



# DEBATES OF THE SENATE

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OFFICIAL REPORT  
(HANSARD)

Thursday, December 12, 2013

The Honourable NOËL A. KINSELLA  
Speaker

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(Daily index of proceedings appears at back of this issue).

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## THE SENATE

Thursday, December 12, 2013

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

Prayers.

[Translation]

### ROYAL ASSENT

#### NOTICE

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

#### RIDEAU HALL

December 12th, 2013

Mr. Speaker,

I have the honour to inform you that the Right Honourable David Johnston, Governor General of Canada, will proceed to the Senate Chamber today, the 12th day of December, 2013, at 5:30 p.m., for the purpose of giving Royal Assent to certain bills of law.

Yours sincerely,

Stephen Wallace  
*Secretary to the Governor General*

The Honourable  
The Speaker of the Senate  
Ottawa

significant changes in what information is available to us, how we receive it and, in turn, how we interact with one another. Imagine into the future about 50 years and what sorts of things we might see. What an amazing thing to be a witness to a century of change.

It is because of this that I come to speak to you today about Gladys Lethbridge, who has just celebrated her one hundred and ninth birthday. She was born Gladys Mary Smith on November 25, 1904, in East Chezzetcook, Nova Scotia. Gladys attended Normal School in Truro and, as a teacher, taught in Chezzetcook, Windsor and Westphal. In 1933, she married Charlie Lethbridge, to whom she was married for 73 years until his death in 2006 at the age of 98. They had two children, Edna and Gerry, who both live in Dartmouth.

Although confined to a wheelchair, Gladys is in remarkably good health. She has impaired vision and hearing, but when we imagine all the history that has fallen upon her eyes and ears over the last century, we can understand why they might start to fade. I am also told that with some prompting Gladys will gladly share stories and events of the past.

Gladys Lethbridge's family is trying to determine if she is the oldest person in Nova Scotia. Unfortunately, staff at Statistics Canada have stated that they are prohibited by law from releasing any information they collect that would identify a person. The family is not asking for the names of any individual; they are just interested in how many Nova Scotians are older than 109. In 2011, Statistics Canada reported that 200 individuals in Nova Scotia were over 100 years of age. Surely, if that information was fine to release in 2011, then in 2013 they can release how many individuals in Nova Scotia are over the age of 109.

Honourable senators, while we don't know whether Gladys is the oldest Nova Scotian, we do know she is among the oldest. I hope you will join me in extending best wishes to Gladys Lethbridge, who has celebrated her one hundred and ninth birthday.

### KOREAN WAR VETERANS

**Hon. Yonah Martin (Deputy Leader of the Government):** Honourable senators, I rise today to reflect on a year that has been most significant for me personally as a proud Canadian of Korean descent, for all the veterans and their families and for the quarter of a million and ever-growing national Korean Canadian community, who all owe our living heroes and their fallen and departed compatriots a lifetime of gratitude.

[Translation]

2013 was a big year for Canada and Korea, which celebrated the fiftieth anniversary of their diplomatic relations and the sixtieth anniversary of the Korean War armistice.

[English]

### SENATORS' STATEMENTS

#### GLADYS MARY LETHBRIDGE

#### CONGRATULATIONS ON ONE HUNDRED AND NINTH BIRTHDAY

**Hon. Jane Cordy:** Honourable senators, I am sure we can all think of numerous ways in which the world has changed since we came to be part of it. Even the last 10 years have marked

[English]

On December 4, 2012, in Ottawa, Prime Minister Stephen Harper and then Prime Minister of Korea, Kim Hwang-sik, jointly declared 2013 as the Year of Korea in Canada and the Year of Canada in Korea. Throughout 2013, there have been fiftieth anniversary celebrations from coast to coast.

[Translation]

On January 8, 2013, the Honourable Steven Blaney, then Minister of Veterans Affairs, announced that 2013 would be the Year of the Korean War Veteran. We can now say that the Korean War is no longer the forgotten war!

[English]

On February 9, Don Cherry on *Hockey Night in Canada* showed a photo taken in 1952 of Canadians playing hockey on the frozen Imjin River. The next morning, on the frozen Rideau, parliamentarians, members of the Canadian military and other all-stars played in the Imjin Classic as part of Winterlude 2013 in honour of the Canadian fighting spirit on ice.

[Translation]

In April, Minister Blaney led a Canadian delegation of Korean War veterans, who participated in the “Revisit the Battle of Kapyong” program organized by Minister Park Sung-choon and the Korean government.

On June 3, Minister Peter McKay and Minister Steven Blaney awarded a special certificate of recognition to all Korean War veterans.

[English]

On June 19, we witnessed the Royal Assent of Bill S-213, the Korean War Veterans Day Act, to enact July 27 as a day of remembrance in perpetuity. I recognize once more our colleague Senator Joseph Day, who co-sponsored my bill; the house sponsor, MP Blaine Calkins; MP Mike Wallace, who graciously offered his member’s time slot so that Bill S-213 could receive passage in time for the July 27 anniversary; and all honourable senators and our house colleagues who unanimously supported the bill.

[Translation]

From June 21 to 23, hundreds of veterans and guests gathered in Ottawa for a special weekend. The Canada Korea Society hosted the opening gala dinner. Governor General David Johnston honoured the veterans at Rideau Hall, and a special ceremony and dinner in honour of Korea Day were organized by Ambassador Hee-yong Cho.

[ Senator Martin ]

[English]

This year has been most momentous, and I thank all honourable senators and all those who tirelessly serve to help us understand that freedom is not free and that we must always remember.

[Translation]

Lest we forget.

## VISITORS IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I wish to draw to your attention the presence in the gallery of an Algerian delegation of members of the National Democratic Institute, as well as senior representatives from various political parties. They are accompanied by a distinguished member of the Privy Council of Canada, the Honourable Don Boudria.

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

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

## CANADA POST

**Hon. Pierrette Ringuette:** Honourable senators, I want to share my concerns with you regarding yesterday’s announcement from Canada Post.

Once again, the government is announcing major changes to essential services, and it deliberately waited until after the House of Commons was shut down to do so.

What sort of consultations were held in order to reach these decisions?

[English]

What about other innovative ways for Canada Post to profit from the changing marketplace? Why was alternate day delivery not an option? There are other options to look at that will avoid so many of the issues that will come from installing community boxes in cities.

There is a lot of talk about mail being obsolete. Just use email. But we are not there yet. A number of Canadians still rely on regular mail for bills and communication. We are entering the digital age, but we should not leave behind those who have not reached that point.

• (1340)

There are a number of issues that immediately jump to mind regarding the installation of community boxes in cities. What about mobility issues? The Council of Canadians with Disabilities' Laurie Beachell has said:

Door-to-door delivery remains a critical component for people with disabilities who have mobility issues in particular and would have trouble getting to a public mailbox.

As the Canadian Association of Retired Persons noted:

People who do not have family or caregivers will be denied access to necessary communications — whether bills or more important to them, letters from family.

Where are these community boxes going to go? Canada Post and the Government of Canada do not own land on every street corner across the country. There will need to be public consultation.

There are also issues with regard to traffic, with thousands of people needing to get to their boxes, stop and pick up their mail, mostly during rush hour, after work. Some of these are going to be in less safe-parts of town. I imagine some will be off to the side of the beaten path.

The Mayor of Coquitlam, Richard Stewart, made this point:

We have some of our neighbourhoods where the community mailbox has been broken into at least once a year for the last decade.

We end up with people constantly having to go out and change their credit card numbers, change all their bank account numbers, their security systems to avoid identity theft.

The price of a stamp is also going to increase from 63 cents to 85 cents, a 35 per cent increase if you buy a book. But a single stamp will be \$1, which is a 58 per cent increase. It will also go up to 75 cents for large-volume, commercial mail, which is a 20 per cent increase for the business community. This will greatly affect municipalities, many of which are required by their charter to use regular post for sending documents.

[Translation]

The changes announced yesterday —

[English]

**Hon. David Tkachuk:** Point of order.

Your Honour, I was called on a point of order on a statement much less political than what I am hearing here. I am confused

now about what we can say here in Senators' Statements and what we cannot. This is definitely a political statement.

**The Hon. the Speaker:** Order, order.

At the time for raising points of order, which is once we begin Orders of the Day, I will indicate a question of order. Under the rules, however, the Speaker does have the responsibility to maintain order and the proper application of the rules, which include how we are to prepare and present Senators' Statements. I will call upon all honourable senators to be mindful of that as they prepare their statements.

#### KAETLYN OSMOND

**Hon. Elizabeth (Beth) Marshall:** Honourable senators, I rise today to recognize Canadian figure skater and proud Newfoundlander Kaetlyn Osmond, who will be one of our Canadian athletes competing in the 2014 Winter Olympics in Sochi, Russia.

Kaetlyn, who just turned 18 years old this month, is originally from Marystown, on the Burin Peninsula, in Newfoundland and Labrador. She started skating at the age of two when she followed her older sister, Natasha, to the rink. Kaetlyn admired her sister as she skated and wanted to be like her. When Kaetlyn was 7 years old, she followed her sister to Montreal to train. It was then that she went to her very first sectionals in the pre-junvenile category.

At the age of 10, Kaetlyn moved to Sherwood Park, Alberta, where she has been training ever since at the Ice Palace Figure Skating Club in Edmonton.

At the young age of 16, Kaetlyn competed at the senior level for the first time, at the Canadian Championships during the 2011-12 season, where she won the bronze medal. Shortly after that, Kaetlyn won the preliminary round at the 2012 Junior Worlds, finishing tenth overall.

Honourable senators, Kaetlyn Osmond has made a sensational and inspirational world figure skating championships debut. In the 2012-13 season, Kaetlyn accomplished her first international triumph at the Nebelhorn Trophy competition in Germany, by winning the gold medal in women's singles. She was second after the short program but posted the best score in the free skate in her performance of *Carmen* and was able to win the gold medal.

In addition to making her senior grand prix debut at 2012 Skate Canada and placing second in both the short and free programs, Kaetlyn won her first senior national title at the 2013 Canadian Championships. She also finished in seventh place at the 2013 Four Continents Figure Skating Championships and placed eighth at the 2013 World Figure Skating Championships.

Kaetlyn began her 2013-14 season with a stress reaction in her left foot. She also suffered a hamstring injury in the knee at 2013 Skate Canada, having to consequently withdraw from this and other competitions.

Although this was a difficult decision, Kaetlyn and her coach felt it was important to recover so that she could start training for the next events of the season, including the 2014 Sochi Olympics, for which Kaetlyn is regarded as Canada's best hope in women's figure skating. Indeed, Kaetlyn has the amazing ability to connect with the audience and judges, and she has wonderful potential to win an Olympic medal.

Honourable senators, I invite you to join me and Canadians from coast to coast as we celebrate Kaetlyn's bright future in the world of figure skating. Kaetlyn, we wish you all the best in the 2014 Sochi Winter Olympics.

## POST-SECONDARY EDUCATION

**Hon. Catherine S. Callbeck:** Honourable senators, recently, I met with members of the Canadian Alliance of Student Associations to discuss challenges and solutions for students pursuing post-secondary education. The students brought forward a number of concerns and offered some real recommendations.

Financial considerations can make or break a student's post-secondary career. Last year, 29 per cent of those who received government assistance had to seek other sources of funding because their financial needs were greater than what the government could offer. As a result, CASA is asking that the weekly student loan limit, which has not been changed in almost a decade, be increased from \$210 to \$245. This is reasonable, given that inflation has averaged around 2 per cent a year over the last 10 years.

CASA would also like to see the funding for Canada Student Grants keep pace with inflation, as well as have study income and vehicle value exempted from student loan assessments. They recommended that the 2 per cent cap on the Post-Secondary Student Support Program for Aboriginal students be eliminated.

Another serious concern is that of mental health. Canadians aged 15 to 24 are most likely to suffer from mood disorders, substance abuse and suicide. In fact, a joint Canada-U.S. report found that last year nearly 25 per cent of post-secondary students were being prescribed psychiatric medication. That is one in four students and is simply unacceptable. CASA urged the federal government, through the Public Health Agency, to include mental health as a priority within the Pan-Canadian Healthy Living Strategy framework.

Stigma can be a deterrent to seeking treatment for mental health issues. Students may fear that getting help will negatively affect their academic careers. Discrimination persists, and mental illness is not yet well understood by the public.

Students noted, however, the excellent work done so far by the Mental Health Commission of Canada. CASA is urging the government, through the Mental Health Commission, to build on

its progress to actively pursue anti-stigma campaigns on campuses across the country.

Honourable senators, we all recognize the importance of increased participation in post-secondary education to our economic and social development goals. I urge this government to listen to the concerns of students like these and to take part in a dialogue that will help shape our nation well into the future.

## ROUTINE PROCEEDINGS

### INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

#### SECOND REPORT OF COMMITTEE PRESENTED

**Hon. George J. Furey,** for Senator Kinsella, Chair of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, December 12, 2013

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

#### SECOND REPORT

Your Committee recommends that the following funds be released for fiscal year 2013-2014.

#### Scrutiny of Regulations (Joint)

General Expenses	\$ 3,000
Total	\$ 3,000

Respectfully submitted,

NOËL A. KINSELLA  
*Chair*

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

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

• (1350)

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

### BUDGET AND AUTHORIZATION TO ENGAGE SERVICES—STUDY ON PRESCRIPTION PHARMACEUTICALS—FOURTH REPORT OF COMMITTEE ADOPTED

**Hon. Kelvin Kenneth Ogilvie**, Chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Thursday, December 12, 2013

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

#### FOURTH REPORT

Your committee, which was authorized by the Senate on Tuesday, November 19, 2013 to examine and report on prescription pharmaceuticals in Canada, respectfully requests funds for the fiscal year ending March 31, 2014, and requests, for the purpose of such study, that it be empowered to engage the services of such counsel, technical, clerical and other personnel as may be necessary.

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

Respectfully submitted,

KELVIN K. OGILVIE  
*Chair*

(For text of budget, see today's Journals of the Senate, Appendix A, p. 307.)

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

**Senator Ogilvie:** Honourable senators, with leave of the Senate and notwithstanding rule 5-5(f), I move that the report be dealt with immediately.

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

**Hon. Senators:** Agreed.

**Senator Ogilvie:** Honourable senators, I move that the report be adopted.

Honourable senators, this is a budgetary item that deals with a sum of approximately \$15,000 to deal with the development of the final report of the third phase of our study on pharmaceuticals. The report was ready prior to prorogation; it was finally adopted today by the committee. The sum of \$15,000 involves approximately \$13,000 which is for the actual production of the report, and less than \$2,000 to deal with the printing and other aspects.

This will allow us, honourable senators, to have this dealt with over the next several weeks as opposed to having to delay another two months to get this report out there.

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

**Some Hon. Senators:** Question.

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

**Hon. Senators:** Agreed.

(Motion agreed to and report adopted.)

[Translation]

## HUMAN RIGHTS

### BUDGET AND AUTHORIZATION TO ENGAGE SERVICES—STUDY ON ISSUE OF CYBERBULLYING— FOURTH REPORT OF COMMITTEE ADOPTED

**Hon. Mobina S. B. Jaffer**, Chair of the Standing Senate Committee on Human Rights, presented the following report:

Thursday, December 12, 2013

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

#### FOURTH REPORT

Your committee, which was authorized by the Senate on Tuesday, November 19, 2013, to examine and report upon the issue of cyberbullying in Canada with regard to Canada's international human rights obligations under

Article 19 of the *United Nations Convention on the Rights of the Child*, respectfully requests funds for the fiscal year ending March 31, 2014, and requests, for the purpose of such study, that it be empowered to engage the services of such counsel, technical, clerical and other personnel as may be necessary.

[Translation]

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

Respectfully submitted,

MOBINA S. B. JAFFER  
Chair

(For text of report, see today's Journals of the Senate, Appendix B, p. 313.)

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

[English]

**Senator Jaffer:** I would ask that we consider this report now, please.

**The Hon. the Speaker:** It was moved by the Honourable Senator Jaffer, seconded by the Honourable Senator Munson, that the Senate consider this report now.

Is leave granted, honourable senators?

**Some Hon. Senators:** Agreed.

**The Hon. the Speaker:** We then have the motion by the Honourable Senator Jaffer, seconded by the Honourable Senator Ringuette, that this report be adopted.

Is there debate on the motion? Are honourable senators ready for the question?

**Some Hon. Senators:** Question.

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

(Motion agreed to and report adopted.)

[ Senator Jaffer ]

## AGRICULTURE AND FORESTRY

### BUDGET AND AUTHORIZATION TO ENGAGE SERVICES AND TRAVEL—STUDY ON RESEARCH AND INNOVATION EFFORTS IN AGRICULTURAL SECTOR—SECOND REPORT OF COMMITTEE ADOPTED

**Hon. Percy Mockler,** Chair of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Thursday, December 12, 2013

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

### SECOND REPORT

Your committee, which was authorized by the Senate on Thursday, November 7, 2013 to examine and report on research and innovation efforts in the agricultural sector, respectfully requests funds for the fiscal year ending March 31, 2014, and requests, for the purpose of such study, that it be empowered to:

(a) engage the services of such counsel, technical, clerical and other personnel as may be necessary; and

(b) travel inside Canada.

