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(HANSARD)

Wednesday, March 29, 2017

The Honourable GEORGE J. FUREY
Speaker

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THE SENATE

Wednesday, March 29, 2017

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

Prayers.

BUSINESS OF THE SENATE

The Hon. the Speaker: Honourable senators, before commencing with Senators' Statements, I wish to remind you that, through agreement, I have been asked to enforce the three-minute rule for Senators' Statements. If you see the table stand, it means you have 10 seconds to clue up your statement. Thank you, honourable senators.

[Translation]

SENATORS' STATEMENTS

THE LATE JANINE SUTTO, C.C., C.Q.

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): Honourable senators, I rise today to pay tribute to a great lady from Quebec, Janine Sutto, also known as "Notre Dame du Théâtre." She died peacefully yesterday morning at age 95 surrounded by her loved ones.

Born in Paris to an Italian father and an Alsatian mother, Janine moved to Montreal at an early age. Her career began in her teenage years and continued for 75 years, a feat worthy of our admiration. A true icon of Quebec theatre and television, Janine Sutto made more than 70 appearances in dramatic works and television series. She was truly integral to the very early days of Quebec television and cinema.

Janine was a stage actor. In 1968 she performed in the premiere of *Les Belles-soeurs*, by Michel Tremblay, in the role of Lisette de Courval. She ended her career at age 92 in the musical *Belles-Soeurs* at the prestigious Théâtre du Rond-Point on the Champs-Élysées, in her native Paris. Her immense talent enabled her to transcend the ages and adapt as technology changed her art form over the years, from radio dramas in the 1940s to the web series of today.

She received countless accolades, including being named an Officer of the Order of Canada in 1986 and a Knight of the National Order of Quebec in 1998. In 2014, Ms. Sutto received the Governor General's Performing Arts Award. In April 2015, she was the first woman to be made an honorary citizen of the City of Montreal.

Beyond that, Janine Sutto brought laughter and tears to an entire people and all of Quebec. She left her mark on us with her love for her art and her love for her twins: Catherine, who had trisomy 21 and died in 2011, and Mireille Deyglun, who followed in her mother's footsteps and also became an actress.

What struck me about Janine was her passion for her craft and her work ethic. She loved to act. She wanted to move people, to draw out emotions, no matter which ones, and she acted in dramas and comedies with such finesse and clarity. She used to say that anyone who was not passionate about their craft, with its ups and downs, should do something else.

This great lady, who was small in stature, will be remembered for a long time. She wanted to move her audience and she had an impact on several generations; she wanted to touch the hearts of the young people she mentored, because she believed that they were "our future selves" — and she was quite right. To Janine's friends and family, and to those who love Quebec theatre, film and television, I extend my sincerest condolences.

[English]

INTERNATIONAL DAY FOR THE ELIMINATION OF RACIAL DISCRIMINATION

Hon. Lillian Eva Dyck: Honourable senators, March 21 was the International Day for the Elimination of Racial Discrimination. This year's theme is "Learning from historical tragedies to combat racial discrimination today." One such historical tragedy was the establishment of Indian residential schools.

Honourable senators, let's remember that in June 2008, former Prime Minister Harper delivered a historic apology for the Indian residential schools system.

Two primary objectives of the residential schools system were to remove and isolate children from the influence of their homes, families, traditions and cultures, and to assimilate them into the dominant culture.

These objectives were based on the assumption that aboriginal cultures and spiritual beliefs were inferior and unequal. Indeed, some sought, as it was infamously said, "to kill the Indian in the child."

Today, we recognize that this policy of assimilation was wrong, has caused great harm, and has no place in our country. . . .

. . . The government now recognizes that the consequences of the Indian residential schools policy were profoundly negative and that this policy has had a lasting and damaging impact on aboriginal culture, heritage and language.

While some former students have spoken positively about their experiences at residential schools - these stories are far overshadowed by tragic accounts of the emotional, physical and sexual abuse and neglect of helpless children and their separation from powerless families and communities.

Honourable senators, in June 2015, the TRC delivered its initial summary report which documented the tragic legacy of Indian residential schools and outlined 94 calls to action to reconcile and to move forward positively. While many Canadians and many educational institutions have embraced the report, there is some resistance.

Honourable senators, as an example of such resistance, I will read into the record excerpts from an email sent to me 11 days ago:

The Truth and Reconciliation committee was more of a monkey-donkey show, an excuse to raise hell and hold a pow wow on TV, and Trojan horse, and a vehicle to screw and hold ransom and extort the government.

Beyak is right.

The residential school idea was a good intention gone bad.

The main trouble was that the teachers did not have the knowledge and skills to handle all the mental illness and behaviour problems and emotional problems of the children already caused by the insane and incompetent parents.

The government gives the Indians and half breeds, millions of dollars.

The majority of you do not even know how to look after a house.

Everything that is given to you people turns to shit in short order.

Colleagues, I believe that a small minority of Canadians think this way. While we have a right to free speech, as senators, we have a responsibility to our country. Perpetrating misinformation about these schools harms all Canadians. Ignorance leads to prejudice and prejudice feeds racism.

Hon. Senators: Hear, hear!

ALBERTA

ECONOMIC MEASURES

Hon. Betty Unger: Honourable colleagues, my home province of Alberta was the economic engine of Canada for decades but now is in a severe recession. Through our petroleum industry, Alberta provided good-paying jobs for hard-working people across the country, which included many fine workers from Atlantic Canada. But all of this changed with the downturn in oil prices.

Over the last two years, hundreds of thousands of jobs have been lost in Alberta. The unemployment rate has risen from 4.6 per cent to 8.8 per cent. Youth unemployment now sits at 13.5 per cent.

Last week, Finance Minister Morneau was in Calgary speaking to the Calgary Chamber of Commerce. He acknowledged that Alberta families have had it tougher than most and that the government could do more to help. Yet Minister Morneau is actually doing the opposite.

• (1410)

He hiked payroll taxes, cancelled numerous tax credits and is now going directly after the Alberta oil industry by removing tax deductions on exploration and driving away billions of dollars in future investment.

Alberta does not need and cannot afford this kind of help.

Perhaps the Liberal government hasn't noticed, but our largest trading partner to the south, under President Donald Trump, is committed to reducing the tax burden on Americans and making their businesses more competitive.

There will be no carbon tax in the U.S., and instead of raising taxes, President Trump plans to cut personal income tax and to slash the corporate tax rate from 35 to 15 per cent.

As the Fraser Institute recently commented, "This policy move would have major implications for Canada. For starters, it would dramatically reduce the competitiveness of our business tax regime."

We are headed for serious trouble under this Liberal government and Albertans are extremely concerned.

Last month, Alberta's 27 Conservative members of Parliament released their Alberta Jobs Taskforce report, which contains immediate solutions to get Albertans back to work and to reignite Alberta's once-thriving economy.

Conservative MPs in Alberta have an Alberta-made plan for job creation with 11 recommendations. If Mr. Morneau and his government are truly interested in helping Albertans, they should immediately begin implementing these excellent recommendations.

