hon. Daniel Lang:** Honourable senators, we should follow along with what Senator Stratton has suggested and simplify what we are doing.

I want to assure honourable senators that a work plan has been put together. It is clear and specific, and it was done in conjunction with all members of the committee. I want to emphasize that we all discussed and went through what the prospective budget would be.

My understanding is that we are asking for the authority to go to the Internal Economy Committee with a work plan that is clear and concise and that lays out what we will be doing in the forthcoming two years to provide some perspective. It will then come back before the Senate for authorization.

I want to assure the honourable senator that we have no intention of going to Colorado or to Europe. We will take one trip to Washington with the idea of discussing two major issues. The first is transformation, which the United States Armed Forces and the Canadian Armed Forces are going through and which will have serious implications. The other major issue is Canada-U.S. Shiprider, which is a major piece of legislation that will be coming up. Shiprider was tabled in the last Parliament and it basically concerns border issues and what we face.

I want to say to the honourable senator opposite that we will provide a work plan, and that is what we thought was being asked for.

**Senator Fraser:** Honourable senators, I am sorry, but I am not on the committee so these are not my issues, which is why I started asking all of these questions. Of the two things that Senator Lang said, what was the second one?

**Senator Lang:** The terminology for it is the Canada-U.S. Shiprider legislation. It was debated in the previous Parliament. Senator Wallin talked about Homeland Security, and Shiprider comes under that. It will be forthcoming for debate in the next couple of years in this place because the Defence Committee is in charge of looking at that legislation when it appears. It is one area that we will discuss when we go to Washington.

**Senator Jaffer:** In light of what has been said, I move the adjournment of the debate.

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

• (1710)

**Some Hon. Senators:** No.

**Some Hon. Senators:** Yes.

**The Hon. the Speaker *pro tempore*:** All those in favour of the motion will please say “yea.”

**Some Hon. Senators:** Yea.

**The Hon. the Speaker *pro tempore*:** All of those opposed to the motion will please say “nay.”

**Some Hon. Senators:** Nay.

**The Hon. the Speaker *pro tempore*:** The nays have it. The motion is denied.

I will do it one more time just to make the record clear. All of those in favour of the motion please say “yea.”

**Some Hon. Senators:** Yea.

**The Hon. the Speaker *pro tempore*:** All of those opposed to the motion please say “nay.”

**Some Hon. Senators:** Nay.

[*Translation*]

**Senator Carignan:** Honourable senators, this mandate is very confusing and has raised many questions. Commitments have been made to provide clarification on certain elements. We have already been discussing this for an hour. It also seems as though the committee members will have to talk among themselves to ensure that the document presented is as accurate as possible and is satisfactory to both sides of the chamber.

I therefore move that the debate be adjourned and that we come back to this issue when we have more information.

[English]

**The Hon. the Speaker *pro tempore*:** Is it agreed, honourable senators, that this debate be adjourned as proposed?

**Hon. Senators:** Agreed.

(On motion of Senator Jaffer, debate adjourned.)

MOTION TO AUTHORIZE COMMITTEE TO STUDY  
STATUS OF AND LESSONS LEARNED DURING  
CANADIAN FORCES OPERATIONS IN  
AFGHANISTAN—DEBATE ADJOURNED

**Hon. Pamela Wallin,** pursuant to notice of February 29, 2012, moved:

That the Standing Senate Committee on National Security and Defence be authorized to examine and report on the status of, and lessons learned, during Canadian Forces operations in Afghanistan; and

That the Committee present its final report to the Senate no later than December 31, 2013 and that the Committee retain, until March 31, 2014, all powers necessary to publicize its findings.

**Hon. Joan Fraser:** Does Senator Wallin wish to speak to her motion?

**Senator Wallin:** I certainly could at this point, yes. The motion, very much like the other one, is very specific. It says that the Standing Senate Committee on National Security and Defence be authorized to examine and report on the status of and the lessons learned during the Canadian Forces operations in Afghanistan.

We have a timeline on that. Many of the topics that we have been discussing in the last few minutes come into play there in the sense of how the lessons learned from our activities past and present — because we are still very much in a training mission — will impact what is going on and what the future will be inside the Department of National Defence and the Canadian Forces. Like all departments and agencies of government, they are attempting to pursue savings through strategic review and strategic operating review.

In conjunction with these things, DND and the CF are in the midst of, as we have been discussing, a transformation process as they adapt to changing budgetary environments and changing military and strategic circumstances. Their goal is, of course, to sustain and even improve the CF's operating capabilities.