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

Respectfully submitted,

PERCY MOCKLER  
Chair

(For text of budget, see today's Journals of the Senate, Appendix C, p. 319.)

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



[English]

**Senator Mockler:** Honourable senators, with leave of the Senate and notwithstanding rule 5-5(f), I move that the report be adopted now.

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

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is there debate, questions, explication?

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

**Hon. Senators:** Agreed.

(Motion agreed to and report adopted.)

[Translation]

#### STUDY ON ISSUES PERTAINING TO HUMAN RIGHTS OF FIRST NATIONS BAND MEMBERS WHO RESIDE OFF-RESERVE

##### THIRD REPORT OF HUMAN RIGHTS COMMITTEE TABLED

**Hon. Mobina S. B. Jaffer:** Honourable senators, I have the honour to table, in both official languages, the third report of the Standing Senate Committee on Human Rights, entitled: *Recognising Rights: Strengthening Off-Reserve First Nations Communities*.

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

[English]

#### THE SENATE

##### MOTION TO PERMIT ELECTRONIC AND PHOTOGRAPHIC COVERAGE OF ROYAL ASSENT CEREMONY ADOPTED

**Hon. Yonah Martin (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 5-5(j), I move:

That photographers and camera operators be authorized in the Senate Chamber to photograph and videotape the Royal Assent ceremony today, with the least possible disruption of the proceedings.

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

**Hon. Senators:** Agreed.

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

**Hon. Senators:** Agreed.

(Motion agreed to.)

• (1400)

[Translation]

## QUESTION PERIOD

### NATIONAL REVENUE

#### TAX EVASION

**Hon. Céline Hervieux-Payette:** Honourable senators, my question is for the Leader of the Government in the Senate. Since the incident I wish to talk about took place in Ontario, not Quebec, I would ask for your indulgence as I state my question in English.

[English]

Mr. Leader, the Chair of the Royal Canadian Mint, James Love, has been under scrutiny as of late, given the recent revelation of a multimillion-dollar legal saga in Toronto that was kept out of the public eye for years. Mr. Love was appointed to the Board of the Mint in 2006 by his good friend Minister Flaherty, then appointed to the Chair in 2009 by an order-in-council issued by the Prime Minister's Office. Soon after that, he was appointed to a panel advising the Finance Minister on tax issues.

Just before his appointment to the Chair of the Mint, however, Mr. Love and others were served with a \$15 million lawsuit alleging that during the time he was an adviser to several members of the Meighen family — one of whom is a good friend of mine and former Chair of the Standing Senate Committee on Banking, Trade and Commerce — Mr. Love had participated in moving millions of dollars of Arthur Meighen's legacy through offshore havens in a tax avoidance scheme. And much of it was never reported to tax authorities.

In court records, Mr. Love even acknowledges he played a role in the offshore arrangement but claims it was limited. The lawsuit was finally settled in 2011 for a total of \$8.9 million.

[Translation]

Mr. Leader, as a lawyer I think you will find this rather worrisome, especially since the settlement contained a clause stating that none of the parties would contact Revenue Canada. That clause was approved by a judge.

[English]

Therefore, considering the parties are legally restricted from contacting the CRA regarding any of the issues related to the lawsuit, I would like to know if the government will take it upon itself to initiate an inquiry into the actions and business of Mr. Love, in particular his alleged practice to recommend tax avoidance schemes. While doing so, I think they should suspend Mr. Love's wages and expense allowance as Chair of the Royal Canadian Mint until an investigation is complete and his name has been cleared of any suspicion.

[Translation]

**Hon. Claude Carignan (Leader of the Government):** As Senator Hervieux-Payette said in her question, this is a private legal matter between two parties, and we have no intention of commenting on legal proceedings or agreements between two private parties.

The government has a solid record of getting tough on offshore tax evasion and tax evaders. Since our government came to power, the Canada Revenue Agency has identified more than \$4.5 billion in unpaid taxes by cracking down on international tax evaders. That is in stark contrast to the record of the previous Liberal government, which only recovered \$174 million.

**Senator Hervieux-Payette:** I am not going to check the books. A report by the Standing Senate Committee on Banking, Trade and Commerce stated that \$100 billion is not being reported annually because it is being laundered through those same tax havens.

[English]

Mr. Leader, you have made your position clear in this chamber, and that of your government, that government appointees who take advantage of taxpayers' money should have their wages and any allowance allotted to them suspended, like Senators Duffy and Wallin.

I think you will be surprised to hear that in 2012, Mr. Love, in his capacity as Chair of the Royal Canadian Mint, claimed \$61,686.49 in travel expenses. The details of Mr. Love's claim can be found online — that's where I found it — but I found it amazing that a trip from Toronto to Calgary, for instance, could cost him \$6,199.72 in airfare.

Since we are undergoing an audit, I would like to know if it is reasonable to question if this gentleman is taking the government's money seriously and whether Mr. Love should be under investigation to determine if his administration with the Mint is right and whether his business is done legally.

[ Senator Hervieux-Payette ]

[Translation]

**Senator Carignan:** We expect everyone who holds a position and spends public money to do so in accordance with the law and government policies.

With regard to your comment and our record on fighting tax evasion, we are among the governments of the world that are most committed to fighting tax evasion. The G8 recently made a statement that set out an action plan to fight tax evasion and the use of offshore tax havens, and we support that plan.

As I said, our government has a solid record when it comes to fighting tax evasion and has implemented strict measures against tax evaders, such as gathering information from our international partners on Canadians with offshore assets.

**Senator Hervieux-Payette:** You and I both know that the CBC and other media sources conducted an investigation and found that hundreds of people are evading taxes. The courts need to rule on this issue.

I have been following this issue closely, and I have not seen any court action. We are dealing with public documents that must be examined by the Federal Court. We are still waiting for legal action to be taken against these people who put money in tax havens. They must appear before the court and be held accountable for the money they have placed in these offshore accounts.

**Senator Carignan:** Senator Hervieux-Payette, every effort is being made to ensure that tax evaders, particularly those who use tax havens, which are illegal, are found and punished. Every effort is being made and we are getting results.

As I explained, \$4.5 billion in money lost to tax evasion has been identified, and we are going to continue our efforts in that area.

If you suspect people of being tax evaders, we urge you to report them if you have evidence that could help investigators.

[English]

## FINANCE

### ROYAL CANADIAN MINT—EXECUTIVE TRAVEL EXPENSES

**Hon. Wilfred P. Moore:** I'm not sure, but I think I heard Senator Hervieux-Payette state that Mr. Love spent in excess of \$6,000 to travel from Toronto to Calgary. So, that's a lot of money.

I would like to know, leader, if you would take it under advisement to check with the minister responsible for the Mint and report back on this executive's travel charges, in particular the trip to Calgary.

[Translation]

**Hon. Claude Carignan (Leader of the Government):** Senator Moore, in my response to Senator Hervieux-Payette, I mentioned two topics. One had to do with investigations and offshore tax evasion. That was the purpose of my answer. The second had to do with Mr. Love's alleged inappropriate behaviour. I said that we expect everyone who spends public money to do so in accordance with the practices and standards in place and that we expect them to pay special attention to financial integrity and respect taxpayers and their ability to pay.

• (1410)

We expect the same of everyone who spends public money, whether they are directors of Crown corporations or senators.

[English]

**Senator Moore:** Leader, I heard your answers to my colleague, but what I want to know from you is will you either take it upon yourself or speak to the minister responsible for the Mint and inquire as to the exact sum, whether it was \$6,000 some-odd, that was spent by Mr. Love, and have the report come into this chamber so we will know what that money was spent on.

I expect and I would think that people spending the public purse would be careful and prudent in what they do, whether it is a manager of a Crown corporation or not.

I would ask you to look into that, leader, and report back to the chamber.

[Translation]

**Senator Carignan:** Senator Moore, on the government side, like all Canadians, we expect every person who spends public money to do so in accordance with the law and the rules. We expect the same of everyone, regardless of their position in the public service. I am sure that the ministers responsible for these agencies are passing on the message to respect Canadians' money.

[English]

**Senator Moore:** I can assure you that your expectancy of prudence when spending the public purse is shared by everyone in this chamber, but I want to know, and I would think you would agree, leader, that the sum spent on this trip is exorbitant, and I would again ask that you look into that item and report back to the chamber.

[Translation]

**Senator Carignan:** As with anyone who spends public money, we would expect the rules to be obeyed. The same standard applies to everyone, regardless of their rank or title.

Government ministers are passing on very clear messages to their officials and the agencies for which they are responsible, to ensure that the rules are being followed and that Canadians are being respected.

[English]

**Senator Moore:** You're repeating what we've heard a couple of times already. I just want to know, will you look into this matter and report back to the chamber?

[Translation]

**Senator Carignan:** Senator Moore, we expect people who spend public money to do so according to the rules and we expect the ministers in charge of employees or agencies to pass on the same message about respecting Canadians and abiding by the rules.

Same question, same answer.

[English]

**Senator Moore:** That is not quite good enough. It seems to me that in addition to the expectancy, it is for this chamber, the proverbial chamber of sober second thought, the chamber that does keep an eye on and looks at the expenditures of the public purse, that we should know what is going on here on this particular issue.

I don't need to be told by you or anybody else about what the expectancy is in terms of honest dealing with the public purse, but I want to know if you will look into this and report back to the chamber. I think it is your duty to do that as a senator, whether or not you are a leader. If you have access to that information, I would ask you, leader, to get it and bring it back in here, please.

[Translation]

**Senator Carignan:** Senator Moore, as with anyone who spends public money, we expect people, regardless of their title, to do so according to the rules. In the case of the minister responsible for the Royal Canadian Mint, it is her job to make sure all employees know that they must follow the rules and respect Canadians' money.

[English]

## THE SENATE

### LEADER OF THE GOVERNMENT— RESPONSES TO QUESTIONS

**Hon. Joan Fraser (Deputy Leader of the Opposition):** Leader, on numerous occasions we have asked that you take a question as notice and come back with an answer. You never do, and yet the

rules provide precisely for that to be done, because everybody understands that a single Leader of the Government in the Senate cannot know everything about what is going on in every department of the government.

Rule 4-9 says:

If a question cannot be answered immediately, it may be taken as notice and answered at a later time in writing.

[Translation]

I know that you are very familiar with the Rules.

[English]

Why do you never agree to take a question as notice and respond to it later?

[Translation]

**Hon. Claude Carignan (Leader of the Government):** Senator Fraser, I know the *Rules of the Senate* quite well. You have read them, so you know that I have the right to decide whether to take a question as notice. I don't agree with you that I never do so.

Last week, we tabled written answers, and I earlier reviewed a written answer to be provided to Senator Downe about how many people received the disability tax credit. His questions were very specific, very technical, and I said that we were going to respond to the senator in writing and that the answer would probably be tabled soon.

Therefore, I disagree with you. I take questions as notice when they involve technical points, when they are specific questions to which I feel the need to provide an additional answer. That is at my discretion, and in this case I don't feel the need to do so because I think I already answered the question.

[English]

**Senator Fraser:** I'm glad to know that some answers have been forthcoming, but I have noticed with distressing frequency when a questioner puts a factual question and you refuse to take it as notice.

In the spirit of Christmas and the season of giving, leader, may I ask that you undertake as a gift to the Senate, and not just to the opposition, to take questions as notice when they are, in fact, factual?

[Translation]

**Senator Carignan:** On that point, if you are asking me for a gift, I feel that if I agreed, you would have the answer at Easter rather than Christmas.

[ Senator Fraser ]

## TRANSPORT

### CANADA POST—ELIMINATION OF HOME DELIVERY

**Hon. Pierrette Ringuette:** Speaking of gifts, Canadians from coast to coast yesterday received a gift, which was delivered by the Government of Canada and announced by the Canada Post Corporation.

The current price of stamps will rise by as much as 58 per cent, and there will be service cuts that are unprecedented in Canada. This is probably the biggest Christmas present that the Harper government has given Canadians since 2007. My question is for the Leader of the Government in the Senate.

• (1420)

In April, May and June 2010, right here in this chamber, I spoke repeatedly about the hundreds of millions of dollars in revenues that Canada Post would lose because your government had decided to take away its international exclusive privilege, a decision that would have serious consequences and result in inevitable service cuts. The Leader of the Government at the time replied that Canada Post was very well equipped to face the competition and there was no reason for it to lose hundreds of millions of dollars in revenues.

It is now clear that we were all misled. I would like to share my concerns. There was no consultation process whatsoever on the plan that Canada Post announced yesterday, although in previous years, if Canada Post wanted to make any major changes, public consultations were held beforehand.

Minister, given that your government did not follow the necessary protocol regarding a service that is essential to Canadians — that is, a proper consultation process before going ahead with plans like what was announced yesterday — will your government commit to holding consultations with Canadians beginning in January, either through the House of Commons or through a Senate committee?

**Hon. Claude Carignan (Leader of the Government):** Senator Ringuette, I must raise a point of order. You called me “minister,” although I do not have that privilege.

**Senator Ringuette:** That is unfortunate.

**Senator Carignan:** As announced yesterday, Canada Post has unveiled a five-point plan primarily to improve its bottom line, because, if nothing is done within a few years, the corporation will post an annual loss of \$1 billion. Therefore, it is important for Canada Post to take action and work on fulfilling its mandate.

As you know, our government's priority is to protect Canadian taxpayers, and, as I mentioned to Senator Munson yesterday, the use of postal services has decreased. A typical Canadian household only buys one or two dozen stamps a year. This decline in demand has resulted in a nearly 25 per cent reduction in the volume of mail per address since 2008, a trend that is continuing. This has led to a marked reduction in Canada Post revenues.

The Conference Board of Canada found that, with the decline in mail volume and unsustainable labour costs, Canada Post would face losses of \$1 billion a year by 2020 unless fundamental changes are made to its operations.

Therefore, Canada Post must achieve its objectives while respecting taxpayers. That is what we expect from Canada Post.

**Senator Ringuette:** Leader of the Government, it is interesting that you quoted the Conference Board of Canada. Upon our return in January, could you tell this chamber how much the Canada Post Corporation paid the Conference Board of Canada for the study you just mentioned?

Could you please also tell us what kind of bidding process was used to commission this study?

**Senator Carignan:** I don't know whether Canada Post requested the study or whether it was an independent study, but I will verify whether the Canada Post requested it. If we are able to provide the information you are asking for, we would be pleased to give you that answer, in the spirit of the Christmas season.

**Senator Ringuette:** We're on a roll, as they say, and I have another question.

The only area in which Canada Post has seen growth is in parcel home delivery. The Canada Post Corporation currently holds 35 per cent of the national parcel delivery market, compared to its competition: UPS and FedEx. As soon as the Canada Post decides to no longer offer door-to-door delivery — of both mail and parcels — it will be pulling out of the sector in which it has the greatest opportunity for growth and increased revenues.

I am sure you understand why I am concerned, because this has a domino effect. The plan announced to Canadians yesterday will have a considerable impact on the service provided by Canada Post in the short term and the long term. If it withdraws from the only competitive market in which it generates a profit — parcel home delivery — what will be the next plan to make the Canada Post Corporation profitable?

Mr. Leader, the Senate must, examine this issue, not only the plan that was announced yesterday, but also the implications of this plan and the other options available to ensure that it can maintain this essential service for the Canadian public.

**Senator Carignan:** Senator, since 1981, Canada Post has had a mandate to operate on a self-sustaining financial basis. We are quite concerned about the fact that the corporation is posting significant losses. As an independent Crown corporation, Canada Post is responsible for its activities, including operational and financial decisions. Canada Post's plan will allow it to secure its financial footing while aligning postal services with the choices of Canadians.

The measures announced by Canada Post are consistent with the global trend for postal services, which are undergoing massive changes in response to the demands of the modern age.

**Senator Ringuette:** Thank you for addressing my first question, since you said you would come back with a response. However, it is clear that this issue is important to all Canadians and that the Senate must fulfill its responsibilities, hold hearings and review this entire policy.

Your government has spent millions on advertising about job creation and improving business. The policy announced yesterday will hurt small and medium-sized enterprises in Canada because the vast majority of them, at least 80 per cent, rely on Canada Post. You also just increased their operating costs by 20 per cent, not to mention the fact that home delivery services are being taken out of the equation.

You talk about job creation, but this is a blow to small and medium-sized enterprises.

• (1430)

**Senator Carignan:** As I have already explained, Canada Post is an independent corporation that makes its own operational decisions.

As far as we are concerned, we are ensuring that the postal corporation achieves its objectives of providing quality services to taxpayers at the best possible cost.