THE HONOURABLE MURRAY SINCLAIR

CONGRATULATIONS ON INDSPIRE LIFETIME ACHIEVEMENT AWARD

Hon. Kim Pate: Honourable senators, I rise today to join the congratulatory chorus celebrating our dear friend and colleague, the most Honourable Senator Murray Sinclair.

Hon. Senators: Hear, hear!

Senator Pate: This past Friday at the Indspire Awards, Senator Sinclair received the highest honour: a Lifetime Achievement Award in celebration of his life's work with and for indigenous peoples throughout the country.

Senator Sinclair is also their very first double-award laureate, having received the Law & Justice Award in 1994.

Indspire is an indigenous-led charity, the largest non-governmental source of funding for indigenous education in Canada. Indspire provides educational resources and programs to indigenous communities, including the awarding of more than 3,500 scholarships and bursaries in the past school year alone.

The Indspire Awards recognize indigenous professionals and youth who demonstrate outstanding career achievement. They aim to promote self-esteem and pride for indigenous communities, and provide outstanding role models for indigenous youth.

Senator Sinclair is a loving husband, father, grandfather and friend to many. He has also devoted his life to supporting, mentoring and inspiring countless groups of individuals here and around the globe.

In addition to the traditional knowledge he learned from his grandparents, parents, kin and community, Senator Sinclair has achieved highest honours, set tracks and trailblazed throughout his remarkable career, first as a lawyer specializing in Aboriginal law, to his appointment as Manitoba's first — and Canada's second — indigenous judge, to his leadership of the Manitoba justice inquiry and the Truth and Reconciliation Commission, and now, here in the Senate of Canada.

Senator Sinclair's unwavering commitment to addressing and remedying Canada's legacy of inequality and colonialism inspires each and every one of us every day, as treaty people, to have the courage to similarly demand change and to insist on justice, fairness and equality for all.

Thank you, Senator Sinclair. We all benefit and are the better because of your unwavering commitment, your brilliant intellect, your wonderful wit, but most particularly for your unparalleled courage in challenging Canada to improve its treatment of indigenous peoples and your unwavering faith that, together, we, and all of Canada, can rise to this challenge.

While celebrating lifetime achievement inevitably asks us to reflect back, Senator Sinclair's focus is and always has been on the future. Reflecting on his extraordinary achievement of publishing the Truth and Reconciliation Commission's report on the residential school system, Senator Sinclair once remarked, "If you thought getting to the truth was hard, getting to reconciliation is going to be really hard."

Honourable senators, please join me in taking this opportunity to congratulate Senator Sinclair on his Indspire award for lifetime achievement and to thank him for his significant contributions to this nation.

Senator Sinclair, it is our incredible privilege —

The Hon. the Speaker: I'm sorry, senator, your time has expired.

Hon. Senators: Hear, hear!

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, I would like to draw your attention to the presence in the gallery of Rocel and Rosemer Enverga. They are the daughter and wife of the Honourable Senator Enverga.

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

Hon. Senators: Hear, hear!

WORLD DOWN SYNDROME DAY

Hon. Tobias C. Enverga, Jr.: Honourable senators, I rise today to mark the twelfth anniversary of World Down Syndrome Day, which we celebrated last week on March 21. This year, the theme of the celebration was "My Voice, My Community," enabling people with Down syndrome to speak up, be heard and influence government policy and action, to be fully included in the community, which focused not only on raising awareness of Down syndrome but also on empowering people with this condition.

Honourable senators, there is no better time for us to empower those with Down syndrome than this year, when we celebrate Canada's one hundred fiftieth birthday. By making them an integral part of our celebrations, we can show them how much they're valued in society, and how grateful we are of their contributions to Canada. I am therefore extremely glad to note that, in his mandate letter to the Minister of Sport and Persons with Disabilities, the Prime Minister asked for the celebration of achievement of athletes and persons with disabilities.

One such person is Michael Qing of Regina, Saskatchewan, who was the recipient of the 2016 Special Olympics Canada Athlete of the Year Award. Michael won eight gold medals and broke four world records at the 2016 Trisomy Games in Florence, Italy, the first-ever competition for athletes with Down syndrome.

Honourable senators, I encourage you to promote the creation of a fully inclusive environment for people with disabilities. It is up to us to recognize their contributions to society and to dispel the prevailing negative attitudes that cause low expectations, discrimination and exclusion of people with Down syndrome.

We need to help organizations like the Canadian Down Syndrome Society to raise awareness of the issues faced by people with trisomy-21, so that we may come up with ways to address these issues. The voice of advocates for the rights and well-being of people with this condition is getting louder every year, and it is our responsibility to listen to them and to give them an opportunity to be fully included in our community.

Honourable senators, most differently abled people would like to be valued as equal and participating members of society. In the Senate of Canada, through the Friends of the Senate program, we are given the opportunity to help local high school students with different abilities to gain some workplace experience that will

allow them to gain meaningful employment, and I urge colleagues to take part in this wonderful initiative by welcoming differently abled volunteers to assist in their offices.

Let us celebrate the one hundred and fiftieth anniversary of the founding of Canada by celebrating the diversity of its peoples. A belated Happy World Down Syndrome Day to everyone. Thank you.

REBECCA SCHOFIELD

Hon. Nancy Hartling: The power of one. Honourable senators, I rise today to bring you an uplifting story about the power of one and to remind you that we all have the power to influence our society in a positive way.

This is the story of a remarkable young woman, Rebecca Schofield, from my home community of Riverview, which is located in Greater Moncton, New Brunswick

I first learned about Rebecca two years ago from her uncle, and her diagnosis of brain cancer. Rebecca, known as Becca to her friends and family, and indeed to the world, is the person behind the social phenomenon known as #BeccaToldMeTo.

Faced with her sombre reality, I believe many of us may have just simply chosen to give up, but not Becca. Instead she decided to create a bucket list for herself. At the top of her list: to recruit others as part of her goal to create a mass act of kindness. Rebecca encouraged people to complete acts of kindness and to post them on social media using the hashtag #BeccaToldMeTo.

• (1420)

Scrolling through online posts, you will find testimonies of people buying strangers a coffee, paying for their gas, shovelling their neighbour's driveway or donating time and money to local charities. There are people from countries across the globe doing acts of kindness in Becca's name.

Becca has been recognized by many community organizations and political leaders in New Brunswick. In January, the New Brunswick RCMP presented Becca with a Commander's Certificate of Appreciation for Outstanding Community Spirit and Leadership. The Prime Minister of Canada recently signed a special Volunteer Awards certificate naming her "honorary emerging leader." And just two weeks ago, she was a guest of honour of the New Brunswick provincial legislature, along with her mother and grandmother.

Through her grace and bravery, Becca continues to check things off her bucket list. While she does this, let us take a moment to send her and her family some light and love.

Her mother wrote: "Finding the positive in every day and focusing on whatever we can control and letting go of what we can't" is their family's philosophy."

Let each of us continue to play our part to help Becca fulfill her wish to spread kindness. I ask you, my fellow senators, to perform an act of kindness and then take a moment to post it on social media with the hashtag #BeccaToldMeTo. I know I will.