This bears close scrutiny by the committee, under its order of reference approved by the Senate on June 22, 2011.

The Canadian Forces, in the meantime, have withdrawn combat forces from Afghanistan. They have undertaken a successful mission transition, which we have already had some testimony on, and are committed to keeping approximately 950 military personnel in Afghanistan to train national security forces until 2014, in an operation called Operation Attention.

Recently, the U.S. Secretary of Defense announced that the U.S. would start bringing its combat mission there to an early end, starting in 2013, raising consternation among U.S. allies, including Canada, given the prior understanding that the U.S., by

far the biggest player in Afghanistan was, like Canada, committed to the security of Afghanistan through to 2014. This change in their decision-making process and this policy will affect us immediately.

The committee seeks to undertake a formal assessment of Canada's involvement in Afghanistan by reviewing the combat and transition missions and by studying Canada's training operation to come to an overall assessment of Canada's defence involvement in Afghanistan. Therefore, the committee seeks permission to make a fact-finding visit to Kabul to study the training mission firsthand, interviewing Canadian and Afghan personnel on site and including Afghan trainees. The budget has been prepared and will be submitted to Internal Economy upon their request.

**Senator Fraser:** Will Senator Wallin take a question?

**Senator Wallin:** Yes.

**Senator Fraser:** This proposed order of reference is, even as written, rather more specific than the one we have just been discussing. I congratulate the chair and the committee on that. Certainly, after that long and not always happy war, for the Senate to study lessons learned from it would be a valuable exercise.

However, in the preceding debate on the earlier motion, Senator Wallin also raised, several times, the question of Afghanistan. Rather like Senator Cordy, I was particularly struck by the repeated references to NATO, which, of course, is a core element of what happened in Afghanistan. In terms of travel plans, may I ask if the committee would also be seeking to travel to other NATO capitals? I am thinking, obviously, of London, Paris, and Brussels, but there are other countries involved in NATO, some of them perhaps not so nice to visit in winter. Is the honourable senator thinking only in terms of a visit to Afghanistan, and what will the honourable senator do if there is not enough money in the whole Senate budget?

**Senator Wallin:** Both of these motions that I have put forward are very specific. In No. 67, it was one trip to Washington. This is one trip to Kabul. I am not sure of the procedure here, but I am happy to read into the record the proposed budgets that have been agreed to by Liberal members of the committee. I am happy to do that. I do not think I am stepping out of line. These have both been agreed to. I am not foreseeing any other travel. The travel I am asking for is the travel we are seeking. They have been budgeted, the intentions are as clear as we can make them in the four lines necessary, and we have tried to capture that in these motions that we have put forward. No, I do not anticipate other travel, if that was the very specific question.

**Senator Fraser:** I thank the honourable senator for that. I confess, I am a bit out of my procedural depth at this point. It has always been my understanding that, for arcane reasons that escape me, we were not supposed to submit budgets with orders of reference. I think that is an insane system because it prevents the Senate from understanding what it is voting on. I wonder if the honourable senator would be willing to take the adjournment for a day or so to get proper procedural advice on how and whether we can get a firmer idea, as a Senate, of what I gather the committee has very properly thought might be appropriate to spend?

**Senator Wallin:** As I say, I have budgets here, and I do not want to breach the rules. I would be happy to adjourn briefly, but I do think this process is in train. We must appear before Internal Economy. We have to continue and make plans. This is how the committee process works. I would be happy to adjourn briefly if I could get some very specific procedural advice on whether or not I can share these numbers with you and give everybody confidence that these are very specific and singular events. We have put them into two motions so there would not be any confusion, one looking at the Canada-U.S. defence and security relationship, with one trip to Washington; and one looking very specifically at lessons learned and the mission in Afghanistan, with one trip to Kabul fully funded and spelled out and, as I said, agreed to by all members of the committee. There is no internal debate inside the committee as to whether or not this is what we have agreed to do.

• (1720)

I do not know who to ask that of, but I will ask it.

**Hon. Wilfred P. Moore:** Both Motion No. 67 and Motion No. 68 extend into two fiscal years. I do not know whether we can even do that. I would like the committee to reflect on that as well when they come back.

(On motion of Senator Wallin, debate adjourned.)

(The Senate adjourned until Wednesday, March 7, 2012, at 1:30 p.m.)

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