[English]

## CONFLICT OF INTEREST FOR SENATORS

### BUDGET AND AUTHORIZATION TO ENGAGE SERVICES—SECOND REPORT OF COMMITTEE PRESENTED

Leave having been given to revert to Presenting or Tabling Reports from Committees:

**Hon. Serge Joyal,** Deputy Chair of the Standing Committee on the Conflict of Interest for Senators, presented the following report:

Thursday, December 12, 2013

## HEALTH

The Standing Committee on Conflict of Interest for Senators has the honour to present its

### SUICIDE PREVENTION

#### SECOND REPORT

*(Response to question raised by Hon. Dennis Dawson on December 3, 2013)*

Your committee, which is authorized on its own initiative, pursuant to rule 12-7(16) to exercise general direction over the Senate Ethics Officer, and to be responsible for all matters relating to the *Conflict of Interest Code for Senators*, including all forms involving senators that are used in its administration, subject to the general jurisdiction of the Senate, respectfully requests funds for the fiscal year ending March 31, 2014 and that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such matters.

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

Respectfully submitted,

A. RAYNELL ANDREYCHUK  
*Chair*

*(For text of budget, see today's Journals of the Senate, Appendix D, p. 325.)*

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

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

#### ANSWER TO ORDER PAPER QUESTION TABLED

##### NATIONAL REVENUE—DISABILITY TAX CREDIT

**Hon. Yonah Martin (Deputy Leader of the Government)** tabled the answer to Question No. 2 on the Order Paper by Senator Downe.

#### DELAYED ANSWER TO ORAL QUESTION

**Hon. Yonah Martin (Deputy Leader of the Government):** Honourable senators, I have the honour of tabling the response to the oral question raised in the Senate on December 3, 2013, by the Honourable Senator Dennis Dawson concerning health, suicide prevention.

The Government of Canada is placing a priority on the issue of mental health, recognizing the toll that suicide, in particular, takes on families, friends and loved ones.

The release of Canada's first Mental Health Strategy by the Mental Health Commission of Canada in April 2013 provides a foundation for increasing the focus and improving the ability of the mental health system to address and prevent suicide. The Strategy, developed in broad consultation and with the support of all provinces and territories and numerous stakeholders, outlines six strategic directions to improve the mental health of Canadians. The Strategy also addresses the full spectrum of mental health, from positive mental health and wellbeing, to poor mental health, to mental illness and suicide. Work is actively underway to implement the key strategic directions recommended by the Commission in its Strategy. Economic Action Plan 2012 invested \$5.2 million to establish and integrate a network of mental health-related professionals. Research is centered on treating depression, with a focus on suicide prevention.

Preventing suicide is complex. That is why the Government is taking a systematic approach to improving mental health and creating the open dialogue and communication that is needed. Preventing suicide involves the whole of society and that is why the Government is investing in research, in programs for children, youth, and families, and in the Mental Health Commission of Canada to understand how best to prevent suicide and to help support needed programs.

Programs, such as the National Aboriginal Youth Suicide Prevention Strategy go a long way to support prevention, intervention and crisis response in First Nations and Inuit communities.

The *Act Respecting a Federal Framework for Suicide Prevention*, which came into force last December, helps to create shared knowledge on the best ways to promote wellbeing as a means to prevent suicide. The Federal Framework will guide Government of Canada efforts in six key areas described within the Act and will complement existing initiatives underway across the country.

As part of its obligations under the Act, the Public Health Agency of Canada is currently consulting with stakeholders to inform the development of the Framework.

The consultations began in April 2013 through bilateral meetings and key informant interviews with other federal departments and several non-governmental organizations

(NGOs) to gather information about current efforts to prevent suicide across Canada. Provinces and territories are engaged in the consultation process. Six provinces and territories have provided their initial views and another round of consultations will take place in January 2014. The Agency also has held meetings with the Assembly of First Nations and will be meeting with other Aboriginal organizations over the next two months.

To date, the Public Health Agency of Canada has received a written submission from the Canadian Nurses Association, and the Alberta Ministry of Health submitted additional written information as a follow up to a webinar discussion with provinces and territories.

Bilateral and/or multilateral consultations have occurred with many interested non-governmental organizations with an interest in suicide prevention.

As part of the consultations held to date, participants have been invited to submit additional information that could be useful to inform the development of the federal framework.

The public can participate in the development of the framework through the online component of the consultations that has been recently launched. The online consultation is currently available on the Public Health Agency of Canada's website and also accessible through the *Consulting with Canadians* website. Additionally, individuals can participate through organizations that may represent their interests. Further, the Agency welcomes all interested parties and organizations that would like to be engaged in the consultation process to contact the PHAC through the federal framework consultation e-mail address at [SPConsultationsPS@phac-aspc.gc.ca](mailto:SPConsultationsPS@phac-aspc.gc.ca).

The Act requires that the Government report to Canadians on its progress and activities related to the federal framework for suicide prevention beginning in 2016 and every two years thereafter. Consultations will continue into spring 2014. Information and insights gathered will inform the framework development.

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## ORDERS OF THE DAY

### BUSINESS OF THE SENATE

**Hon. Yonah Martin (Deputy Leader of the Government):** Honourable senators, I wish to advise the Senate, pursuant to rule 4-13(3), that when the Senate deals with Government Business, it shall deal with third reading of Bill C-19, followed by the other items in their order on the *Order Paper and Notice Paper*.

## APPROPRIATION BILL NO. 4, 2013-14

### THIRD READING

**Hon. Larry W. Smith** moved third reading of Bill C-19, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2014.

He said: Honourable senators, I think that we have exhausted the subject of the Supplementary Estimates (A) and (B), so with your indulgence —

**Hon. Joseph A. Day:** Not quite exhausted.

**Senator Mercer:** Now we are getting to the truth.

**Senator Day:** But I can tell you that we are getting very close to the end on this particular matter, and I thank all honourable senators for your indulgence and understanding regarding the process of supply.

I think it is important that we be reminded about what we are voting on. This is a bill for authority for the government to spend \$5.4 billion.

**Senator Mercer:** Wow!

**Senator Day:** I think that should not go without being commented upon.

Honourable senators will recall that this was the subject matter of Supplementary Estimates (B) and that we looked into Supplementary Estimates (B) at length in the Finance Committee. We generated a report that was filed, debated and adopted, so it is now part of our record. It outlines some of the major departments that we had and called to come before us in the committee to consider why they were asking for the funds.

Supplementary estimates fit into the overall estimates scheme: Main Estimates, Supplementary Estimates (A), (B) and (C). There should be some reason why they were not part of the Main Estimates. The typical reason we need supplementary estimates is the full amount of the request and the program hadn't been developed when the Main Estimates were prepared. That is why we have the supplementary estimates later.

Typically, this would be the largest of the three supplementary estimates. The supplementary estimates in January, which will be Supplementary Estimates (C), will finish out the year with the government departments that need an amount of money to finish a program for the rest of that fiscal year.

The messages that I want to leave with you are that there are some departments that now have two-year approval. As opposed to the majority that have one, departments such as Border

Services and Parks have two years of appropriation, so they can spend their money over a two-year period once we approve it. We talked to the Department of National Defence and to Infrastructure Canada because they had so much that had lapsed. You will recall — and we talked about this yesterday — that they couldn't or didn't spend the money within the year, and they blamed it on a number of factors. They may wish to consider and we may wish to consider recommending a solution to that. One possible solution is a two-year appropriation, but one of the difficulties is that when we are approving, we cannot predict what is likely to be spent during the year. We approve a particular amount, and then the government comes back at the end of the year or during the review after the year is over, and we find out a lot of the money was not spent and we have to approve it again next year. We keep going through that cycle of reapproving funds because they weren't spent in the year they anticipated them being spent.

Honourable senators, the other important thing that I wanted to mention to you was that Schedules 1 and 2 at the back of this bill are the same schedules that are in the supplementary estimates. There is an explanation in the supplementary estimates in Part 2 of these expenditures, but then there is the schedule itself. That schedule is lifted out of here and put in Bill C-19. It is the same wording in the preamble and in the earlier part of the bill, the same wording in these supply bills, and then the schedule is attached. That schedule is what came out of the supplementary estimates.

I have compared those two. It is \$5.4 billion that is being requested, and the departments that are involved are listed in Schedules 1 and 2.

**The Hon. the Speaker *pro tempore*:** Senator Mercer, a question?

• (1440)

**Hon. Terry M. Mercer:** Would the honourable senator accept a question?

**Senator Day:** Yes.

**Senator Mercer:** Can you give us some background on this two-year budgeting program for Border Services and Parks Canada? Is this a norm? Has this been going on for a number of years? If so, do you have an idea of how many?

**Senator Day:** Thank you, Senator Mercer, for your question.

I pointed out to you this Schedule 2 because a lot of people don't notice that because it is quite small compared to Schedule 1; in fact, there is \$5.3 billion in Schedule 1 and about \$111 million in Schedule 2 over two years.

That has been going on for some considerable period of time. I can't tell you when those two departments began receiving a two-year supply. In other words, they can spend the money over a

two-year period as opposed to having to deal with it over one year and coming back or getting permission to carry it forward.

**Senator Mercer:** Two years doesn't allow you to judge from year to year whether the department is successful.

You also mentioned, in your brief remarks, the amount of lapsed money that gets turned back in every year, particularly in programs like National Defence where commitments are made year after year to buy equipment, and then year after year, I guess the good news from the government's perspective is that the next year they get to announce the same project again and that they are going to spend this amount of money on ships, airplanes and close-combat vehicles, but they never have to deliver. They keep promising but do not deliver. Am I correct there?

**Senator Day:** There isn't necessarily a tie-in between government announcements and what appears —

**Senator Mercer:** Help me, Joe.

**Senator Day:** — in the supplementary estimates.

The estimates come forward based on what the government actually is asking to spend. One perfect example is the shipbuilding strategy. We have seen in the documentation over the last two days the amount of money actually being requested is a small amount of what had been announced as being expended. That small amount is for preparing the yards and preparing the plans. No steel is being cut or ordered; no people are being hired to start work on building ships. We'll see that in future estimates, I hope.

**Hon. Roméo Antonius Dallaire:** Last year, National Defence turned in \$2.3 billion. As we are seeing the program evolve in this fiscal year, with the supplementary estimates but also with the potential delivery schedules of many of the capital programs that have been deliberately moved to the right, there is a very strong possibility that we are going to see a similar amount of money not being spent this year in defence.

Somebody was interested and said that such inability of departments to spend the money is called "deficit slashing by stealth." Essentially what you do is give a budget to the department, but then you create instruments that prevent the department from spending the budget. I mean literally create instruments against spending it — by internal staff processes; by external staff processes, meaning the matrix of this town, which includes a whole variety of players, knowing that defence is in so many different parameters. Numerous departments have to give their sign-off on projects, and other departments or agencies like ACOA or WDO are looking for benefits of many of these projects in their area, and often they don't have the infrastructure or capability to handle it, so they are going to ensure that the project doesn't move forward until they get their slice of the pie.

That is not, in my opinion, an ineffective administration by ex-colleagues of mine in National Defence. Having been involved for a minimum of four years directly and another six years indirectly as an ADM, I know the process is well established; but the methodologies of being able to move the programs depend

[ Senator Day ]



enormously on the direction and on the guidance that the department will receive through the senior public servants, meaning the DMs and chief financial officers, on whether a project will actually get to cabinet to approval.

You need cabinet approval anywhere when you go above \$5 million and at times \$10 million, depending on what program. So you can imagine, if you have a major Crown project of \$100 million, but you can't get to cabinet to get the project approved, you are simply permitting money to slip. You are also permitting the program to slip to the right. And as you let programs slip to the right, they become more expensive.

There isn't one program that once it is moved to the right actually saves you money. On the contrary, every year's delay increases by different percentages because often the equipment is high-tech, meaning that if you don't budget more money as you are slipping it to the right, you are actually going to reduce the capability of acquiring the equipment.

As an example, if you have \$2 billion worth of radios but you delay it deliberately by three years, at the end of the three years you will not get \$2 billion worth of radios. You might get \$1.5 billion worth of radios, but you are still spending \$2 billion because the radios cost more money.

We are punting things to the right by slashing things now indirectly, by stealth, by preventing programs from moving forward. That is one side of the story.

The sort of perverse other side of the story is that the troops in the field can't get spare parts for the vehicles that they currently have. In fact, because of that, they are having to get rid of fleets well before their age because the funding for being able to get those spare parts is too far to the right, and so it becomes non-cost-effective, and you essentially are eliminating fleets. But, by the by, the capital program to replace it is barely on the books. You will have a time lapse where there's no incapability.

So as an example, you will have regiments out there with one third of the vehicles they need to do their job — and deliberately. This is not as if it is not planned. This is deliberate decisions on slashing O&M money in order to keep fleets going, to keep the training going. If there are no vehicles, then there is no fuel, and the troops don't deploy; so there's no money for food and no use for ammunition because you can't carry a 10-tonne canon into the field. So you get a whole bunch of other indirect savings by the fact that you can't get the troops into the field. That is the operational side.

The human side is you have a lot of people who can't move. They are supposed to move, because either they are injured and we want to move them closer to where they will ultimately be released, and so we want to move them and their family. Well, you can't move them because there has been extraordinary limitation on the cost of moves.

Even the injured veterans still serving can't move, but it is essential for their care and for their family, because we have limited the amount of money available for costly moves. We

prevent the troops, and the quality-of-life requirements, to be able to attend training.

• (1450)

If you remember, the forces have been at war — and I say “at war” — since 1991, escalating, of course, to a higher plane war zone in Afghanistan. During the 10 years of Afghanistan, a whole series of NCOs and officers did not take professional training because they were doing operational training and deployments. So formal courses for their progression, for them to be able to be promoted, have been delayed until the end of hostilities, and then you try to get them in the training.

However, the training budget has been cut — deliberately. The Canadian Defence Academy has had significant budget cuts. So the people who have done all the operational stuff and are ready now to be retrained so that they can be promoted — and deservedly so — can't get promoted because there are cuts.

We are talking millions, yes — 100 million, 200 million, 300 million — in those skills. It is absolutely essential to keep the troops at a reasonable level of training, give them the equipment they need and give them the amount of ammunition they need to train at a reasonable level. We know it is a lower scale, and that's fine. Give them enough fuel to get the flight hours for the operational squadrons. Give enough fuel and spare parts to the ships so they can sail. Give them the number of sailing days they need to conduct their training and maintain qualifications.

All that money has been slashed, so the people are being affected by this nickel and diming. It is all relative. Their capabilities are being attritted by the nickel and diming, and the attrition rate is increasing because they're getting peeved. They can't train; they can't be equipped; they can't use their capabilities. They're not going to stand around in the armoury sweeping the floor. So quality people that we have invested millions in are leaving. That means you have to increase the number of recruits; you decrease the operational capability of forces. Recruits are cheaper than a qualified professional, of course, but you are also getting that level of capability.

How can it be possible that you are actually making a thousand cuts on individuals now serving and their ability to serve and to maintain competencies and be ready to deploy?

I give you a small example. If we were to now have an ice storm, 5 Brigade, which deployed to the ice storm, including the reservists, would not be able to move more than a third of its forces, because fleets are being either mothballed or simply being brought out and cut up for scrap because we can't maintain them; we haven't put the money into them. That's the reality.

As I am giving you all of this information, we read that the department has handed back \$2.3 billion. Some people are in there cutting deeply and reducing the capabilities. There is

another group of people who want to get equipment through but can't, and in so doing are lapsing massive amounts of money. But there has been the refusal of a mechanism to be able to shift that money in a timely fashion into the programs that we are talking about here in order to sustain a reasonable level, which used to be done. This was a procedure in the Liberal governments. We used to move vote 5 money to vote 1 money in order to fill the bins, as we say — to provide the equipment and the money to get people into training; to be able to move people appropriately at the right time; to permit people to be promoted; to permit the training to happen; to permit the support to the militia and reserve units that need equipment.

The company sitting in Montmagny, which is 300 kilometres away from Valcartier, can't train because there is no money for the buses to bring them to Valcartier; and even if they get to Valcartier, there is no money for the ammunition, there is no money for the food, and there is no money for the maintenance of the vehicles they should be using. And we're handing in \$2.3 billion.

So don't give me this story that we're helping the forces. That story is old. You did it when we were at war. You don't need them anymore, so you are cutting the living daylight out of them; and they are the primary instrument that you are using for the deficits, on the backs of the same people who went and fought to get you all the glory that you got for having supported our troops overseas. This is hypocrisy, and you're doing it on the backs of the veterans. I won't even go into Veterans Affairs Canada and that side of the story.

This is unethical. Unethical!

So who are you setting up with this? You are setting up the generals, because the generals are at National Defence Headquarters. Since the massive cuts of the 1990s, the bulk of the general officer corps is filling staffing positions with civilian counterparts in National Defence Headquarters. That's where the decisions are being taken. So they, in the face of the troops, are losing their credibility as being able to sustain and operate in a reasonable way because they are seen as the most inept body in the whole organization for, on one side, throwing money back and, on the other side, cutting people right to the quick.

There is no pride to be taken on the whole defence dimension of the forces. I'm not even going to talk about \$162 million for the new northern ships when they don't even know how to cut steel yet. There is a lot of paper in \$162 million. When are we going to hold Irving accountable to start cutting some damn steel?