[Translation]

ROUTINE PROCEEDINGS

THE SENATE

NOTICE OF MOTION TO AFFECT QUESTION PERIOD ON APRIL 4, 2017

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That, in order to allow the Senate to receive a Minister of the Crown during Question Period as authorized by the Senate on December 10, 2015, and notwithstanding rule 4-7, when the Senate sits on Tuesday, April 4, 2017, Question Period shall begin at 3:30 p.m., with any proceedings then before the Senate being interrupted until the end of Question Period, which shall last a maximum of 40 minutes;

That any Minister who participates in Question Period on that day, have permission to be accompanied by a stranger;

That, if a standing vote would conflict with the holding of Question Period at 3:30 p.m. on that day, the vote be postponed until immediately after the conclusion of Question Period;

That, if the bells are ringing for a vote at 3:30 p.m. on that day, they be interrupted for Question Period at that time, and resume thereafter for the balance of any time remaining; and

That, if the Senate concludes its business before 3:30 p.m. on that day, the sitting be suspended until that time for the purpose of holding Question Period.

[English]

ADJOURNMENT

NOTICE OF MOTION

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That when the Senate next adjourns after the adoption of this motion, it do stand adjourned until Tuesday, April 4, 2017, at 2 p.m.

PARLAMERICAS

BILATERAL VISIT TO BOGOTA, COLOMBIA, JANUARY 23-26, 2017—REPORT TABLED

Hon. David M. Wells: Honourable senators, I have the honour to table, in both official languages, the report of the Canadian parliamentary delegation of the ParlAmericas respecting its participation at the Bilateral Visit to Bogota, Colombia, from January 23 to 26, 2017.

THE SENATE

NOTICE OF MOTION TO STRIKE A SPECIAL COMMITTEE ON THE ARCTIC

Hon. Charlie Watt: Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That a Special Committee on the Arctic be appointed to consider the significant and rapid changes to the Arctic, and impacts on original inhabitants;

That the committee be composed of ten members, to be nominated by the Committee of Selection, and that five members constitute a quorum;

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

That the committee be authorized to hire outside experts;

That, notwithstanding rule 12-18(2)(b)(i), the committee have the power to sit from Monday to Friday, even though the Senate may then be adjourned for a period exceeding one week; and

That the committee be empowered to report from time to time and to submit its final report no later than December 10, 2018, and retain all powers necessary to publicize its findings until 60 days after the tabling of the final report.

committee by the Parliamentary Budget Officer as well as other experts that were pretty much unanimous that there was a shortfall in the year-to-year commitment that the Government of Canada was making to the military of approximately \$2 billion, which I think all members here would find quite significant and should be of concern.

Today I want to turn the attention of all members to the issue of the question of renewing and rebuilding our Coast Guard vessels and acquiring supply ships for the Royal Canadian Navy. It has come to my attention that the Government of Canada has not yet signed contracts with Seaspan, the company that has been contracted to build these particular ships, and subsequently there is a question of the future of the shipbuilding industry in British Columbia.

Will the government leader ensure that the Government of Canada does everything it can to expedite these contracts so that the people in British Columbia who are in this particular industry do not face layoffs this coming summer?

Hon. Peter Harder (Government Representative in the Senate): I want to thank the honourable senator for his question and his ongoing interest in these matters. I would be happy to follow up, as he's asked, to inquire into the state of the negotiations and the contract expectations.

Senator Lang: Colleagues, I want to expand further in respect to the question of the shipbuilding industry in Canada, in particular the Davie shipyard in Quebec. I note that the Government of Canada has proceeded this past year with a much-needed auxiliary oiler replenishment ship, where there was a refurbishment and retrofit of an existing vessel to meet the needs of the navy to provide our frigates with fuel and supplies when deployed. It is said that we need at least four of these vessels to meet all of our obligations to the navy.

What plans does the government have in respect to the question of an additional ship being built over and above the two that have been committed to be built on the West Coast?

Senator Harder: I again thank the honourable senator for his question. I will inquire with respect to the particular request of the honourable senator. He will know, as all senators know, that there is a defence review under way.

• (1430)

The budget itself referenced that review and the commitment of the Government of Canada to ensuring appropriate funding to meet the expectations of the conclusions of that review.

[Translation]

QUESTION PERIOD

FINANCE

BUDGET 2017—ROYAL CANADIAN NAVY— SHIPBUILDING

Hon. Daniel Lang: Yesterday, colleagues, I referred members to the budget address of last week in respect to its shortfalls as it pertained to the area of the question of public security and defence for the Government of Canada. If you'll recall, at that time I referred to statements that were made before our

TRANSPORT

CHAMPLAIN BRIDGE

Hon. Claude Carignan (Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate and concerns the Champlain Bridge.

Last fall, the Crown corporation Jacques Cartier and Champlain Bridges Incorporated decided to prohibit certain classes of overloaded trucks from crossing the Champlain Bridge in order to, and I quote:

. . . preserve the bridge's structural integrity.

As a result, since October 10, 2016 truckers have not been able to use the bridge if they have a load of more than 66 tonnes. Yesterday, the consortium responsible for building a new bridge filed a suit against the federal government in the Quebec Superior Court. It alleged that it had not been notified and that, in its current state, the bridge cannot bear the weight of heavy equipment required for the construction. The consortium also states in its claim that the bridge may not open on time.

In May 2016, the Leader of the Government in the Senate tabled a delayed answer that confirmed that the new bridge would open in December 2018 in keeping with the initial schedule.

Could the Leader of the Government tell us whether the date when the bridge will open has been changed? Naturally, I will not ask him to comment on the lawsuit.

[English]

Hon. Peter Harder (Government Representative in the Senate): I would be happy to enquire and respond to the senator. I am not aware of the recent developments to which he refers.

DEMOCRATIC INSTITUTIONS

APPOINTMENT OF CHIEF ELECTORAL OFFICER

Hon. Linda Frum: Honourable senators, my question is for the Leader of the Government in the Senate.

In June of last year, nine months ago, former Chief Electoral Officer Marc Mayrand announced he would step down from his position at the end of 2016. Despite ample advance notice provided by Mr. Mayrand, the government has yet to find a full-time replacement and is choosing instead to rely on the Deputy Chief Electoral Officer.

This coming Monday, there will be five federal by-elections held in the provinces of Alberta, Ontario and Quebec. That the government has not appointed a full-time Chief Electoral Officer to oversee these elections is concerning. Could the Leader of the Government in the Senate tell this chamber why the government has yet to appoint a new Chief Electoral Officer to preside over these by-elections and what is taking so long?

Hon. Peter Harder (Government Representative in the Senate): I thank the honourable senator for her question and concern on this matter. I want to express the confidence the government has in the acting Chief Electoral Officer as the institution has great depth and competence. With respect to the appointment of a permanent successor to Mr. Mayrand, I will report back.

PRIVY COUNCIL OFFICE

PRIME MINISTER'S TRAVEL— TOUR TECHNICIAN

Hon. David Tkachuk: Senator Harder, recently more details of the Prime Minister's Christmas vacation on the Aga Khan's private island were revealed.