Colleagues, this is getting preposterous. Even in the 1990s, with the famous "decade of darkness" that has been so used, we were never in this hypocrisy. When we cut, we knew what it was. I stood there as deputy commander of the army and got the order to cut one third, and I did. I presented it to the senior staff. They accepted that program and we implemented it. Now we don't get, "We're going to cut by one third." We get cut by a thousand cuts. Cut a bit this year, cut a bit there, cut a bit here. What's worse is

that even the authorities in National Defence, even the Chief of the Defence Staff, don't know what the hell the next cut is going to be or what part of his forces are going to be cut because a plan was made by a very select group and, by the by, having it confidential is preventing him from announcing it. So every day the troops don't know what will be cut next.

That's not leadership. That is scandalous hypocrisy.

[Translation]

**The Hon. the Speaker *pro tempore*:** Senator Dallaire, would you like more time to conclude your remarks?

**Senator Dallaire:** I need 20 more minutes.

**The Hon. the Speaker *pro tempore*:** I am not sure that is possible. Perhaps five more minutes?

**Senator Dallaire:** Thank you. I will continue my presentation with my usual objectivity and less emotion.

[English]

I only wish to remind this house that it is highly inappropriate for members of the government to continue in any way, shape or form to articulate that they are the government that is still supporting the Armed Forces in maintaining a reasonable level of competency as they are licking their wounds from all these years of being in the field. On the contrary, you are on the cusp, on that point of creating your own decade of darkness.

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

**An Hon. Senator:** Question.

**The Hon. the Speaker *pro tempore*:** It was moved by the Honourable Senator Smith (*Saurel*), seconded by the Honourable Senator Manning, that this bill be read the third time now.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

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

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

• (1500)

## ECONOMIC ACTION PLAN 2013 BILL, NO. 2

### THIRD READING

**Hon. JoAnne L. Buth** moved third reading of Bill C-4, A second Act to implement certain provisions of the budget tabled in Parliament on March 21, 2013 and other measures.

She said: Honourable senators, I am pleased to speak one final time to Bill C-4, the Economic Action Plan 2013 Bill, No. 2, a key piece of our government's ongoing response to the global economic turbulence.

First, I would like to acknowledge and thank the Senate Standing Committee on National Finance for all their work in conducting the pre-study of this important legislation. Special thanks go to our chair, the Honourable Senator Day, for his fair and effective management; to Jodi Turner, our committee clerk, for her commitment and exceptional organizational skills; and the Library of Parliament Analysts, Raphaëlle Deraspe and Sylvain Fleury.

In total, 33 witnesses from four federal departments and two federal agencies, as well as seven organizations from outside the federal government appeared before the committee. In addition, several organizations unable to appear before the committee provided written submissions about the bill. Their insight into this very important piece of legislation was very much appreciated.

I would also like to thank the following Senate committees and their members for studying parts of Bill C-4 and appearing before the Finance Committee to report on their respective parts of the bill: the Standing Senate Committee on Banking, Trade and Commerce; the Standing Senate Committee on Energy, the Environment and Natural Resources; the Standing Senate Committee on Foreign Affairs and International Trade; the Standing Senate Committee on Legal and Constitutional Affairs; the Standing Senate Committee on Social Affairs, Science and Technology; and the Standing Senate Committee on Transport and Communications. In total, those committees heard from 54 witnesses.

We all know that Canada is in the best fiscal position in the G7. However, even though Canada is doing a fine job weathering the global economic downturn, we must not be complacent. We need to ensure that measures are in place to allow Canada to continue to thrive, and Bill C-4 does just that.

[Translation]

Bill C-4 continues to build on the strengths achieved by our government in recent years. It will implement key measures in Economic Action Plan 2013 to help support jobs and economic growth in Canada.

[English]

I would like to call on all honourable senators to support the final passage of this bill that contains key measures that will help communities and families, help businesses big and small, drive

economic growth, create high paying jobs and ensure long-term prosperity in Canada.

[Translation]

**Hon. Larry W. Smith:** Honourable senators, I would just like to say a few words.

[English]

The bill before you builds on our efforts to tighten loopholes in the tax system and combats tax evasion and international tax avoidance schemes. Bill C-4 increases the capital gains exemptions to \$800,000 in 2014. Bill C-4 expands the accelerated capital cost allowance to promote clean energy generation. Another example of closing loopholes is the elimination of unintended benefit of leveraged life insurance arrangements. Improvements to the Excise Tax Act are covered in Part 2 of the bill, which will be discussed by my honourable colleague Senator Mockler.

Part 3 of this legislation focuses on various measures to support our Economic Action Plan 2013, such as the extension of the hiring tax credit that approximately 560,000 small businesses will benefit from, saving them an estimated \$225 million in 2013.

[Translation]

Since 2006, including the measures in Economic Action Plan 2013, the government has introduced over 75 measures to improve the integrity of the tax system.

[English]

We will continue to improve the integrity of our tax system in addition to ensuring that it is fair and equitable to all Canadians. Total tax relief granted by our government to families and individuals in Canada for a six-year period ending in 2013-14 will amount to nearly \$160 billion.

[Translation]

As a result, a typical family of four is now saving over \$3,220 in taxes.

Honourable senators, allow me to list a few of the key tax relief measures for families and individuals that have been introduced by our government: the children's fitness tax credit; the children's arts tax credit; the child tax credit; the family caregiver tax credit; the first-time home buyer's tax credit; the Registered Disability Savings Plan; the volunteer firefighters tax credit; the Working Income Tax Benefit; the textbook tax credit; the Canada employment credit; the tax-free savings account; and the tradesperson's tools deduction.

I urge you, honorable senators, to vote in favour of Bill C-4. This bill is what Canada needs.

[English]

**The Hon. the Speaker** *pro tempore*: Would the honourable senator accept questions?

**Senator L. Smith**: Yes.

**Hon. Terry M. Mercer**: Honourable senators, I'm having difficulty understanding how Bill C-4 — Canada's action plan 3.2, 5.6, or whatever it is this week — will help Canadians who are desperately facing hard economic times. How will it help the 500 employees at Kellogg's in London, Ontario, who found out they are losing their jobs this week? How will it help the 750 employees at the Heinz ketchup plant in Leamington, Ontario, who are going to be losing their jobs? Tell us in simple terms how this will help them. They are going to be unemployed. Canada's action plan is not working for them. It's not working in Leamington or in London, and I can tell you it is also not working in Halifax. Tell us the answer please, Senator Smith.

**Senator L. Smith**: I have a very emotional answer or question, sir.

**Senator Mercer**: Have a very simple answer.

**Senator L. Smith**: That's a good point, simple answer. I'm not going to say unemployed and insured — I don't have anything written, so here is the answer.

The challenge we face in Canada is that we have to be productive and there are a lot of old plants. I worked with Ogilvie Flour Mills for nine years. The largest mill in Canada is called the Royal Mill in Montreal that does 1,000 metric tonnes a day. In 1988, we were producing flour at \$70 per metric tonne. Archer Daniels Midland, 40 miles south in Albany, was producing wheat at \$46 a ton.

The problem is that in Canada we've outgrown and we've lived with outdated manufacturing plants and with the dollar — which is now going down because we are not pushing oil as much as we did in the past which had our dollar elevated at \$1 or \$1.01 — we are starting to be more competitive. However, from a productivity perspective, we have problems.

The good news is that we have been able to create a million new jobs. If there's bad news, it's that we have nonproductive assets and we will lose those and people will lose their jobs.

Having said that, we have to continue training people and giving people subsidies so they can be retained — and the government has done a good job doing that — and move forward, trying to create more productive, higher performing workforces.

**Senator Mercer**: What I just heard Senator Smith tell this chamber and tell the Canadian people was that 750 people at the Heinz ketchup plant in Leamington and 500 employees at Kellogg's in London, Ontario, are losing their jobs because they are not productive; they are not working hard enough. That is what he just said and that's what the voters in London and Leamington will hear in the next campaign. London will be painted red again.

• (1510)

**Senator L. Smith**: The reason these plants close is not that the people are the major cause of the productivity issue. The reason they close — and having closed plants myself with Ogilvie, the old Winnipeg mill, which was the first export mill in 1985 — is that you have outdated machinery and outdated plants and a product that no one will eat because we're going for more high degrees of wheat-based and energy products as opposed to sugar products. These plants become outdated and are closed. That's the reality of life.

You know what, it's darned unfortunate. But, at the same time, it is what it is and we have to find ways of doing more. We've created 1 million jobs; can we create 1 million more? That's the test the government faces.

Really, governments are there to set rules, to put things in place so that business can flourish. Governments are not there to run businesses, and I would expect that you would know that, coming from the East. Anyone in Canada has to understand the government's job is to set parameters so that business can succeed. If you think otherwise, I don't think you're being realistic. I'm not trying to be disrespectful of anyone in Ontario, where they've lost thousands and thousands of jobs since this recession started.

**Hon. Catherine S. Callbeck**: My question is on the tax credits. You mentioned several tax credits the government has provided. My question is this: Why doesn't the government make them refundable tax credits?

The way it is now, the tax credits the government has provided are great for people who pay income tax, but there are an awful lot of people who don't. To my way of thinking, these are the people who need the help the most.

Why doesn't the government make these tax credits refundable and help the people who really need the help?

**Senator L. Smith**: Senator, that's an excellent question. The truth is I don't have the answer to that question at this particular juncture in time, but I will ask probably my associate Senator Day once this session ends so that maybe, in talking and crossing the hallway, I can give you a better answer. I'm not going to make up answers that I don't know what I'm saying.

**Hon. Wilfred P. Moore**: Senator Smith, will you take a question?

**Senator L. Smith**: If I can answer Senator Moore, I would be more than pleased. Since Bishop's University, I'm not sure how much economics we did at that time.

**Senator Moore**: I'm sure you will do as well as your leader did today. I have no doubt about that.

I just want to follow up on the two plant closures that Senator Mercer mentioned. Those are serious job losses and nothing to be proud of on any side of the aisle here, especially at this time of the year and all of that.

Would the management of those corporations have contacted the appropriate government office to see if they could get assistance or something for the retooling? You talked about the government's role being to set the parameters, and I think that's right. One of those things might be to ensure and assist in the retooling of the plant to make it more efficient — because it's not the people or the cost of labour; I don't think that's what you're saying. I hope not. It sounds to me like the equipment is the biggest part of the situation here. Everybody is still eating tomatoes and ketchup. There's got to be a bottom line. Food is in demand all over the world, so there's got to be some kind of a reason. Do you have anything to tell us about that, Senator Smith?

**Senator L. Smith:** I'm glad you asked the question, Senator Moore, because this is how it works in business: Major corporations with huge assets have what they call a war room. We had that at Labatt's with all of the different assets with beer, agri-food, milk, et cetera. What happens is the executives go and evaluate the productivity and performance of plants. And how this occurs, which is really unfortunate, is that a senior executive looks at the performance of these plants across North America, and if it is a worldwide business, and they pick the non-performing plants. Basically they give management six to twelve months — that's in the old days — to make the moves necessary to get those plants up to a higher profit level.

Unfortunately, some of the managers in these plants never have the opportunity to go to local MPs and ask for money because it's already a *fait accompli*, and that's the honest truth: That's how it works.

**Senator Moore:** So you don't know of any negotiations or attempts to gear up the plants to make them more efficient to make that bottom line more achievable in these situations? If you don't know, maybe you can find out and let us know later.

**Senator L. Smith:** That's a great question. The truth is that unfortunately sometimes businesses work in very funny ways.

**Hon. Joseph A. Day:** Thank you for the tag team, Senators Buth and Smith from the other side, and I congratulate both of you on your presentations.

Honourable senators, we are, as has been pointed out, dealing with budget implementation bill number 2, and that has been before us now for three days. You will recall that yesterday we had a debate in relation to the report that our committee did on a pre-study of the subject matter of the bill, and that was how, by having done that pre-study, we were able to deal with clause-by-clause consideration much more quickly.

I've already thanked the staff who helped us with that work — it was very intense for a period of three or four weeks — and Senator Buth has done likewise. I would like to echo her comments on all of the team that helped support the committee and also to thank all of the committee members for giving up other items, including items here in this chamber, which was necessary in order for us to meet the many times that we met in relation to this particular matter.

So we have the report, and that outlines what our committee did. As Senator Buth mentioned, six other committees of this chamber looked into different aspects of this bill. And if you look at your Order Paper for today, page 4 under "Reports of Committees," the six numbers there are the six reports of the committees dealing with sub-items.

The overall Finance Committee's report is not on here, because that has been adopted by this chamber. These other reports are still there, they're available for you to review, and I would highly recommend that you do so. It will help you understand in more detail some of the items that were looked into by some of the committees.

We couldn't possibly, in the time available to our committee, deal in depth with these various matters because this is a budget omnibus bill. I've spoken at length on my dislike for this, and my dislike is primarily in defence of all of us. I think it's an affront to us to have to deal with these time after time. I'll have more to say on that shortly.

Let me just briefly talk on some of the items, and perhaps this may prompt one or two honourable senators in the chamber to deal in more depth on that particular item, such as the discussion that we've just had with respect to Senator Dallaire's expanding on one of the items we talked about in the previous bill for lapsing some National Defence funds under the supply bill.

Here we are under Bill C-4. The observations I mention are my own observations unless I state otherwise; they are points that I have observed.

The labour-sponsored venture capital funds, is a corporate tax credit that is being discontinued. You should be aware of that, that the government has decided to discontinue that particular program. Many people had invested in that, and many organized labour units had been promoting the venture capital fund concept that has been around for a number of years.

• (1520)

Honourable senators, the government made a policy decision on credit unions earlier this year, and we dealt with that in Bill C-60 in June. We dealt with it believing that what we were doing was following government policy. I didn't vote for it, but we dealt with it and it was passed. The clause was intended to take away the federal corporate tax advantage for credit unions because they operate in smaller environments, have more expenses and make less profit than they would otherwise. That credit was being taken away. Those small business entities, and the majority of them by far are still small businesses, would be paying the small business entity tax rate of around 14 per cent to 15 per cent. But in fact, what we did by virtue of the wording that appeared in the bill was move the tax rate up to 28 per cent. We moved it from 11 per cent, where they were, to 28 per cent. That was for credit unions. As it became apparent, this bill is correcting an error that we made because of hastily dealing with that item in a previous omnibus bill.

**Senator Mitchell:** An error they made.

**Senator Day:** If we had dealt with fewer items, that particular error would have had a much better airing and a much better in-depth study; and we would have found that problem. But we didn't, and here it is.

Another one that seemed to come up quite a bit in Bill C-4, which had not been brought to my attention in the past, was the matter of comfort letters. That's an interesting term — I think of the Second World War. These comfort letters are quite common, we found out from the Department of Finance. We asked some questions about what they are. The chair asked:

Do they give comfort to the taxpayer that the scheme that they're proposing is okay until the law changes, so be uncomfortable that this is coming down the line?

Mr. Cook replied:

Actually, it's the opposite. A taxpayer wants to enter into a transaction that might technically fall afoul of the law. Having seen the transaction and the fact that it fits within our conception of what the appropriate tax policy is, we will issue them a letter saying that we're going to make a recommendation to the Minister of Finance that this relieving change that would permit that transaction to take place as intended will be made and we'll recommend that it apply as of the date of the comfort letter.

In general, taxpayers and Canada Revenue Agency will both file; the taxpayer will file based on the comfort letter and CRA will generally administer based on the comfort letter.

In effect, a comfort letter is the department interpreting the law in a manner that will require a change in the law and saying not to worry. They don't have to wait for Parliament to speak on this; they don't have to have parliamentary approval; they will just deal with this based on the comfort letter. Then they will put it in an omnibus bill so nobody will understand what's going on anyway, and it will become law retroactively to the date of the comfort letter. That's what's going on, honourable senators, and apparently it's quite a common practice that hadn't been too well known to me until we got into this matter.

Part 1 also deals with the Scientific Research and Experimental Development tax incentive program. This is another area that I think we will hear about again. I'm not comfortable with the wording in the bill, to start with, and I'm also not comfortable that the industry will be happy with this particular provision. It will make the person or company who prepared the report on behalf of the organization or company that got the grant from the government file a report. Typically, an accountant and auditing firm would do that for a research institute, or it might be someone within the organization. The person who prepares the report will be jointly and severally liable personally under this bill. I think as soon as people realize and the auditing firms and accounting firms become aware of this, they will not be happy with the provision.

One clause says that a claim preparer of the SR&ED form is not liable for a penalty in respect of false statement or omission if done properly or in such a manner so as to prevent the making of

the false statement. That wording causes me concern because if it was done in such a manner so as to prevent the false statement or omission from occurring, then the false statement or omission would not have occurred. It's not to a reasonable standard but to the standard of not having happened. I asked government officials about this drafting, but we've heard nothing back from them in relation to that particular wording.

Another area you should be aware of is in relation to mining. Canada is a world leader in mining. Canadian Exploration Expense, CEE, will now be done away with. A Canadian Exploration Expense deduction was 100 per cent deductible and could be carried forward indefinitely. Money that was expended could be deducted from any profit made. That was important for creating an incentive for new exploration and mining, for example in the Bathurst area and in the Sussex area of New Brunswick for potash. These important deductions will be done away with. The proposed Canadian development expense will be available for companies that go to, for example, Schefferville, Quebec, to start up new mines. The Canadian development expense will be a 30 per cent deduction on a declining basis. That is a significant change from 100 per cent deductible. We may hear more from the mining industry on this one in the future.

There is an interesting clause in Part 2(b) dealing with GST and HST. For many years, since the Goods and Services Tax was created in 1990, municipalities that ran parking lots maybe just charged a small fee to cover the expenses of attracting people to the centre of town. The municipalities were of the view that they didn't have to charge GST with respect to that. They have argued that since 1990. There is now a change in the law, and the change is to make it clear that, if they do charge generally for parking in a parking lot, then municipalities will be responsible for collecting and remitting the GST. However, this is retroactive to 1990.

• (1530)

**Senator Mercer:** Holy cow!

**Senator Day:** The government says, "No problem. We've always taken this position, so we're not changing the law. We're just clarifying the law." 1990 — you can imagine that some of these municipalities will have to try to refile documentation and find funds to meet that. That is one that I thought you would be interested in.

Honourable senators, there's another section that you should be aware of, and that is with respect to Employment Insurance.

Every year, there's a different scheme. There was, for a period of time, a group called the Canadian Employment Insurance Financing Board. There were going to be people appointed to the board, and they were going to administer this separate fund. It was going to be treated like an insurance policy. The government has now moved back to where it was previously. We have done away with the Canadian Employment Insurance Financing Board. There will be a fixing of the rate, on an annual basis, based on a seven-year going forward program. This will be done by the government, but nothing will happen for three years. This legislation will freeze the rates as they are now for three years.

The Parliamentary Budget Officer looked into the current rates and said:

The fiscal impact of keeping premiums artificially higher for two additional years —

— that is for the next three years —

— is that it will contribute \$1.8 billion to the 2015-16 surplus and \$3 billion to the 2016-17 surplus...

What is, in effect, happening through this freezing of the rate is that the government will use it as a hidden tax to help balance the budget. You can see it coming. There are clawbacks in different departments, and now we have another one of these. There is the selling of assets in different places. All of this is building up a little bit of a surplus so that the government can go into the election year saying that they have a balanced budget. That is beginning to become clear.

The Veterans Review and Appeal Board is another area we talked about. That has been debated here previously, so let me just give you a quick review. There were 28 members on the board. They have a huge backlog in reconsiderations that they are not dealing with now, but they said that that was because they only had 22 of the 28. They said that they could live with the government-proposed 25, if they would fill up the 25. Then, they would get working on the backlog.

I say why not not change the law? Fill the 28 slots that are there and deal with the backlog and, if we find that there are too many people working there, then we can reduce it at that time. To suggest that the way to deal with a backlog is to reduce the number of authorized members on the board seems to be counterproductive, from my point of view.

Those with the Veterans Review and Appeal Board seem to be saying that, if they can get up to 25, then they are prepared to give away the other three positions. It's like we said yesterday about the museums. We won't get what we need, but we'll get something, so let's take that. If we don't take that, we won't get anything. That seems to be the mentality developing here.

The Canada Pension Plan Investment Board. It says "no more than three." There weren't any before. The Canada Pension Plan Investment Board can now have three directors who are from outside of Canada. That's a new provision that wasn't there previously.

I am almost finished on these little highlights, honourable senators, but I did want you to be aware of these because you will be voting on this.

Division 17 — I spoke two days ago on that division. It is the Public Service Labour Relations Board and the entire method of dealing with labour relations in the public service. The most fundamental issue here is that it shouldn't be in a budget implementation bill. It is an act on its own. It's a fundamental change of labour relations, and there was no consultation with the labour unions. Now everyone is reacting to this very complicated change.

In our report, we asked the government to give us, when they were before us — and I think it was Treasury Board that did this for us — an analysis of what was there, the changes and what the effect of them will be. That analysis is very helpful. I recommend that you may want to take a look at that. There are two schedules at the back of the report from Finance on that particular matter. This is entirely on its own, an all-new scheme of handling things.

One of the most important things is that the minister can now decide what is an essential service. The minister decides himself or herself what is an essential service. They said, "Oh, we'll take that authority you are giving us. We'll use it very sparingly and not to worry." It is another one of those "Give us all the power, and you can trust us." Give us the power, and you can trust us.

The final article is Division 19 of Part 3. Part 1 covers income tax; Part 2, excise tax; and Part 3, other measures. There are 19 other measures. In the 19 other measures is the Supreme Court Act, that issue where we are changing the law. First, the government says that they acted within the law. Then they come forward and try to change the law. Then they do a reference to the Supreme Court of Canada, all with respect to the slots in the Supreme Court of Canada reserved for lawyers from Quebec.

If they were within the law, why don't they just do it and wait for a challenge? If they needed a reference, then why did they go ahead and make the appointment? If they needed a reference, why are we dealing with the legislation? I think that is the issue that I put to you there.

Honourable senators, I've been searching for what we should do, because the most important part of all of this, in my view, in dealing with these matters, is the omnibus aspect. We can do the job and accept government policy change. We know that happens. It's the government prerogative, because the people gave them that and we respect that. We just want to make sure that there are no unintended consequences and what the effects of these proposed policy changes are.

However, when you get all of this put in — with 19 different divisions, over 300 pages — when you get all of that together, we are just not doing the job that we were intended to do. All of us. This isn't just an opposition role; this is all of us.

• (1540)

Now, in the past I've suggested that because these are finance related, there is no prior consultation, like we saw with respect to the labour relations. They said there's no prior consultation because it was part of a budget bill — and there should have been, and there still should be. So what can we do about it?

I had suggested in the past that a number of options are available to us: Divide the bill into coherent parts and deal with them separately, allowing committees to do their job properly. We started by dividing this bill into seven different committees here, but then only one committee does the clause-by-clause consideration; only one committee is then reporting back fully on the entire bill. So we could have gone further and had each of the committees that studied portions of this bill report them back, have a debate, and then we could have voted on those clauses. That would have been more meaningful, but we didn't do that.

The second possibility is to delete all non-budgetary provisions and proceed to consider only those parts of the bill that are budgetary in nature. I contemplated — in fact, I've got it in my hand — an amendment that would achieve that. You know that I've done that in the past. I don't intend to proceed with that at this time. I've done a lot of thinking about it, but I think that we need some sort of consensus in this chamber as to how we're going to deal with this in the future.

So I won't proceed with this proposed amendment, but I'm hopeful that before one of these happens again, we will be in a position — and the next one is likely to be in May or June of next year — to say, "This is what we, as a chamber, are going to do if you send us another one of these." I don't care what government is in power at that time; I think we should all agree that this is how we're going to handle this.

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

**Senator Day:** There are some other possibilities. One of them is to defeat the bill at second reading on the grounds that it is an affront to Parliament. This is called a reasoned amendment.

Another possibility would be to find the Minister of Finance in contempt for participating in a practice that the Senate has denounced. If we pass a resolution here denouncing that, and they continue, then we would be in a position to do that; or to establish a new rule of the Senate prohibiting the introduction of budget implementation bills that contain non-budgetary matters.

There are a number of things that we can do, honourable senators, and I'm hopeful that over the next few weeks and months we will find the right consensus and the right way to deal with these, because we're not doing the job that we should do on these bills as they are presented to us now.

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

**Hon. Jane Cordy:** Will you take a question?

**Senator Day:** Yes. Thank you.

**Senator Cordy:** I heard you speaking about the section dealing with the changes to safety within the workplace. The definition of "danger" is changed within this finance bill or omnibus bill, as you've clearly stated, and I believe it should have been in a labour bill.

You rightfully stated that there was no consultation. In fact, when the groups appeared before the Social Affairs Committee, we asked both labour and employers and employees whether or not there was any consultation, and they said no.

When we had government officials before us and I asked them the same question, whom they had consulted with, they said, "Well, this is a budget bill, so we cannot do any consultations for a budget bill."

In fact, when we talked to employers and employees, they said that they definitely could have gotten together and come up with a definition of what "danger" would, in fact, be.

Do you believe that it is fair to workers in the workplace that a section such as this is put in a budget bill, which can have no consultation; they can have no input into it; and it comes as a *fait accompli* — done, drafted by the government?

**Senator Day:** You're absolutely correct in relation to no consultation and the argument for that. Therefore, here we have a change. "Danger" is important and the definition of what might be dangerous is important because an employee who feels that the employer is requiring that employee to work in a dangerous location, something that could interfere with his or her health, they can refuse to work there until it's rectified. There used to be safety officers who would come and inspect that and make an adjudication. That role is done away with. It is now the minister who will make a decision on this.

Secondly, the definition of "danger" has changed — all without any consultation. Now it has to be an imminent, almost likely to happen, situation. At first blush, the employees, the tradesmen, are looking at this and saying, "We also had that situation, and we may be exposed to things like asbestos. It's not an imminent danger to my health, but it could, over the long term, have very serious ramifications to my health." Is that now excluded?

These are questions that we don't know the answers to because there's been no consultation and no debate; it has just been foisted on or we're about to foist it on the industry.

**Senator Cordy:** You have questioned whether or not the government actually put it in a budget bill so that there would be no consultation. I think that's basically what you were saying.

I have another question. I know we've talked about the missing amount of over \$3 billion. In all of your discussions over the past few weeks is there any sign of this money that the government has lost, or is it still lost somewhere?

**Senator Day:** If it has been found, nobody has told me about it.

**Senator Mercer:** I guess the new definition of "dangerous" is that as the train is going off the cliff, they will say, "Oh, that's dangerous."

I want to ask my colleague a question about this attack on municipalities and what I would say is the raiding of the municipal tax money. Senator Eggleton may have a good answer to this question.

How much money is this going to cost municipalities when you're going to retroactively go back to 1990 to collect GST on parking fees? These guys have got a good friend in Mayor Rob Ford. He's their buddy. Their Prime Minister has been seen in many pictures with Mayor Ford, and I think you may see more copies of the pictures of him with Mr. Ford sometime in the future.

What is their friend Rob Ford going to say when the government delivers to him a bill that will be in the millions if not billions of dollars because the City of Toronto operates dozens and dozens of municipal parking lots? Having lived in



Toronto for eight years myself, I used to use those municipal parking lots and the park-and-ride to get to the subway and then go to my place of employment. What is the Mayor of Toronto going to say?

What is the Mayor of Calgary going to say? Because they operate some of these.

I know what the Mayor of Halifax is going to say. He's going to say he's not very happy. I can't speak for any of the others, but I know that Mayor Savage in Halifax will not be a happy camper.

It would be interesting to hear what Mayor Ford says when the Tories come robbing the bank account of the City of Toronto.

Do you have any estimate, Senator Day? How much money are they taking out of the municipal coffers?

**Senator Day:** I don't have an answer to that question, but I can tell you we started to get into that, and we were told that most municipalities have already paid the money. They knew that the penalties and the interest would be so overpowering, they paid it under protest. That is the answer that we got from the government people. But the amount, we weren't able to get into that with them, no.

**Hon. George Baker:** A very important point was raised by Senator Day. I'm wondering whether he has considered the solution that has been accepted by most parliaments in the world to solve the problem. I am referring to the fact that this is an omnibus bill and that no matter which political party is in — the Liberals or the Conservatives — we still get this problem of having a mixture of budgetary items and then matters foreign to the budget included in the same measures.

• (1550)

There was representation, as you know, to your committee through the Standing Senate Committee on Legal and Constitutional Affairs by a couple of university professors, who pointed out that this is unlawful in Britain. The Erskine May rules, which are at the top of our rules list — if our standing orders don't apply in a matter, we go to Beauchesne, and if Beauchesne doesn't solve it, we go to Erskine May. Erskine May says that having foreign matters in a budget implementation bill is unparliamentary and unlawful.

Now, the reason why it was solved in those legislatures — the problem — no matter what party is in — I mean it is of no consequence that we pass a measure here. The professors pointed out that it is also unlawful to amend a budget implementation bill. It is unlawful. It is against the rules.

Those legislatures appointed an outside advisory committee made up of members of the press gallery and professors of political science to recommend changes to the rules of procedure in the Commons and in the House of Lords, in that case. The recommendations came through and those things were solved. In other words, the professors said, "If you leave it to parliamentarians here in Ottawa, it will never be solved."

You listed six ways this could be solved. Have you turned your mind to a solution perhaps being found in asking for an impartial committee made up of members of the press gallery in Ottawa and political scientists to recommend changes to the procedures in the House of Commons and the Senate to address these very questions and other important matters that we need corrected?

**Senator Mitchell:** Good idea.

**Senator Day:** Thank you, Senator Baker. I hadn't turned my mind to the type of inquiry that you've suggested, but my mind is turning.

**Senator Tkachuk:** But you will, though; I am sure you will.

**Senator Day:** I appreciate it, and I hope my colleagues from Finance were listening, because that seems to me to be an area — when there are several options, then we have to discuss and consider all of the options. We can't do that in this chamber as a whole, so it should be by a committee.

Your suggestion is very good. I will bring that up to the steering committee.

Before I finish my answer, one of the committees had received from the Canadian Bar Association a letter back in relation to Bill C-4. This was in relation to the labour and employment law portion. They pointed out that the Canadian Bar Association represents over 37,500 practising lawyers in Canada. They commented:

The CBA has steadfastly objected to omnibus legislation like Bill C-4. Enacting important changes in diverse and unrelated subject areas in a single bill precludes meaningful comment and debate.

That is a quote from the Canadian Bar Association in a letter dated November 18, 2013. It was sent to Senator Ogilvie and me. That's just another example of a very influential group that was saying, "You're not doing the right thing."

**Hon. Joan Fraser (Deputy Leader of the Opposition):** Colleagues, this is an extremely important bill, and I believe it is profoundly important for everyone who wishes to speak on something as important as a budget bill — let alone one with as many complications as this one — to be able to do so.

But I am also aware that we are expecting His Excellency at 5:30. So I wonder if I could, without offending any colleagues, ask that in order for all those who wish to speak to be able to do so before His Excellency arrives, if those who do wish to speak could try to be as concise as possible.

[Translation]

This is an extremely important bill. Any senators wishing to speak to it should and must have the right to do so. However, to give everyone an opportunity to speak, I think it

would be very gracious of all senators to speak as concisely as possible, even if just for the sake of “fair play,” if I may put it that way.

[English]

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

**Hon. Roméo Antonius Dallaire:** I wish to bring a point of clarification regarding the Veterans Review and Appeal Board. Now there are 29 members, not 28. One is the president and then 28 adjudicators. They are reducing it to 25, which is really 24 and one.

They have kept it at that level for a number of years, but the department is funded for 29. So when they are doing the budget cut right now, it is simply taking money that they have been using to do other things to now throw into the pot as their sort of portion of whatever the budget cuts are, and they are going to have to adjust accordingly.

The difference, however, is that these Governor-in-Council appointments take time to be appointed. The average number of adjudicators qualified — not the number of bodies, because you get somebody in the pipeline, and you finally get it approved and that takes four or five months, and then you have a five- to seven-month training period before they are actually being used. So you have at least a year.

You hold, generally speaking — because they have three-year terms — you’re holding five to six who are not necessarily effective. So instead of having 28 functional, they have been operating with 24 plus one as a number, but, in fact, they are really down to 18 who are actually working.

They have a half hour for people to adjudicate. They have these people running ragged. They are going across the country, and they are producing a less-than-effective job, but more important, there is a whole raft of cases waiting up to a year and so on.

The point is this: Why did they, one, not increase the number of adjudicators to meet the requirement, and, two, now emasculate that body even more by guaranteeing that there will never be more than 18 to do the job of originally 28?

**Senator Day:** Thank you, Senator Dallaire. Really, the question you ask is the question I asked. We heard from the chair of the board, and he seemed to be saying, “Yes, well, this is the only opportunity we have to get anything, so we will take 25.” But then he talks about dealing with the backlog of 300. They dealt with eight of them last year.

**The Hon. the Speaker pro tempore:** Senator Mitchell, three minutes remain on the time of Senator Day.

[Translation]

**Hon. Grant Mitchell:** Honourable senators, my question relates to the process the government is using to try to balance the budget.

[ Senator Fraser ]

[English]

I am quite suspicious that they are using a process where they are utilizing a great number of one-time elements — for example, the sale of real estate at hundreds of millions of dollars, and the failure to spend certain lump sums of money one year but perhaps, in subsequent years, that money will be spent.

I am wondering whether there is some calculation, Senator Day, of how much of the balancing of this budget — the reduction of the deficit — will come from one-time, non-repeatable kinds of elements, such as the sale of real estate, which you can only do once.

**Senator Day:** Our committee obviously doesn’t have the resources to do that, but the Parliamentary Budget Officer might. That could be a very interesting study for the Parliamentary Budget Officer to conduct.

• (1600)

**The Hon. the Speaker pro tempore:** I think we have time for a question. Senator Downe.

**Hon. Percy E. Downe:** I’ll be very brief.

This Veterans Review and Appeal Board is extremely disturbing given the tremendous backlog. They used to have a certain number of set members, 28, 29, then they used to have unlimited temporary members up to two years. Do they still have the unlimited temporary members and, if so, why are they not appointing people?