Apparently, for this personal vacation of the Prime Minister and his family and friends, the Privy Council provided a tour technician who charged the government \$6,305 in expenses: air transportation, \$2,263; other transportation costs, \$1,349; meals and incidentals, \$626; and hotel accommodation, \$461.

Can you explain to me, Senator Harder, why the Prime Minister needs a government-provided, taxpayer-funded tour technician when he is on a personal holiday, as a guest, on the private island of someone he has gone to great lengths to explain is a long-time family friend — an island to which he has been before, he tells us.

Why would he need a tour technician and what would that tour technician be expected to do for him on the private island when the Prime Minister is on a holiday?

Hon. Peter Harder (Government Representative in the Senate): I thank the honourable senator for his question and I'll seek an appropriate response.

Senator Tkachuk: Could you also provide the Senate with the name of the tour technician and can you tell me what bureaucratic division of the Privy Council Office the tour technician works out of, since I was not able to find him on the website at all, and who does the tour technician report to?

Senator Harder: I will seek an appropriate answer.

TRANSPORT

CONFEDERATION BRIDGE

Hon. Percy E. Downe: Honourable senators, I wanted to follow up on the question on the Champlain Bridge. It's an important piece of infrastructure that obviously has to be replaced and all Canadians support that.

Of course, one of the concerns is the cost to the Canadian taxpayers, which will be subsidized by all of us because there will be no toll on that bridge, unlike the Confederation Bridge to Prince Edward Island. I also understand the new Gordie Howe Bridge connecting Windsor to Detroit, which is also going to be paid for by the federal government, will have a toll. We'll have two bridges with a toll and one without a toll.

Could Senator Harder follow up with the comments the Prime Minister made at a town hall meeting in Ontario earlier this year where he indicated that the Confederation Bridge was a very expensive bridge to cross and he would be meeting with the local members of Parliament to see what could be done on that costing?

Islanders were expecting something in the budget and it was silent so we look forward with anticipation to the Prime Minister's announcement.

Hon. Peter Harder (Government Representative in the Senate): I thank the honourable senator for his ongoing interest in this matter and his questioning of both me in my role, and ministers when they have appeared here. I would be happy to follow up as he has requested.

INTERNATIONAL TRADE

CHINA—FREE TRADE NEGOTIATIONS— HUMAN RIGHTS

Hon. Thanh Hai Ngo: Honourable senators, my question is for the Leader of the Government in the Senate.

China's brand new ambassador to Canada, Lu Shaye, laid out tough conditions for a bilateral free trade agreement last week. During an interview with *The Globe and Mail* he said:

Beijing will seek unfettered access for Chinese state owned firms to all key sectors of Canadian economy during free trade talks, including an end to restricting or barring these enterprises from investing in the oil sands.

In this interview, he said that China has no interest in talking about human rights or democracy during these trade talks. Raising that side of democracy or human rights and security during these free trade negotiations would be a manifestation of trade protectionism.

This ultimatum sounds a lot like a bully on his first day in a new school. There are limits to how far Canada can cooperate with China because of the country's authoritarian government, low regard for human rights and the tendency to blur the lines between private enterprise and state ownership. China might not understand that human rights, security and democracy are not just a simple card on the negotiating table. For Canadians, human rights and national security is the table for the future of free trade negotiating with China.

Why is the Government of Canada willing to negotiate under these conditions set down by China?

Hon. Peter Harder (Government Representative in the Senate): I thank the honourable senator for his question.

Let me make a couple of points. First, it is clearly in Canada's interests to continue and to grow a robust trading relationship with China. That is in the interests of Canadian farmers and Canadian manufacturers, the Canadian agri-food sector, and many others.

At the same time, while the government is pursuing ways in which to enhance those trade relationships, it is also engaged in the promotion of a comprehensive dialogue with China. The return of that comprehensive dialogue gives the Government of Canada an appropriate forum to raise human rights and other issues of bilateral and Canadian concern, and it is in that context that those discussions are taking place.

The ambassador and his comments are entirely what you would expect from an ambassador from any particular country in advancing what they perceive to be the points of view of the government that they serve. They do not represent the government in which they serve. That is the task of our new ambassador in Beijing, John McCallum.

• (1440)

What is important is that governments are pursuing high-level, direct conversations, discussions on how to deepen and strengthen the relationship in all facets of what that relationship can be, and there are no preconditions.

Senator Ngo: Thank you, Senator Harder.

When it comes to human rights, Canadians are supportive of incorporating more promotion of human rights and national security into foreign policy. According to a 2016 national opinion poll, 76 per cent of Canadians say that the government should raise human rights issues rather than leaving these issues as a local concern for countries to address on their own.

How and will the Government of Canada incorporate the promotion of human rights issues in China into its ongoing consultation with Canadians on free trade with China, and which human rights violations will be raised, exactly?

Senator Harder: Honourable senators, I have had the privilege of working on the Canada-China file with a number of prime ministers over a long period of time. I have never found Canadian prime ministers shy in engaging on human rights with their Chinese interlocutors or, frankly, interlocutors elsewhere in the world, and that continues with the government of the day.

What the government of the day has done is to re-engage in a broader dialogue, which allows both sides to have privileged conversations with respect to human rights and other areas of concern they are engaged on appropriately and regularly and form part of the mature relationship that we seek with such an important partner not only for economic development and trade but also for security and the ability to address global concerns, such as climate change, appropriate security and economic growth.

FOREIGN AFFAIRS

CARDBOARD CUT-OUTS OF PRIME MINISTER

Hon. Tobias C. Enverga, Jr.: My question is for the Leader of the Government in the Senate.

It was recently revealed that Canadian consulates in the United States have been using life-sized cardboard cut-outs of the Prime Minister at promotional events. When this practice attracted negative media attention, the Department of Global Affairs Canada ordered them to stop doing it. Could the government leader please make inquiries with Global Affairs Canada and tell us how many hard-earned taxpayer dollars were wasted on these cardboard cut-outs of the Prime Minister?

Hon. Peter Harder (Government Representative in the Senate): I will seek to repatriate them to the lobby of the Senate.

I take the question as an admonition to determine the facts.

Senator Enverga: Could the government leader also find out if these consulates received approval from the department to purchase and use these cardboard cut-outs of the Prime Minister?

Senator Harder: I will add that to my inventory.

[Translation]

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): Honourable senators, pursuant to rule 4-13(3), I would like to inform the Senate that, as we proceed with Government Business, the Senate will address the items in the following order: consideration of the thirteenth and fourteenth reports of the Standing Senate Committee on National Finance in that order, followed by second reading of Bills C-40 and C-41 in that order, followed by all remaining items in the order that they appear on the Order Paper.

THE ESTIMATES, 2016-17

SUPPLEMENTARY ESTIMATES (C)—THIRTEENTH REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the thirteenth report of the Standing Senate Committee on National Finance, entitled *Final Report on Supplementary Estimates (C), 2016-17*, tabled in the Senate on March 28, 2017.

Hon. Larry W. Smith moved the adoption of the report.

He said: Honourable senators, Supplementary Estimates (C), 2016-17 was tabled in the Senate on February 14, 2017 and referred to the Standing Senate Committee on National Finance. On behalf of the committee, I present to you the results of our deliberations so that you may review the rationale behind the supplementary estimates. In the schedule attached to Supplementary Estimates (C), you will find the list of requested sums, by vote, in Bill C-35.