What we used to do is appoint previous members who were off the board. They didn’t need the training; they already had the training. They came in and started work right away. They were appointed for two years, a large number of them, maybe even some who were appointed under the Liberals to clean up the backlog.

**Senator Day:** We got into the discussion of the temporary members. None have been appointed. The provision is still there, I think, up to 10. The chairman would like to see appointments made there, but the government hasn’t seen fit to make them.

**The Hon. the Speaker pro tempore:** On debate, Senator Rivest.

[Translation]

**Hon. Jean-Claude Rivest:** Honourable senators, I will honour the request of the Deputy Leader of the Opposition and keep my remarks fairly brief.

I don’t want to repeat all of the arguments that have already been put forward on the economic growth measures, or in other words, the government’s objectives. However, as a senator from Quebec, I would like to raise two issues.

First, I would like to mention, as did other senators, particularly Senator Day whose comments were quite remarkable, the government's unilateral and, in my opinion, completely off-the-cuff decision to reduce or, for all intents and purposes, eliminate the contribution for the FTQ's Fonds de solidarité as of 2014.

In addition to the economic arguments put forward by Senator Day, there was no consultation with the FTQ or the Government of Quebec, which has a program with the FTQ, namely, the FTQ's Fonds de solidarité. The Government of Quebec also has a program with CSN. It is part of the Government of Quebec's policy. Given that the federal government is backing away, it seems to me that the least it could have done, in the spirit of federalism, was to discuss its intentions with the Government of Quebec and the unions.

I think it is completely unacceptable for the Government of Canada to back away from the FTQ's Fonds de solidarité when doing so will have an impact on Quebec's entire economy. That is quite significant because there will be fewer contributions. In my opinion, the key point here is that these contributions were meant for retirement. There is a major problem with pension funds across Canada. It exists in Quebec, of course, but this is a nation-wide problem. There is a fundamental problem with pension funds. We saw what happened this week with Canada Post, which had a small program. The problem with pension plans is much bigger than this, but the fact remains that Canada Post's program allowed workers to save money for their retirement. The government is making a unilateral decision to take the option away from them.

I understand that the issue is much broader in scope, but when a government does something that affects people's retirement, both their investments and their pension plans, the government needs to make that decision, good or bad, in light of the overall issue of administering pension plans, which is a key issue for the Quebec economy and the Canadian one too. The fact that the government is cutting a program — that is relatively modest given the scope of retirement-related issues shows a lack of awareness and responsibility that must be criticized.

The second element I wish to talk about is the interpretation of the Supreme Court issue that seemingly came out of nowhere.

The Standing Senate Committee on Legal and Constitutional Affairs heard from the Minister of Justice, who explained quite convincingly and sensibly, I must admit, that this clarification is being made to avoid discriminating against lawyers who could sit on the Supreme Court. He said that a Quebecer who ends up spending his career working for a federal court should still be eligible for the Supreme Court. It is a valid argument, and he made his point with great conviction, backing it up with a lot of research. He was very persuasive.

I asked him why, since he was so sure the amendment was important, he did not wait until after it was passed — in a real interpretation bill brought before the court of public opinion, not hidden inside the budget — before appointing a judge who had

spent his career in the federal public service, Justice Nadon, to be specific. The government is simply trying to salvage the situation. It is trying to limit the damage that could be caused by its mistake.

The main point is that we need to determine the historical reasons for a provision calling for three Quebec justices on the Supreme Court. Some senators are better informed than I am. There is no mention of a specific number for any other province in Canada. The reason is obviously related to the fact that Quebec has a French civil-law system based on the Napoleonic Code, whereas the rest of Canada has a common-law system. Why does Quebec have three judges? It is to ensure that the judges presiding over a civil law case involving a unique Canadian system, one used only in Quebec, are familiar with civil law. It is not about being a Quebecer; it is about having practised civil law.

In my opinion, and to the best of my knowledge, that is the reason why, historically, practically all lawyers appointed to the Supreme Court have been from the Superior Court or the Court of Appeal and have practised civil law. A Quebecer who is a member of the Barreau du Québec and who has spent his entire career practising common law or statutory law at the federal level and who studied civil law at university practised routinely for some years would not be able to serve on the Supreme Court and interpret civil law in accordance with the principles and values underlying but has not Quebec civil law.

In practice, when the Supreme Court considers cases pertinent to civil law, it forms a panel. It may not necessarily consist of the nine judges, but the three Quebec judges are there to safeguard the integrity of the values of Quebec civil law as opposed to common law. Naturally, a common-law judge can have an opinion and express it.

In my opinion, appointing a judge who has spent his entire career outside civil law waters down the constitutional and legal guarantee that was given to Quebec to protect its civil law. That is what the government did.

I would add one last thing that worries me, because Justice Nadon is nevertheless a remarkable man. I do not know him personally, but everyone tells me that he is a distinguished jurist. The thing that worries me about this process is the political layer we must consider. The Supreme Court of Canada makes rulings on issues that are extremely sensitive in Quebec, such as language or the rights of the National Assembly in Quebec. It is always hard, given the political context of Quebec, to maintain and preserve the integrity and credibility of the Supreme Court. Imagine the position this sleight of hand will put Justice Nadon in. If, in the performance of his duties, he makes a decision that does not please Quebec, the political argument by a significant portion of Quebec public opinion — I need not elaborate because everyone knows — will use Justice Nadon to claim that the Supreme Court always rules the same way, that it is against the interests of Quebec.

A major problem is brewing that could undermine the credibility of the Supreme Court if the government maintains its attitude, which it seems determined to do. It seems that in a

country like Canada, there is one thing we must preserve above all else as the most sacred and that is truly the credibility of the highest court in the land.

This is a way of salvaging the appointment, without warning and without consulting the Government of Quebec or the Barreau du Québec. Once again we have a lack of consultation.

• (1610)

Beyond the civil law arguments I mentioned earlier, this could undermine the credibility of Supreme Court decisions in Quebec. I don't need to explain to anyone here that this could cause not only legal damage, but also considerable political damage. The government failed in its responsibilities by making this decision in secret and hiding it in a massive budget. We think it is very unfortunate that the government would do such a thing.

**The Hon. the Speaker *pro tempore*:** Do you have a question, Senator Maltais?

**Hon. Ghislain Maltais:** Yes, would the Honourable Senator Rivest take a short question?

**Senator Rivest:** If it is a good one.

**Senator Maltais:** We will let God be the judge of that.

You spoke a lot about the Fonds de solidarité and the deduction currently available for FTQ and CSN members. I think that this budget fixed a long-standing mistake. Explain to me why a non-unionized janitor working in a building and contributing to RRSPs like you, at his local caisse populaire, would not be entitled to a double deduction.

You will tell me that unions include venture capital in Quebec, while caisses populaires have a regional obligation to invest large amounts of venture capital in the regions. But the regions were built with the venture capital from caisses populaires and not from the FTQ. I think that, right now, the money a worker contributes to an RRSP, is better administered by caisses populaires than by certain funds.

**Senator Rivest:** It will be very simple. What is the rate of return on the FTQ's Fonds de solidarité? It is currently one of the best in Quebec.

**Hon. Diane Bellemare:** I was asked to be quick, so I will begin with my conclusion.

Honourable senators, I wish to reaffirm my confidence in the Minister of Finance, because, so far, he has managed to keep Canada's economy on track.

However, as a senator from Quebec, I cannot ignore the reasons behind the broad consensus among Quebec's business community that the tax credit for labour-sponsored funds should be maintained.

Everyone knows that productivity growth is a real problem for Canada. At present, Canadian productivity is consistently weaker than that of the United States, and this problem must be addressed. Investment is very important to productivity. There is a connection to be made between the budget and improving investment and productivity.

It is in name of neutrality — Senator Buth talked about this principle during the debate on Bill C-4 — and efficiency that the federal government plans to eliminate the 15 per cent tax credit granted to people who invest in labour-sponsored funds. Eliminating this tax credit will save the federal government a total of \$355 million over five years, and a large proportion of that money will come from middle-class investors in Quebec who will no longer be able to claim that credit.

Labour-sponsored funds exist in many provinces, but they are most common in Quebec. These funds are part of what are known as "retail funds." There are three retail funds in Quebec: the FTQ's Fonds de solidarité, created in 1983; the Fondation, created in 1996 and — this is what Senator Maltais spoke about — Capital régional et coopératif Desjardins, which is not affected by Bill C-4 and currently benefits from a tax credit of 50 per cent from the Government of Quebec, although it is a 15 per cent tax credit in the case of the FTQ and a 25 per cent tax credit in the case of the CSN.

Quebec's two labour-sponsored funds are governed by provincial laws that require them to invest at least 60 per cent of their assets in Quebec businesses.

The decision to eliminate the labour-sponsored funds tax credit has been strongly criticized, not only by the unions but also by business people in Quebec and across Canada. Many of them believe that doing away with this tax credit will have a negative impact on investment in Canada and thus on productivity enhancement.

At first glance, one might wonder why labour-sponsored funds should benefit from such a tax credit when other private investment funds do not. With that in mind and based on a study conducted by the OECD in 2006, the government decided to eliminate this tax credit and to allocate the funds recovered in the future to private venture capital funds.

At second glance, however, it seems that the advantages of this tax credit outweigh the disadvantages. That is the argument presented in many submissions that were made to the Minister of Finance during the online public consultation held from May 23 to July 23, 2013, on the phasing-out of this tax credit.

Réseau Capital, the only private equity association that brings together all stakeholders involved in the Quebec investment chain, had this to say, and I quote:

Approximately 40 submissions, including our own, were made by key stakeholders in the business community in order to stress the importance of maintaining the federal tax

credit for labour-sponsored funds, as well as of the direct contribution that these funds make to the development and growth of our local businesses.

A study conducted by Gilles Duruflé, an independent expert who has produced a number of empirical analyses on venture capital funds and who was quoted in many submissions, shows that Quebec's retail funds generate significant leverage with regard to investment in Quebec and Canadian business. From 2004 to 2012, retail funds committed \$758 million to private funds, which led to co-investments within Canada and leverage of \$1,783,000 in these same funds. As Mr. Duruflé and other experts point out, labour-sponsored funds often provide an initial investment in specialized funds, which attract additional investments through leveraging.

That is why Réseau Capital is asking the Minister of Finance to continue discussions with the labour-sponsored funds in order to find a way to keep the tax credit given to shareholders of labour-sponsored funds. Réseau Capital has even committed to participating.

Peter van der Velden, President of Canada's Venture Capital & Private Equity Association, gave compelling testimony before the National Finance Committee in support of retail funds, particularly labour-sponsored funds. He said he was concerned about the elimination of the tax credit for people who invest in these funds. He supports the government's efforts to develop venture capital in Canada, but like Réseau Capital, he would like labour-sponsored funds to be included in the government's strategy.

On another note, the Standing Senate Committee on National Finance heard some economists' criticisms of labour-sponsored funds. Finn Poschmann, Vice President of the C. D. Howe Institute, and Jack Mintz, a professor at the University of Calgary, reiterated the OECD's arguments, which are more academic than empirical. Opponents of the labour-sponsored fund tax credit say that the returns on these funds are low, that they crowd out private funds and that their governance model is lacking.

In one study, independent expert Gilles Duruflé reviewed the various criticisms made by opponents of retail funds.

I would like to quote a key passage from what he said:

[English]

Many of them [these critics] are now outdated and, when repeated in the latest studies, do not take into account the important changes in retail funds' more recent investment strategies. Other claims are not supported by evidence. Overall, the mentioned studies demonstrate a poor understanding of (i) the reasons for the Canadian [venture capital] industry's poor performance until recently and

(ii) the specificity of Quebec retail funds and their contribution to the renewal of the private sector Canadian [venture capital] industry.

[Translation]

• (1620)

As for retail funds crowding out other funds, Deloitte conducted a study on retail funds that was tabled in the Standing Senate Committee on National Finance by Fondation. I would like to quote from the executive summary of that study:

In Ontario, the phasing-out of the labour-sponsored funds tax credit (announced in 2005) contributed to their decline. That decline was accompanied by a significant reduction in venture capital financing in Ontario. The gap left by the labour-sponsored funds was not filled by other players.

I would like to point out that the Conseil du patronat du Québec, the Board of Trade of Metropolitan Montreal, the Association des manufacturiers du Québec as well as the authors of the Deloitte and IREC study used certain characteristics of labour-sponsored funds to demonstrate that there are important benefits to the funds.

First, the funds do not simply exist for maximum returns; they are also designed to create and maintain jobs in regions that need them.

Second, unlike private venture capital funds, these retail funds offer patient capital to businesses that typically have a hard time securing funding from traditional financial institutions.

Third, these funds combine the retirement savings goals of individuals with economic development goals. These funds are riskier than institutional pension funds; therefore, the additional tax support is justified.

Fourth, they play a counter-cyclical role during recessions and support businesses when traditional financial institutions are cautious.

Fifth, they invest in the regions and provide support to local businesses, which traditional funds do not.

Sixth, the labour networks allow the labour-sponsored funds to achieve a critical mass of small investors. The average annual income of the individuals who contribute to these funds is \$48,000.

Last, but not least, they play an undeniable role in improving the financial knowledge of their contributors, which, according to management negotiators, has improved the negotiating process for private-sector collective agreements.

For all these reasons, the Conseil du patronat, the Board of Trade of Metropolitan Montreal, Réseau Capital, Canada's Venture Capital & Private Equity Association, and many other groups and experts in the field find the decision to abolish these tax credits premature and unfounded. The benefits and advantages of these credits far outweigh the disadvantages.

Some will say that the witnesses at the Charbonneau commission raised very legitimate questions about the governance of the Fonds de solidarité. There has been a turnover in management, which seems to be taking appropriate measures to address the problem. That is reassuring. As far as Fondation is concerned, no allegations were made against it at the Charbonneau commission or anywhere else.

I hope, honourable senators, that meetings will be held between the venture capital funds stakeholders, including the labour-sponsored funds and the Department of Finance, in order to come up with an amicable solution by March 2015.

In closing, I would like to mention that the World Bank's latest report indicated the need for a paradigm shift in policy development by government decision-makers. According to the Bank, to ensure sustainable prosperity, policies have to make employment the top priority, and that is what our government wants to do. However, to ensure sustainable prosperity, we must focus on employment before added value or traditional growth. Growth and added value always stem from employment, but the converse is not always true. That is the spirit of the labour-sponsored funds.

Therefore, I will close by saying that I will be voting for this budget because it is a good budget nonetheless. However, I did want to point out that there is a consensus among Quebecers that they would like the government to consult them and try to ensure that abolishing this credit will not have a negative impact on the total amount of venture capital invested in Canada. Thank you.

**Hon. Claudette Tardif:** Honourable senators, I would like to speak briefly to Bill C-4, the latest budget implementation bill introduced by the government.

The government has done it again: it has introduced another omnibus bill. Just like its predecessors, this bill is chock full of provisions that have nothing to do with a budget bill. It has almost become a habit in this chamber to remind Canadians that the current Prime Minister criticized omnibus bills when he was in opposition.

The Prime Minister was outraged by a 20-page bill that he believed would put members in conflict with their own principles, because they had only a single vote on everything contained in the bill.

Today, we must vote on a bill that is more than 300 pages long, amends 70 acts and contains several important measures that should be debated separately. For example, there are measures

concerning Supreme Court appointments, worker health and safety, and labour relations with federal public servants.

A good example of a provision that has nothing to do with the budget is the amendment of the Supreme Court Act. Although I reread the budget documents presented last spring, I cannot find any mention of this act. The government is scrambling to amend this bill because of the controversy created by Justice Nadon's appointment. In my opinion, this controversy clearly shows that Canadians want a Supreme Court that is representative of the people and the traditions of our country.

As I have already said in this chamber, rather than rush things through and avoid any debate, I think this is the time to have a serious discussion about the criteria for appointing judges to the Supreme Court. This hasty debate is completely glossing over another demand from Quebecers and francophones across Canada, who not only insist that the court have excellent knowledge of civil law, but would also like to be understood directly by judges in the official language of their choice.

Furthermore, it seems unusual to me to want to change an act of Parliament while sending this very measure to the court so that it can give a ruling on it.

The government is also using its budget implementation bill to give itself greater powers in future collective bargaining processes. One must question whether this position will favour healthy labour relations within the public service.

Division 17 in part 3 of the bill profoundly changes the collective bargaining process. As you know, some positions in the public service are considered essential, and some restrictions are therefore placed on employees' right to strike, and rightly so. In the past, the designation of essential services in the event of a strike was the subject of negotiations between the employer and employees.

Under Bill C-4, the government is granting itself the exclusive right to define which services are essential. It will also have the exclusive right to determine the number of positions needed to provide those services. Accordingly, it is significantly limiting federal public servants' right to strike, because if most of the members of a bargaining unit are designated as essential, striking will no longer be an effective job action.

In principle, a union and an employer have access to similar pressure tactics when it comes to collective bargaining. The employer has the right to a lockout and the union has the right to strike. By essentially gutting this principle, the government is taking away an important collective bargaining tool from federal employees.