[English]

Supplementary Estimates (C) 2016-17 provides information in support of \$2.5 billion in voted budgetary expenditures, which represent an increase of 2.75 per cent over the Main Estimates of 2016-17. It also includes a decrease of \$963 million in statutory budgetary expenditures and a decrease of \$430 million in non-budgetary statutory spending. Of particular note is the online annex for frozen allotments. This document lists money approved by Parliament that the government will not spend this year as

originally planned. I will address this in greater detail. However, as we discuss the total of \$2.5 billion requested in these estimates, we need to keep in mind that \$3 billion has been frozen.

Of the \$2.5 billion in voted budgetary expenditures, \$542 million, or 22 per cent of this amount, relates to approximately 22 measures announced in Budget 2016. The balance of \$1.9 billion relates to requests from 47 organizations requesting additional planned expenditures to be spent in this fiscal year.

The 2016-17 Main Estimates were tabled on February 23, 2016, supporting the government's request to Parliament for authority to spend \$89.8 billion in voted budgetary expenditures and \$26.7 million in voted non-budgetary expenditures. The Main Estimates of 2016-17 also presented information on statutory amounts of \$160.3 billion in budgetary expenditures and \$338.8 million in net budgetary outlays.

The Supplementary Estimates (A) and (B) 2016-17 provided information in support of \$7 billion and \$3.9 billion respectively in voted budgetary appropriations.

To summarize where we are in terms of spending to date, the total for Main Estimates and Supplementary Estimates (A), (B) and (C) bring the government total to \$258 billion for 2016-17.

Our goal was to assess a significant portion of the funding. Our committee heard the testimony from nine departments of the 47 requests, representing a value of \$1.96 billion of Supplementary Estimates (C), or 79.4 per cent of this funding request. I will provide a few details from some of the major voted requests.

The Treasury Board Secretariat requests a total of \$716.8 million for three items: \$545 million for payroll requirements — funding adjustments made to terms and conditions of service or employment of the federal public administration; \$95.4 million for compensation adjustments — transfers to departments and agencies for salary adjustments; and \$76.4 million for funding to address shortfalls under the Royal Canadian Mounted Police Disability Insurance Plan.

The Department of Agriculture and Agri-Food requests \$350 million for funding for the transfer of federal water infrastructure to the Government of Saskatchewan announced in Budget 2016. Actually, these are the last transfers of dams that were originally built by the Western provinces and were given back to the provinces some time ago.

The Department of Employment and Social Development requests \$178.4 million for funding to write off 32,554 debts owed to the Crown for unrecoverable Canada Student Loans, 85 per cent of which lapsed due to the current limitation on collection periods.

The Department of Foreign Affairs, Trade and Development requests a total of \$307 million for two items: \$174 million to address humanitarian assistance requirements and antimicrobial resistance; and \$133 million to help developing countries to address the impact of climate change, part of which will be used for contributions to the Asian Development Bank to support the Canadian Climate Fund for the Private Sector in Asia. These estimates also include debt forgiveness to Cuba.

The Department of Veterans Affairs requires \$132.3 million for funding for demand-driven programs and services that provide support to eligible veterans and their families.

• (1450)

[Translation]

The Department of Veterans Affairs requires \$132.3 million for demand-driven programs and services that provide support to veterans and their families. These funds will cover increases in certain programs due to updated information on clients and expenses. These adjustments are mainly due to the increase in the number of veterans with access to the programs, such as the disability award and the earnings loss benefit, due to a greater awareness of these programs and the increased need for health services.

Border Services Canada requires \$85.5 million in order for it to maintain the integrity of border operations.

[English]

Royal Canadian Mounted Police, \$70 million to fund and maintain RCMP operations pending completion of comprehensive resourcing review established in Budget 2016.

The Department of Indian Affairs and Northern Development, \$56.4 million for funding to reimburse First Nations and emergency management service providers for on-reserve response activities. The emergency management assistance program ensures that First Nations have access to response and recovery services comparable to those available off reserve in the case of flood, fire and other disasters. This funding will be used to reimburse provinces, territories, First Nations and non-governmental organizations such as the Canadian Red Cross for expenditures incurred for emergency management activities on reserve 2016 and 2017, primarily in Western Canada, Manitoba and Saskatchewan.

As well as these major items, a larger value of funds, \$3 billion in total, has been moved to frozen allotments. This means funds authorized in the fiscal year are frozen for planned re-profiling to spend in future years. The largest frozen allotments were Treasury, \$504 million; Infrastructure Canada, \$828.8 million; Fisheries and Oceans, \$192 million; Department of National Defence, \$366 million; Public Works and Government Services, \$136 million; Citizenship and Immigration, \$74 million; Indian and Northern Affairs, \$100 million.

When spending is expected to stimulate the economy and goes unspent, it is a cause for concern. For example, \$11.6 billion was to be spent on infrastructure over two years, from 2016 to 2018. The government projected a 0.2 per cent growth in the first year, followed by 4 per cent growth in the GDP in 2017-18 due to infrastructure spending. At the time of our analysis in December 2016, only \$806 million of the \$5.8 billion was classified as started projects. If projects are not started, they cannot contribute to economic growth. To see the spending frozen for future years shows these frozen allotments will not have the impact intended for the current fiscal year. Our committee will continue to study the use of these frozen allotments.

[Senator Smith]

Honourable senators, when we have the departments come before the committee, we are asking them to demonstrate what they are doing to show accountability for money spent. We are looking for how objectives are achieved and how they can evaluate if the funding has generated results. For example, we learned that the audit of accounts receivable for Employment and Skills Development Canada found a lack of key performance indicators to monitor collections. The audit also found the most significant root cause for write-offs was time allocations which barred further legal action. Time allocations were the reason for 86 per cent of uncollected Canada Student Loans Program 2015-16. These Supplementary Estimates (C) request \$178.4 million for student write-offs.

As you consider voting on Appropriation Act 5, which is Bill C-40, you can review the annex appended to the Supplementary Estimates (C) 2016-17. These are the same as the schedules of votes in the Appropriation Act No. 5 you will find on pages 6 to 34, the 47 organizations with the votes explained to authorize the government to proceed with spending. If you have any questions, I would be pleased to do my best to answer them or have my colleagues from our committee participate.

Thank you.

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?

(Motion agreed to and report adopted.)

THE ESTIMATES, 2017-18

MAIN ESTIMATES—FOURTEENTH REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourteenth report (interim) of the Standing Senate Committee on National Finance, entitled *First Interim Report on the Main Estimates 2017-18*, tabled in the Senate on March 28, 2017.

Hon. Larry W. Smith moved the adoption of the report.

He said: Honourable senators, as chair, and on behalf of the members of the Standing Senate Committee on National Finance, I will speak on Appropriation Bill No. 1, 2017-18, which provides for the release of interim supply for the 2017-18 Main Estimates referred to the Senate on this past February 28 of 2017.

I thank the members of our committee who are here today for an outstanding job of work together to get this work done because we had a very short time frame with the scheduling that we've lived through.