Bill C-4 will have other effects on the rights of federal employees. Arbitration is often used to resolve disputes in the public service. However, the bill takes away the union's right to use this bargaining tool unless 80 per cent of the members of a bargaining unit do work deemed essential. The government is essentially giving itself the power to designate 79 per cent of the employees of a bargaining unit as essential, so it can reject the

union's request to go to arbitration and force a minority of the employees — as little as 21 per cent — to go on strike. That scenario would be possible under Bill C-4.

The bill also amends the factors that arbitration boards must take into account when making awards. Arbitrators will now have to take the government's financial situation into account.

• (1630)

We feel that this will give the government the upper hand during negotiations. The government seems to want to prohibit almost all potential opposition from its employees by leaving them only the most ineffective methods of objecting.

In living, breathing democracies, unions play an important role in advancing workers' rights and protecting the middle class. Is it really in the country's interest to attack the principles that are meant to guide labour relations in the federal public service, as this bill does? Such significant changes to workers' rights deserve to be seriously debated in Parliament.

[English]

As honourable senators have mentioned, buried in Bill C-4 are also amendments to the Canada Labour Code that will significantly alter a provision designed to safeguard the health and safety of workers. The bill narrows the definition of "danger" so that it strictly means an imminent or serious threat to the life or health of a person.

This seriously reduces the right of an employee to refuse work that could lead to chronic illnesses, diseases or damage to their reproductive system. The current definition of danger was adopted in 2000 after wide consultations with representatives of both employers and employees.

If the government believes that the current definition of "danger" is problematic, it should not be imposing, in a budget bill, a new definition that limits the rights of workers to refuse unsafe work. It should be working with employees and employers to make workplaces healthier and safer through a fair and balanced process.

After more than two years of majority governance, it is becoming clear that the government wants to provoke a confrontation with the labour movement in both the public and private sectors. Instead of promoting balanced labour relations, the government has intervened in major labour disputes on the side of employers three times. They supported, with enthusiasm, private member's legislation that weakens unions, and now it is weakening the right of federal workers to fair collective bargaining and to a healthy and safe workplace.

Honourable senators, this bill offers no real innovative measures to help Canadians in difficult economic times. What we have seen over the years instead is disengagement, scaling back investments in our health care system, raising the age of eligibility

for Old Age Security, no leadership on a much-needed Canadian energy strategy or to set ambitious post-secondary education attainment rates. Even the government's much-touted job training program is still non-existent because it forgot to talk with its constitutional partners. The government has spent thousands of dollars of scarce taxpayer dollars advertising a program that does not exist.

Honourable senators, the government has an important role in shaping the future of our country for the better, but it needs to be responsive to the needs of Canadians.

We have been talking in the past few years about the rising household debt of Canadians, stagnating incomes, the more than half of Canadians that have no workplace pensions, the unemployment and under-employment of young Canadians that remains higher than before the recession, and tuition fees rising at a much higher rate than the rate of inflation. Unfortunately, the government's budget does little to address these problems.

**Senator Callbeck:** Honourable senators, I rise today to speak very briefly on Bill C-4. This is another oversized and bloated budget implementation bill introduced by this government.

This bill comes in at a hefty 308 pages, which sadly puts it at the low end of previous budget bills from this government that have ranged from 200 to over 800 pages. I have spoken out against these omnibus bills in the past, as honourable senators will know, yet time and time again, we see the same abuse of the legislative process.

Hundreds of changes affecting dozens of pieces of legislation are crammed into one bill. They completely handcuff the opposition parties, eliminating our ability to vote on issues separately. It is pure politics and poor policy.

In fact, it was Prime Minister Harper speaking in 1994 as an MP on the Liberal omnibus budget bill that said:

Mr. Speaker, I would argue that the subject matter of the bill is so diverse that a single vote on the content would put members in conflict with their own principles.

Now, the length of the bill that he was referring to was 21 pages. That would barely cover the table of contents for this government.

These omnibus bills often have a smattering of positive measures woven throughout the hundreds of pages that I and other senators would be happy to support. Bill C-4 is no different. However, because of the design of these bills, the good is outweighed by the bad, which means being forced to vote against measures that I actually support in order to reject the rest.

At a time when the public is fed up with the hyper-partisan state of Canadian politics, it would be extremely beneficial if the government would break up these bills and allow us to vote separately on the issues that matter.

In fact, this was something raised when the Finance Committee heard from other honourable senators who sat on the committees tasked with examining parts of Bill C-4. Although all the committees returned their respective areas without amendment, some senators suggested the changes found in Bill C-4 should be presented in stand-alone legislation, not in an omnibus bill.

Now, there are several areas of this bill that concern me that I intended to speak on today, but because of time restraints and the fact that these issues have already been discussed by colleagues on this side, I will end by saying that I will not be supporting Bill C-4, despite the bill having a number of acceptable measures. The nature of the bill simply does not allow for it.

I hope the government will finally realize this is no way to implement their legislative agenda and leave the budget implementation bill for its designed purpose, and that is measures in the budget and only measures in the budget.

[Translation]

**Hon. Serge Joyal:** Honourable senators, I wish to draw the attention of my Quebec colleagues to Bill C-4 and clause 471 in particular.

On the surface, it is not as important as the other 470 clauses; however, I feel it is of the utmost importance because it calls into question the status of Quebec justices who sit on the Supreme Court of Canada.

Honourable senators, during the federal compromise of 1867, there were three essential elements that swayed Quebec's decision to join the federal union. The first was protection for official languages: French, of course, and English. The second was the tradition of civil law in Quebec. The third was a Senate based on regional representation. Those three elements of the original compromise prompted Quebec to join the federal union.

I don't want to talk about official languages today. Instead, I will talk primarily about the second issue, the tradition of civil law in Quebec.

Canada does not have a monojural system. It has a bijural system. There are two legal systems in Canada: the common law system and the civil law system. Civil law was consolidated in a code in 1865, before Confederation was achieved, with the specific purpose of ensuring that the new country could recognize Quebec's civil law tradition and take that tradition into account in drafting its laws and in the decisions of the courts that the Constitution allowed the new country to create.

Honourable senators, the Supreme Court of Canada is one of the three pillars of the Canadian government.

[English]

The first one is the office the Queen; the second one is the Parliament of Canada, of which the Senate is a composing member; and the third one is the Supreme Court of Canada.

[ Senator Callbeck ]

• (1640)

[Translation]

The Supreme Court of Canada is a mainstay of our system of government. It has three specific roles in the governance of Canada. I would like to quote what the Chief Justice of the Supreme Court, Beverley McLachlin, had to say in this regard in an article published in 2006. She said:

[English]

Canada is a constitutional democracy. All powers, whether of Parliament, the Executive or the courts, must be exercised in accordance with the Constitution . . . .

First, the courts define the precise contours of the division of legislative power between the federal and provincial government within the constraints imposed by the *Constitution Act, 1867*.

Second, the courts rule on legislation alleged to be unconstitutional for violation of the *Charter* . . . .

Third, the court exercises *de facto* supervision over the hosts of administrative tribunals created by Parliament and the Legislatures.

Honourable senators, our system of government is not a system of government where Parliament is supreme. We are in a system of government where the Constitution is supreme. It's quite different. We cannot legislate in a way not to respect the division of power between the federal government and the provincial governments. We cannot legislate in a way that would violate the rights and freedoms of Canadian citizens. So our supremacy is constrained, and the authority to interpret those kinds of constraints is the Supreme Court of Canada.

The Chief Justice continued in her article:

By enacting Canada's constitutional instruments, Parliament and the Provinces decided that this be so.

So it is a decision that has been taken collectively by Canadians that this is the way our system will function.

The problem with the bill that we have now, or the clause that we have now, 471, is that, in my opinion, it violates section 41 of the Constitution of Canada.

Section 41 of the Constitution of Canada provides that an amendment to the Constitution of Canada in relation to the composition of the Supreme Court of Canada cannot be achieved without the unanimity rule. That is section 41 of the Constitution Act, 1982.

The Constitution continues at section 42, the next section: An amendment to the Constitution of Canada in relation to the Supreme Court of Canada cannot be achieved without the



concurrence of seven provinces representing 50 per cent of the Canadian population.

If we want to change something on the composition of the court, we need unanimity. If we want to change something in relation to the court, it is 7/50.

The problem with clause 471, in my humble opinion, is that it changes the composition of the Supreme Court of Canada.

The Chief Justice, again in her article of 2006, wrote the following:

Although the existence of the Supreme Court of Canada is not expressly enshrined in the Constitution of Canada, the composition of the Court is now constitutionally protected under the terms of the Constitution.

In other words, if we want to change something in relation to the Constitution, it's a constitutional amendment. If it is a constitutional amendment, in relation especially to Quebec, because the issue is the three judges coming from Quebec, it calls upon the concurrence of the Quebec province — section 43 of the Constitution, when an amendment addresses one province and not the others.

The problem with clause 471 of Bill C-4 is that it was quite clear when we adopted section 41 of the Constitution in 1982 what we had in mind, because it is important, if we contend, as I contend, that the composition of the courts protects the three judges of Quebec, to understand what the legislators in those days in 1982 had in mind.

I want to read it to you, honourable senators, from what we call the marginal notes. In other words, when we adopt legislation, there is a section on the left or on the right side, depending on whether it is in French or in English, which are the marginal notes — that is, the explanation of the intention.

So what was the explanation of the intention in relation to the composition of the court in 1982? I quote it:

[Translation]

This section will ensure that the Supreme Court of Canada has some judges who come from the Barreau du Québec or a Quebec court and who are therefore trained in civil law. The other provisions regarding the Supreme Court of Canada are set out in section 10.

[English]

It's what I mention and refer to in section 42(d) in relation to the whole of the Supreme Court.

The problem with the composition of the court, honourable senators, is that the Supreme Court Act doesn't address the same conditions for judges for the six seats for the rest of Canada and the three seats for Quebec. There is no symmetry between the two.

I want to read sections 5 and 6. Section 5 is the one for the six judges outside Quebec. I will read it in English so that it will be easier for anyone to understand:

Any person may be appointed a judge who is or has been a judge of a superior court of a province or . . . advocate of at least ten years standing at the bar of a province.

That's for the six judges.

Now for the three judges of Quebec:

At least three of the judges shall be appointed from among the judges of the Court of Appeal . . .

"From among" — not "is or has been" a judge. You have to be a sitting judge among the Court of Appeal or the Superior Court of the province or among the advocates of that province. So you have to be in good standing in the bar to be admitted.

The problem with this is that in the Quebec bar, since the new Civil Code was adopted in 1982, at each five-year period, if you are not practising law, you have to follow a retraining, and if you don't follow that retraining, which covers a year of different issues or topics, you are disbarred. The problem is that if you want to be appointed to the Supreme Court as a judge, you have to be a member of the bar in good standing.

That is why I say to you there is no symmetry between the six and the three. The six you can have been; the three you have to be. If you change that, you change the composition of the court.

The objective of the Minister of Justice is supportable; it makes sense. But it doesn't make sense in the context of the Constitution. The objective of the Minister of Justice is the following, and I quote from a press release from October 22 by the Minister of Justice:

Longstanding members of the Quebec bar should be, and are under the law, treated the same as lawyers in other provinces and territories in Canada."

So it's quite clear that the objective of clause 471 of Bill C-4 is to organize a perfect symmetry that was not originally contemplated for a very specific reason, that the original legislators wanted judges sitting for Quebec in the Supreme Court to be a judge from the Court of Appeal or Superior Court or be a member in good standing — that is, knowing the civil law of the province at the time he is appointed.

It is unfortunate, honourable senators, that this bill is coming at the same time as there is a reference to the Supreme Court. The government recognized that there is a problem. I pay respect and tribute to the government. The government has accepted to make a reference to the Supreme Court of Canada. Such a reference will be heard by the court on January 16. The government asked the court essentially this question: Can they streamline the qualification through a simple act of Parliament?

My contention, honourable senators, is no. Parliament cannot do that. If we want to achieve that, we have to go through the formal process of a constitutional amendment.

As a matter of fact, I am vindicated in that conclusion by the substance of the Meech Lake Accord. Some of you were sitting in the other house — and I am looking at my friend Senator Fortin-Duplessis — when the Meech Lake Accord was introduced in the chamber. Well, the Meech Lake Accord had a section amending the Supreme Court Act to precisely achieve the streamlining of the condition.

• (1650)

It's quite clear that if we wanted to do that in the Meech Lake Accord it is because the act does not allow us to do it by a simple act of Parliament.

It seems to me, and it is quite clear, that the Quebec government has asked us one thing in relation to the present situation. I would like, with the concurrence of my colleagues, to table a letter that the Quebec government sent to our Standing Senate Committee on Legal and Constitutional Affairs, ably chaired by Senator Runciman, in both languages.

It says:

[Translation]

... the Government of Quebec believes that consideration of these provisions should be delayed until the court has issued its opinion.

[English]

In other words, the Government of Quebec believes that consideration of these provisions, clause 471, should be delayed until the court has issued its opinion.

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

**Hon. Senators:** Agreed.

**Senator Joyal:** It is quite a sensible position. The government goes to the court, asks the court's opinion, and at the same time the government asks us to legislate on the issue. There's something wrong there. Let's at least wait until the Supreme Court rules. If the Supreme Court rules in favour of the government, this bill, clause 471, is totally constitutional. But if the court rules that we cannot unilaterally streamline the condition, then this clause of Bill C-4 that we are adopting is unconstitutional, honourable senators.

It is important and I want you to reflect on this, and I will conclude with it: This year we live in an extraordinary situation. The three items I have mentioned, the three pillars of our system of government, the office of the Queen, are challenged in the Superior Court in Quebec — the very bill that we adopted here

last spring. I have petitioned the court to intervene to support the government initiative. It is December 12 today. On November 12, the Supreme Court heard about the reform and status of the Senate. We are now facing a question about the composition of the Supreme Court of Canada.

It is an extraordinary time we are living in, honourable senators, which might change the very structure of the pillars of our system of government. I think we should think and pause in what we are called to do here. It is not that I am opposed per se to what is proposed, but we should do it according to the Constitution. It is our role as senators to uphold the Constitution of Canada in relation to the regions we represent in this chamber.

**Hon. Elaine McCoy:** I wanted to stand and ask another senator stand to with me on the vote so that we could record who is supporting this omnibus bill, but I also recognize that arrangements have been made for the Governor General and Royal Assent. So practicality will win out yet once again with the number of votes with the majority in the chamber.

Instead, though, I will take a few minutes to be on record as saying I will vote against this bill, not that I am against all of it. I agree 100 per cent with Senator Callbeck. It's the kind of bill that puts your principles in conflict, but there are some things in this bill that I think are unsupportable. One of them is the labour-sponsored venture capital funds. Senators Rivest and Bellemare both spoke eloquently on that. I endorse those comments and I will vote against that. I vote against yet another attack on another trade labour union that is in this bill, and I would vote against the disrespect that is being shown to one of our institutions, the Supreme Court of Canada. Yet again, it is a demonstration to my way of thinking of a complete disregard of the democratic underpinnings of our country.

Is there a lack of knowledge on the part of those supporting and advising our Prime Minister, or is it because they think they don't need anything but their own wishes to be uttered and therefore they get their own way? This is not a monarchy. This is not a dictatorship. This is a constitutional democracy. Yet, once again this one clause — clause 471 — is in the back of a budget bill, flying in the face of a constitutional requirement, and all the backbenchers just go along like little ducks and support it. I don't know. We will see how many of you object to it in this Senate, how many people will continue enabling this disrespect.

You spend millions of dollars on celebrating a hundreds of years old war, the War of 1812, which wasn't even Canadian. That was the British army, for heaven's sakes, not the Canadian Army. The government is spending millions of dollars creating a myth about Canada that is untrue, yet disrespecting the Constitution and, of all things, the Supreme Court of Canada. I object strenuously.

The tragedy of it is that we can't have a longer discussion about this particular clause and the ramifications that we are creating when we create a culture of disrespect for our civil servants through the bullying treatment and the options for management to use violent, domineering behaviour — another dictatorship — on the very people we rely upon to implement the policies that we put forward.

[ Senator Joyal ]

Those are my short comments, and I am now on the record as being against those particular pieces of this legislation. I look forward to Senator Day's and Senator Baker's ideas as well, if we look at ways that we can begin to come up with some way in which we can help renew the Senate's legitimacy, relevance and effectiveness for Canadians in at least stopping budget bills of this nature.

[Translation]

**Hon. Céline Hervieux-Payette:** Honourable senators, I would like to tell my colleagues from Quebec, Senator Bellemare and Senator Rivest, that they can count on my help to push the idea of other reviewing the decision on the FTQ and CSN labour funds in Quebec.

I would like to highlight an extraordinary investment made in Biochem Pharma, where I worked as a board member. This was the first initiative involving an AIDS vaccine that been developed by Canadian researchers; this company was later sold for \$5.5 billion. Therefore I cannot agree that these funds do not help Quebec move forward. I could give many examples of firms where investments ranged from \$500 million to \$1.5 billion.