The government submits estimates to Parliament in support of its request for authority to spend public funds. Main Estimates include information on both budgetary and non-budgetary

spending authorities, and Parliament subsequently considers appropriation bills to authorize the spending.

[*Translation*]

Therefore, on Tuesday, March 28, we tabled our fourteenth interim report on the Main Estimates for 2017-18.

[*English*]

Honourable senators, our Finance Committee worked diligently to get many major departments before our committee so that we could scrutinize the spending and question the methods of evaluation used to measure the success of the various programs.

Our goal is to provide honourable colleagues and all Canadians with a measure of accountability and explanation for the departments reviewed, as well as information to assist you in your review of funding requests outlined in Appropriation Act No. 1, Bill C-41.

Although we are asked to release a partial amount of funds for the amounts outlined in the Main Estimates, the Standing Senate Committee on National Finance will continue to study Main Estimates throughout the year and again report back to this chamber once again prior to the release of full supply in June as well as report on any additional requests as we may receive in Supplementary Estimates (A), (B) and (C).

We have noted in our examination of Bill C-41 that there are a few items mentioned in the Budget 2017 speech that have not had specific funds approved by Treasury Board or presented in any estimates to date. We can therefore be assured that more funding requests will come before us.

[*Translation*]

Our first report focused on seven of the largest departments, whose budgets alone total \$41.4 billion, or approximately 40.5 per cent of the \$258 billion in the Main Estimates. These departments will be invited to appear a few times throughout the fiscal year in order to allow the committee to undertake a more in-depth study of their expenditures.

[*English*]

I point out that this year's Main Estimates of 2017-18 outlines spending of \$258 billion. For comparison sake, in 2014-15 Main Estimates were \$235 billion; 2015-16 Main Estimates were \$242 billion; 2016-17 Main Estimates were \$250 billion. All of these were not total spending for the year because, as you know, we have additional funding requests throughout the year in Supplementary Estimates (A), (B) and (C). It is important to note that the government is planning to spend more at the start of the year than any of the other past six years. This is not a balanced budget but a deficit spending plan. In the most recent Budget 2017 publication on page 37, the government is planning a \$25.5 billion debt in 2017-18, followed by a plan to overspend by more than \$20 billion in the preceding years also with no articulation of when they will return to a balanced budget past 2022. We would question this strategy, given we are not in a recession. We have a role in the Senate to speak on behalf of Canadians and to demand better management of taxpayer money.

I will provide a brief overview of a few of the departments that came before us.

We heard from Infrastructure Canada who is estimating budgetary expenditure of \$7 billion, an increase over last year of \$1.7 billion and an increase of \$3.8 billion over the previous year.

• (1500)

As you know, our committee released its report on the start of the infrastructure program. We will continue to follow the spending by the department and by the 31 departments that have funding under this title.

Employment and Social Development Canada estimates spending \$57.4 billion and runs various programs such as the Canada Student Loans and Canada Summer Jobs programs. The cost of these programs is rising. For example, the student loan program cost will increase by \$461.5 million, which is 60 per cent of the total outlay covered by the federal government to give more money in grants rather than loans, and provinces will be required to cover 40 per cent of the program costs.

ESDC also manages Old Age Security, which will be critical to watch as the number of beneficiaries has grown by 33 per cent in the last 10 years and is projected to grow another 40 per cent by 2026. Of course, our confrère Senator Mockler has initiated, with the support of the committee, the study on the aging population and its financial impact on the government.

We also heard testimony from Foreign Affairs, Trade and Development, who estimate spending \$6 billion prior to including a Budget 2017 announcement. Nearly \$4 billion will be given under grants and contribution. There's also \$3.5 billion for international development, an increase of 13 per cent compared with last year.

The committee heard from the Department of Finance which requests funding of \$90.1 billion and forecasts \$21.5 billion in 2017-18 to pay the public debt annually. The Canada Health Transfer grew at a rate of 6 per cent per year from 2006 to 2017. The government has cut payments for the Canada Health Transfer by 3 per cent and have linked the rate to our GDP in a three-year moving average.

The Department of National Defence seeks further funding of \$18.6 billion. Officials told us that the capital expenditure will decrease by 8.6 per cent.

The Treasury Board of Canada Secretariat is a central agency that acts as the administrative arm of the Treasury Board, which is a cabinet committee. Funds requested are \$6.5 billion, an increase from the levels of \$2.9 billion in 2013-14 and \$4.1 billion in 2015-16. Treasury has been working on reforming the estimates process to try to include budget measures in the estimates, which our committee fully supports.

Finally, Veterans Affairs requests \$4.7 billion in the estimates 2017-18, 93.6 per cent of funding represents payments to veterans, their families and other program recipients.

Honourable colleagues, this is a very quick summary of the seven departments we had before us, which account for 40.5 per cent of the total funding request. Appropriation Act No. 1, Bill C-41, seeks what is called “interim supply.” It was a request to allow a portion of the total request to begin to flow to departments to begin their annual operations.

I would like to remind you that the government is planning to spend more at the start of the year than any of the other past six years. This is a \$25.5 billion deficit plan which is expected to be followed by two additional years of \$20 billion deficit plans.

Senators have the right to amend votes in the Appropriation Acts, should they wish.

If you have any further questions, I will be pleased to try and answer them.

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

Hon. Senators: Agreed.

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

(Motion agreed to and report adopted.)

[Translation]

APPROPRIATION BILL NO. 5, 2016-17

SECOND READING

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate) moved second reading of Bill C-40, An Act for granting to Her Majesty certain sums of money for the federal public administration for the fiscal year ending March 31, 2017.

She said: Honourable colleagues, the bill before you today, Appropriation Bill No. 5, 2016-17, provides for the release of supply for the 2016-17 Supplementary Estimates (C) and seeks Parliament's approval to spend \$2.5 billion in voted expenditures. These expenditures were provided for within the planned spending set out by the Minister of Finance.

Supplementary Estimates (C), 2016-17 were tabled in the Senate on February 14, 2017, and referred to the Standing Senate Committee on National Finance. These are the third and final supplementary estimates for the current fiscal year, which ends on March 31, 2017. The first request, Supplementary Estimates (A), was approved in June 2016, and the second request, Supplementary Estimates (B), was approved in December 2016.

Before going any further, I would like to briefly take you through the parliamentary approvals process for funding public expenditures. I will briefly talk about the supply cycle.

For explanation purposes, let's take April 1 as a starting point for the supply period since the fiscal year ends on March 31. Before any supply cycle begins, the government tables two

important documents that influence the supply cycle: the Main Estimates tabled by the Treasury Board and the annual budget tabled by the Minister of Finance.

The Treasury Board is responsible for preparing the Main Estimates, a document compiled during a spending forecasting process that begins in the fall and ends with the tabling of the Main Estimates in February before the Minister of Finance's budget is tabled. This lengthy document presents all the estimated budgetary and non-budgetary expenditures for the fiscal year commencing April 1, on the assumption that there have been no changes in the government's policies and programs. Therefore, as economists would say, *ceteris paribus*, the government plans on spending \$258 billion in 2017-18.

By way of comparison, the 2016-17 Main Estimates totalled \$250 billion and, to date, the government has apparently spent votes totalling \$257.17 billion.

The increase in expenditures forecast by the Treasury Board is due to the fact that “not all things are equal” when the estimates exercise is carried out.

In fact, the government's budget plan presented by the Minister of Finance generally arrives after the Main Estimates and changes the Treasury Board's forecast of expenditures. When the government announces its budget priorities and tables its budget, this necessarily has an impact on expenditures. For that reason, throughout the financial cycle, the government tables supplementary estimates to request spending authority based on the budgetary policies as well as unexpected items that may arise over the course of the year.

Thus, Parliament is generally seized with three supplementary estimates: Supplementary Estimates (A), (B), and (C). The Supplementary Estimates (C) for the year coming to a close include, as Senator Smith explained, a net increase of \$1.5 billion in budgetary expenditures, representing \$2.5 billion in voted expenditures and a \$1-billion decrease in statutory expenditures. Statutory expenditures, as opposed to voted expenditures, have already been approved by Parliament and the detailed forecasts are provided for information purposes. These expenditures are made pursuant to existing legislation.

I will not go over the main statutory items of Supplementary Estimates (C) because Senator Smith did a fine job of explaining those in the report he submitted to you.

However, before I close my remarks, I would like to say a few words about the role of the Senate in this fiscal process. When the government tables its estimates and the supplementary estimates for the year, the Standing Senate Committee on National Finance is mandated to study them and report back to the Senate.

To that end, the Committee on National Finance invites officials from various departments to comment on the expenditures. The purpose of this exercise is to allow us to ensure the compliance of the various expenses and assess how they fit into the plans and priorities of the departments.

Committee members are called upon to ask questions about the results of the various expenses vis-à-vis priorities. The reports of the Committee on National Finance are then tabled in the Senate, where they are not necessarily expected to be adopted.

[Senator Smith]

However, in practice, the Senate adopts committee reports even though there is no rule requiring it to, as Speaker Noël Kinsella stated on 16, 2011, in response to a point of order raised by Senator Comeau.

• (1510)

Practice and convention would also generally have reports adopted before appropriation bills are passed even though there is no procedural link between these reports.

In short, the committee considered Supplementary Estimates (C) for 2016-17 and reported on them today. I now present the associated bill and ask you to authorize the spending.

This bill, as honourable Senator Smith explained, also includes two schedules that detail the supplementary estimates. This bill has more than 30 pages, including the two schedules. I invite you to read it.

Thank you for your attention.

[English]

Hon. Larry W. Smith: Honourable senators, the bill before you today, Appropriation Act, No. 5, 2016-17, provides for the release of Supply for Supplementary Estimates (C), 2016-17 and now seeks Parliament's approval to spend \$2.5 billion in voted expenditures and a decrease of \$963 million in statutory items.

[Translation]

Supplementary Estimates (C), 2016-17 was tabled in the Senate on February 14, 2017 and referred to the Standing Senate Committee on National Finance. This is the third supplementary estimates for the fiscal year ending March 31, 2017.

[English]

On behalf of the Standing Senate Committee on National Finance, we have prepared a very brief analysis, which is presented in our thirteenth report, the Report on Supplementary Estimates (C), 2016-2017.

We have before honourable senators our fifth Appropriation Bill, which will allow funds to be released based on the requirements outlined in its schedule of votes annexed to Bill C-40 and included in annex to the Supplementary Estimates (C), 2016-17.

As a committee, we studied the Main Estimates for the year, in addition to three supplementary estimates, A, B and C, as funding requirements are adjusted throughout the year.

[Translation]

Senator Bellemare mentioned the same.

[English]

Our committee heard from several officials from nine government departments and reviewed the spending of 79.4 per cent of the funds requested in this appropriation bill,

Bill C-40. There are 47 of the 131 different government organizations that are requesting funds. We did not have time to question each and every department.

Of the \$2.5 billion of voted budgetary expenditures, 22 per cent relate directly to approximately 22 measures announced in Budget 2016.

To summarize, with the additions of Supplementary Estimates (C) 2016-17, it will bring government spending to \$258 billion. To put that in context, last year the government spent \$251.6 billion and in 2014-15 spent \$241.4 billion.

It is important to note that government spending must be carefully managed. Deferring debt to future generations is not a viable solution. As senators, we need to speak on behalf of hard-working Canadians to demand that spending be balanced with foreseeable revenues.

As chair of the Finance Committee, I thank the members who take the time to attend every meeting and assist in questioning the spending of departments and inquiring about the impact of legislation from witnesses. I'm grateful for the outstanding job the group does on behalf of all Canadians.

Thank you.

Hon. Anne C. Cools: Honourable senators, I rise to speak to second reading of Bill C-40, Appropriation Act Number 5, An Act For granting to Her Majesty certain sums of money for the federal public administration for the fiscal year ending March 31, 2017.

Bill C-40 is the last supply bill of our now-ending annual supply cycle, which was April 1, 2016, to March 31, 2017. This bill requests a grand total of \$2,472,238,717. This appropriation bill sets out by vote the numerous and large sums of money requested by Treasury Board, that is the government spender, and the government for the last quarter of our annual supply cycle, 2016-17.

This bill's sums and votes were put before the Commons house and the Senate in the form that is called Supplementary Estimates (C). Our Standing Senate Committee on National Finance has studied these estimates and heard witnesses. As we know, the chair of the committee, Senator Smith, has just spoken to the committee's report on these estimates that were successfully adopted here, which is a good thing. I will return to that later.

Colleagues, many thinkers have long expressed concern about Parliament's declining attention to the control of the public purse and the national finance. One ancient warning came from the great British Liberal leader, William Gladstone, the Great Commoner, known for his great work on the control of the public purse. He was a master in the field, four times Prime Minister and four times Chancellor of the Exchequer, which is the British equivalent to the Minister of Finance. His labours shaped the British Commons house constitutional mastery in control of the public purse. This control insists that all appropriation and tax bills must begin by motion of a Crown minister in the Commons house and be considered and debated there in specific ways and specific formats.

At Hastings, on March 17, 1891, in his famous speech on the control of the public purse, published in the 1892 book, *Speeches*

and Public Addresses of the Right Hon. W. E. Gladstone, by A.W. Hutton and H.J. Cohen, William Gladstone said, at page 343:

I must remind you of that which is apt to pass away from recollection, for the finance of the country is intimately associated with the liberties of the country. It is a powerful leverage by which English liberty has been gradually acquired. Running back into the depths of antiquities for many centuries, it lies at the root of English liberty, and if the House of Commons can by any possibility lose the power of the control of the grants of public money, depend upon it your very liberty will be worth very little in comparison. That power can never be wrenched out of your hands. That powerful leverage has been what is commonly known as the power of the purse — the control of the House of Commons over public expenditure — which not only is your main guarantee for purity, and which has been, certainly, in other times a very effective guarantee for economy, but which likewise lies at the root of English liberty, and if the House of Commons could by any possibility lose the power of controlling the granting of public money for carrying on the affairs of the Government, depend upon it your other liberties would be worth but very little in comparison.