The usefulness of these funds and especially the business culture in Quebec may be different from the reality in the rest of Canada. The government would show good faith by ensuring this file is opened and studied in detail, while identifying the inherent benefits.

There is a division that has not been discussed yet and, in the explanatory notes to clauses 159 and following, this is supposedly called the part on "trust and loan companies," and deals with conflicts of interest.

These clauses are rather mysterious. They read that such and such a paragraph "of the *Bank Act* is repealed," and that such and such a paragraph "of the *Insurance Companies Act* is repealed." Therefore, if you do not read all the paragraphs in question, you will not understand the meaning. Also, I find it amazing that, according to the government's explanatory notes, they essentially self-consulted. The Office of the Superintendent of Financial Institutions advised its minister that there were not enough people who could sit on the board.

• (1700)

Senior federal government officials could sit on boards of directors. Tomorrow morning, the deputy minister of agriculture could sit on Scotiabank's board and the deputy minister of health could sit on Manulife's board.

I have never understood. Even the minister did not understand these measures, because when he appeared before the Standing Senate Committee on Banking, Trade and Commerce, he was unable to explain why it was necessary to tap into the pool of senior officials. All we know is that a person who sits on the board of directors of a bank earns \$150,000-plus a year.

Yvan Allaire from the Institute for Governance, in Quebec, was appalled by this measure. He said that these people will earn roughly \$1 million in three years. We wonder when they will have

time to work for Canadians when they spend their time reviewing the bank's documents and attending meetings and committees. That does not leave a lot of time to work for Canadians. Are deputy ministers supposed to serve Canadians or shareholders?

These clauses are totally unacceptable, even ridiculous. I talked to retired deputy ministers who said this was unbelievable and unthinkable. Why meddle with this? I am not sure who lobbied to include this measure in the bill, but one thing is clear: the government is relying on public officials to recommend that other public officials sit on boards of directors when we have a population of 34 million.

In closing, I would remind you that we have many qualified women. I hope the banks and financial institutions will replace their directors with these women, who have graduated from every faculty across the country, instead of tapping into the pool of senior federal government officials. These senior officials can sit on boards of directors when they are no longer deputy ministers, once they have retired, and can pass on their knowledge and experience to the shareholders of these banks.

[English]

**Hon. Anne C. Cools:** Honourable senators, I rise to express concerns on the injudicious nature of these Supreme Court of Canada clauses of the budget implementation act, Bill C-4.

I note to honourable colleagues, as it has been noted before, that on the final page, in the final paragraphs and final division of Bill C-4, is a section, Division 19, entitled the "Supreme Court Act," and it begins in clause 471 that, "The Supreme Court Act is amended by adding the following after section 5 . . ."

Colleagues, I would just like to note very carefully that the bill before us that we call the budget implementation bill is Bill C-4, entitled: "A second Act to implement certain provisions of the budget tabled in Parliament on March 21, 2013 and other measures."

Colleagues, I fail to see how an amendment to the Supreme Court Act can possibly be any part of the government's implementing or implementation of the provisions of the budget of March 21, 2013. If anyone can enlighten me as to the connection, I would be encouraged and grateful.

Honourable senators, it all seems so simple. Maybe this little tag-on to Bill C-4 was done at the last minute, and maybe in a hurry. I say that we can't look at it that way. I think this Division 19, this tag-on, is most injudicious and violates not only many sound constitutional concepts but also violates many of the basic principles and what I would call the customs and practices of the houses of Parliament in respect of bringing bills before the house that concern amendments to the law in respect to the Judges Act, the judges' salaries or of the courts of justice.

There is a body of law that dictates how the houses of Parliament should approach debate and proceedings on judicial affairs. I do not understand why the Treasury Board ministers and the Minister of Finance and all of these high ministers saw, or see, a necessity to include a judicial clause in Bill C-4.

This particular question, the Supreme Court Act, by itself is worthy of and deserves a full debate just on the facts of the matter and on the law. I thank Senator Joyal for raising these important questions.

I wish to reinforce again a point I made some years ago, that when a minister asks a house to vote on a question, that that minister should have regard for the many issues contained within one bill. Too many issues make it impossible to support some and oppose the others. It puts a person like me, who finds these provisions objectionable, because they are an afterthought — in a position that the only way I can possibly express opposition to this tackiness is by saying “no” to the whole bill. Honourable senators, I don’t think Parliament is supposed to operate like that.

In addition, honourable senators, I think we should not put up with this sort of shoddy practice, this sort of untidiness and this parliamentary carelessness. I say in the strongest terms, yet again, that the ministers who put these bills before us should pay more attention and care.

Honourable senators, the last point I wish to make, because I find this totally unacceptable and I suspect that the legal and the judicial community and the community of judges will also find it unacceptable. I add that we have had bills before that have touched very sensitive issues, such as, the appointments of judges. But they have always been couched within judges’ or related acts; in other words, within the appropriate and proper bill context. It is unfortunate, and I think unfair to Mr. Justice Nadon, that this has been done in this manner. It is highly insensitive, extremely insensitive and unnecessary. I’m sure that most of us would have welcomed a bill precisely and solely to amend the Supreme Court Act, and nothing else but that.

Honourable senators, I am not speaking on the same questions as Senator Joyal. He spoke to the constitutionality of the issues. I am speaking to the form of proceeding that this matter has taken. I say, colleagues, that this is a very poor form for a proceeding. As you know, form in proceedings in Parliament is an extremely important matter. I say we should not accept this sort of shoddiness. The government had a duty to put before us a bill that makes changes, if necessary, in respect of the Supreme Court, so that those questions would be debated on their own merit in a legal context, rather than in the context of a financial bill, a budget bill.

Finally, colleagues, because we do not pay attention to these things, it has always been thought that all matters to do with judges and courts should never come forth within bills that can attract what we call votes of confidence or the defeat of governments.

Budget implementation bills belong to that family of bills that very clearly invite votes of confidence, because we do not believe that we should ever involve any judge or any of the courts in the context of the defeat of a government on a question of confidence.

I think, colleagues, we have a duty, and the government has a duty, to govern better than this.

[ Senator Cools ]

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

**Some Hon. Senators:** Question!

**The Hon. the Speaker:** It was moved by the Honourable Senator Buth, seconded by the Honourable Senator Smith (*Saurel*), that Bill C-4 be read a third time.

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

**Some Hon. Senators:** No.

**Some Hon. Senators:** Yes.

**The Hon. the Speaker:** On division?

**Some Hon. Senators:** On division.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Let me put the question more formally. All those in the favour of the motion will please say “yea.”

**Some Hon. Senators:** Yea.

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

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the “yeas” have it.

*And two honourable senators having risen:*

**The Hon. the Speaker:** Is there agreement on the bell? At 5:25 a standing vote will be taken.

Do I have permission to leave the chair?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Call in the senators.

• (1720)

Motion agreed to and bill read third time and passed, on the following division:

YEAS  
THE HONOURABLE SENATORS

Ataullahjan	McIntyre
Batters	Meredith
Bellemare	Mockler
Beyak	Nancy Ruth
Black	Ngo
Boisvenu	Nolin
Buth	Ogilvie
Carignan	Oh
Champagne	Patterson
Dagenais	Plett
Doyle	Poirier
Enverga	Raine
Fortin-Duplessis	Rivard
Frum	Runciman
Gerstein	Seidman
Greene	Seth
Housakos	Smith ( <i>Saurel</i> )
Johnson	Stewart Olsen
Lang	Tannas
LeBreton	Tkachuk
MacDonald	Unger
Maltais	Verner
Manning	Wallace
Marshall	Wells
Martin	White—51
McInnis	

NAYS  
THE HONOURABLE SENATORS

Callbeck	Jaffer
Cools	Joyal
Cowan	McCoy
Day	Mercer
Downe	Mitchell
Fraser	Moore
Furey	Munson
Hervieux-Payette	Robichaud
Hubley	Tardif—18

ABSTENTIONS  
THE HONOURABLE SENATORS

Nil

**The Hon. the Speaker:** Honourable senators, is it your pleasure that the sitting be suspended to await the arrival of His Excellency, the Governor General?

**Hon. Senators:** Agreed.

(The Senate adjourned during pleasure.)

• (1750)

[*Translation*]

**ROYAL ASSENT**

His Excellency the Governor General of Canada having come and being seated on the Throne and the House of Commons having been summoned, and being come with their Speaker, His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Museums Act in order to establish the Canadian Museum of History and to make consequential amendments to other Acts (*Bill C-7, Chapter 38, 2013*)

A second act to implement certain provisions of the budget tabled in Parliament on March 21, 2013 and other measures (*Bill C-4, Chapter 40, 2013*)

The Honourable Andrew Scheer, Speaker of the House of Commons, then addressed His Excellency the Governor General as follows:

May it please Your Excellency.

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Excellency the following bill:

An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2014 (*Bill C-19, Chapter 39, 2013*)

To which bill, I humbly request Your Excellency's assent.

His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

(The sitting of the Senate was resumed.)

[English]

## NATIONAL SECURITY AND DEFENCE

### COMMITTEE AUTHORIZED TO STUDY STATUS OF CANADA'S INTERNATIONAL SECURITY AND DEFENCE RELATIONS

Leave having been given to proceed to Motions, Order No. 45

**Hon. Daniel Lang**, pursuant to notice of December 11, 2013, moved:

That the Senate Standing Committee on National Security and Defence be authorized to examine and report on the status of Canada's international security and defence relations, including but not limited to, relations with the United States, NATO, and NORAD; and

That the Committee report to the Senate no later than December 31, 2014, and that it retain all powers necessary to publicize its findings until 90 days after the tabling of the final report.

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

**Hon. Senators:** Agreed.

(Motion agreed to.)

### COMMITTEE AUTHORIZED TO STUDY POLICIES, PRACTICES, AND COLLABORATIVE EFFORTS OF CANADA BORDER SERVICES AGENCY PERTAINING TO ADMISSIBILITY TO CANADA

Leave having been given to proceed to Motions, Order No. 46

**Hon. Daniel Lang**, pursuant to notice of December 11, 2013, moved:

That the Senate Standing Committee on National Security and Defence be authorized to examine and report on the policies, practices, and collaborative efforts of Canada Border Services Agency in determining admissibility to Canada and removal of inadmissible individuals; and

That the Committee report to the Senate no later than December 31, 2014, and that it retain all powers necessary to publicize its findings until 90 days after the tabling of the final report.

He said: We are seeking to understand what the challenges are pertaining to how the government and its various agencies manage the over 90,000 foreign nationals who enter Canada daily and the over 40,000 people deemed inadmissible but not yet

removed from Canada. Recently the Auditor General, in his fall report, spoke about some of these challenges, and the committee is seeking to explore this area of study.

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

**Hon. Senators:** Agreed.

(Motion agreed to.)

[Translation]

## CRIMINAL CODE

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

Leave having been given to proceed to Other Business, Senate Public Bills, Second Reading, Order No. 13:

**Hon. Céline Hervieux-Payette** moved second reading of Bill S-206, An Act to amend the Criminal Code (protection of children against standard child-rearing violence).

She said: Honourable senators, I wanted to speak on this subject to show you that I had an excellent speech, which, I am sure, you are eager to hear. However, following incidents involving children who were virtually removed in the dead of night from the Lev Tahor community near my country home, and also children who were removed from Manitoba communities because of child-rearing violence, I will spare you today from listening to all my good arguments on the need to pass Bill S-206. I will come back, to this when we return from the Christmas break with a well-prepared and well-thought-out speech, and I hope that you will help me pass this bill. I therefore ask that the debate be adjourned for the remainder of my time until the next sitting of the Senate.

(On motion of Senator Hervieux-Payette, debate adjourned.)

## BUSINESS OF THE SENATE

### FELICITATIONS

**Hon. Claude Carignan (Leader of the Government):** Honourable senators, as is the tradition before we adjourn for the holiday season, I would like to take this opportunity to thank all senators. We had a short but intense session marked by debates that were fruitful but also difficult.

However, I think we made the right decisions, and we showed Canadians that the Senate could reform itself, take control of itself and make progress toward modernization and greater accountability. In recent weeks, historic decisions have been made and historic actions have been taken, and I think this bodes well for the remainder of the session.

I would therefore like to thank all honourable senators for the time, passion and enthusiasm they invested in their work, both in the Senate and as members of Senate committees. All senators work towards a common goal, and that is serving Canadians.

• (1800)

Even though we sometimes have different — and differently coloured — opinions, we all share the objective of serving Canadians and improving the quality of life of our constituents. Never have I felt that any senator here does not share that objective.

That is one reason why I am very proud to be a senator and very proud to be the Leader of the Government in the Senate, with a caucus and a team made up of excellent people who share this passion.

I would like to take this opportunity to extend my wishes for happiness and health to everyone in this chamber. As I like to say, give me my health and I'll take care of the rest. I think that everyone here would agree that having your health is the most precious gift, and we can take care of the rest. I therefore wish everyone good health. I want us to continue having debates in this chamber in order to improve the quality of life of Canadians.

I also want to thank Senator Cowan for his collaboration. We have had some excellent exchanges in our debates. It may not always be obvious in this chamber, since the debates are clearly a little more partisan, but during our meetings and our discussions it is clear that we share the common goal of making the Senate more accountable and efficient, and I know that we share a modern vision. I appreciate it very much, and it is reassuring to share this goal with the other side.

I would also like to thank Senator Fraser and, obviously, my deputy leader, who was also taking on this role for the first time. There are a lot of firsts here. Senator Martin did an excellent job, as did all the leaders, and I want to thank them all.

Every time I see them, I am always impressed by the work done by our table staff, the reporters, and the people who take care of translation. They have definitely heard more French in the past few weeks. Perhaps it has changed some patterns in terms of translation and note taking. I would therefore like to thank all staff and the pages and wish them a very Merry Christmas and all the best for 2014.

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

[English]

**Hon. James S. Cowan (Leader of the Opposition):** Colleagues, I'd like to say a few words and follow up on my friend Senator Carignan's comments. I agree with his assessment of the willingness of people here to work together to improve this place. He and I have had some very useful and I think very collaborative discussions that were somewhat delayed and derailed by other activities that we had going on this fall. But

we do share a belief in this institution and a willingness to work with colleagues throughout the chamber, and with you, Mr. Speaker, to make this chamber and the Senate work better.

I want, on behalf of my colleagues on this side, to wish everyone here in the chamber — and everyone who is part of the wider Senate family — happy holidays and quality time with their friends and family before we return at the end of January.

This is an important institution and an important part of our parliamentary democracy. While we know that we do a lot of good work, particularly in our committees, that is not as widely known in the Canadian public as it should be. So I think we share a belief, collectively, that there is a lot more that we can do and we should do on behalf of Canadians, and we look forward to working with our friends on the other side toward those goals.

My sense is that there is a growing consensus on both sides of the chamber and a growing willingness to work together collaboratively to make the Senate function in a more open and transparent manner, and to make our proceedings and our activities and our work more accessible to Canadians.

So I would urge all of us to commit to return from our break prepared to work together to improve our performance in the chamber, in committee, and towards the improvement of this institution and how we communicate what we do to Canadians.

As Senator Carignan has said, these past few months have been difficult for the Senate, and they've been difficult for all of us. None of us want to be in judgment, to be passing judgment, when dealing with our colleagues. Whether they are our friends or not, they are our colleagues, and we have to respect their rights and interests; but, at the same time, we have to do the right thing. While we didn't always agree on the approach that we were taking toward this, I think all of us were determined to do the best we could in the circumstances, to do the right thing for the Senate and for them.

Canadians have been watching not only what we've done but how we've done it, sometimes with an intensity that we wish were not the case. Occasionally we were saved by other events, nationally and internationally, but for much of the fall the focus was on the Senate and Canadians were watching what we did. In some cases, I think that they were impressed by the quality of the debate and discussion. In other cases, they had some questions which I don't think they felt had been answered. So I hope that all of us will reflect over the break and will come back to our work here at the end of January determined to do what we do better.

Let me conclude by thanking all of those who work for the Senate, and all of those who work for us in our offices, for what they do for the Senate, for us and for Canadians. We should never miss an opportunity to tell them how much we appreciate their support. Without their support, collaboration and assistance, we couldn't do what we do. Happy holidays to all, and we look forward to seeing you back here at the end of January.

**Hon. Yonah Martin (Deputy Leader of the Government):** Your Honour, and honourable senators, there are items remaining on the Orders of the Day under Government Business, but, with

leave of the Senate, I would ask that we let stand all remaining items on the *Order Paper and Notice Paper* and that they retain their place.

**The Hon. the Speaker:** Is it agreed?

**Hon. Senators:** Agreed.

**ADJOURNMENT**

**MOTION ADOPTED**

Leave having been given to revert to Government Notices of Motions:

**Hon. Yonah Martin (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 5-5(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, January 28, 2014, at 2 p.m.

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

**Hon. Senators:** Agreed.

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

**Hon. Senators:** Agreed.

(Motion agreed to.)

(The Senate adjourned until Tuesday, January 28, 2014, at 2 p.m.)

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