William Gladstone's cautions to members of Parliament, which we are, are well known. So were the labours of the British House of Commons' legendary Public Accounts Committee. At Hastings, William Gladstone also spoke to the parliamentary conditions required to maintain control of the public purse. He said, at page 344:

I will tell you on what main conditions, in my opinion, it depends. First of all, it depends on the right of the House of Commons to fix the expenditure of the country from year to year. . . . Next to that power of annual control which is necessary and essential, is that there should be unity in the public funds. . . . I must say, have had wonderful results, and I do not hesitate to say that for practical purposes there was nothing in the civilized world to compare with the efficiency of Parliamentary control such as it has been during the greater part of my public life, and such as it will continue, unless you, by acquiescence in an abuse, allow it to be undermined. With this unity of system and simplicity of account, which has been built up by the skill of Ministers in the past to such a high degree of perfection, there is another condition which is even more important than those I have mentioned, and that is that there should be no concealment, and that everything which has been spent should be brought before the country from time to time.

William Gladstone, Britain's foremost authority on the public finance and the control of the public purse said that governments must conceal nothing and put all the expenditures before the country. We shall accept no less. He continued, at page 345:

. . . There was extravagance because the people did not feel interest enough in the matter to stop it. I can only tell you from my own part that, such is the importance I attach to the question of absolute publicity in the whole of the public expenditure, that I consider — though I am not a man to recommend waste at any time — the waste of five millions a much smaller evil than concealment of one million. When

there is waste, it remains to the nation to correct it. When there is concealment, they are without redress. .

. . . I state — and you will agree with me — that the fixing of the expenditure from year to year by the vote of the House of Commons is the essential basis of our system. . . . In voting the estimates year after year, the House of Commons is able to discharge that function which belongs to it by the Constitution of itself, and to no other part of the Legislature. The House of Commons is the body that has the right to extend if it thinks fit, or contract if it thinks fit, the expenditure of the country.

• (1520)

Honourable senators, I cite the Grand Old Man William Gladstone on these national finance questions, because of his historical and stupendous work on this subject.

On February 28 last, in our Senate National Finance Committee study of Supplementary Estimates (C) on which Appropriation Bill C-40 is founded, there was an interesting exchange between Treasury Board persons and senators on vote 1c and its salary top-up payments to Crown ministers. I note that senators and MPs are not paid salaries. They are paid sessional allowances by the Parliament of Canada Act. The issue was vote 1c payments to Crown ministers. Vote 1c says:

Vote 1c. The payment to each member of the Queen's Privy Council for Canada who is a minister without portfolio, or a minister of State who does not preside over a ministry of State, of a salary — paid annually or pro rata for any period less than a year — that does not exceed the salary paid under the Salaries Act, as adjusted under section 67 of the *Parliament of Canada Act*, to ministers of State who preside over ministries of State.

Now, vote 1c and its explanation are repeated 17 times for 17 different departments. I asked Treasury Board officials about the purpose of these identical votes in identical words for 17 different government departments. I shall read our exchange:

The Chair: Ms. Santiago, do you have a response?

Senator Cools: Perhaps somebody could help me because I am baffled.

Ms. Santiago: The basic salary for members of Parliament is a statutory payment that is listed under the House of Commons. However, these are additional allowances that are paid to ministers and ministers of state. They happen to be voted through the supply bill. The only difference is that the authorities are in separate places for the difference between the base salaries for ministers. His or her salary for being a member of Parliament is paid out of one statutory authority.

Senator Cools: They are paid out by the Parliament of Canada Act, those salaries, aren't they?

Ms. Santiago: Yes. Then the increment happens to be voted because it isn't provided for in the Salaries Act.

Senator Cools: The Salaries Act is the statute that pays ministers' salaries

Ms. Santiago: Yes. This happens to provide for any additional allowances that are not already covered by either the Parliament of Canada Act or the Salaries Act.

Senator Cools: Why is a payment coming out of so many departments?

Ms. Santiago: It is because it's paid out of basically the lead department of their portfolio.

Senator Cools: I still do not understand.

Senator Marshall: My question follows up from what Senator Cools was asking. It is the end of the fiscal year, so has not the salary been paid out already?

Ms. Santiago: It has. We use the same wording. The same wording appears in all of the estimates, unless something is added or changed. We do not change the wording for vote 1c of Agriculture and Agri-food in every estimate.

Senator Marshall: The impression that has left, now that Senator Cools mentions it, is that the salary has already been paid out. Why is there provision in supplementary supply for salary if it has already been paid out?

Senator Cools: Perhaps you could help me again because it is not clear in the documentation. What would be the sum for the total of the year that has been paid to members of the Privy Council?

Honourable senators, this exchange was not clear, because Crown ministers have their own *Salaries Act* that pays Crown ministers salaries. I said:

I am still very curious; you are awakening more curiosity as we go along. I wonder why, for example, you are proceeding with these payments under the supply process rather than doing it by bill. We have the Parliament of Canada Act for these kinds of things . . . Judges are the ones who set the standard many years ago when it was decided that their salaries would be paid pursuant to a statute. The situation with members of the house and senators has been very similar in a way. It is set out in their own statutes. I am just wondering why you have gone to the supply process and not to the statutory process. I am just curious. I am not being suspicious.

Ms. Santiago: To be honest, we are too.

Senator Cools: You have awakened my curiosity.

Ms. Santiago: I think part of this is just historical habit.

Senator Cools: I do not think so.

The Chair: Is this something for Ms. Santiago to research so that we can get some answers?

Senator Cools: Yes, perhaps she could give us . . . some answers . . . I find it very baffling. The system has gone to a lot of trouble to pay members of Parliament and senators out of a particular statute. Judges have their Judges Act. . . . if you know these statutes you can . . . locate . . . the exact clause that says such-and such moneys would be paid to the judges or paid to whomever. They have been very careful about this because, especially with the judges, there are constitutional requirements that judges salaries be fixed and provided by Parliament. That set the standard many years ago I find this odd. I could be perhaps be having a poor reaction to something I thought was novel, but you are telling me it is not novel. You are telling me that this is customary, . . . so that really awakens even more curiosity, because it is standard to set these individuals apart and pay them by statute. Ministers and other senior positions have their own statute called the *Salaries Act*. I am just curious.

Ms. Santiago: We will consult the Privy Council Office.

Colleagues, I shall read from our Senate National Finance Committee report on Supplementary Estimates (C) 2016-2017. Headed "Treasury Board Secretariat," section 9 reads:

Senators and Treasury Board officials also discussed the larger issues of parliamentary authorities and approval, and the proper usage of the supply process. The Supplementary Estimates are the means by which previously planned Government initiatives are funded, when such initiatives were at the time insufficiently developed for inclusion in the Main Estimates. On occasion, the Supplementary Estimates have also included urgent and unforeseeable expenditures, such as the instance of health-related pandemics. However, the Supplementary Estimates are not intended to be a convenient mechanism for the temporary funding of needs that were foreseeable and could have been planned, particularly in the case where such needs have their own source of authority in an Act of Parliament. The Salaries Act for ministers, like the Parliament of Canada Act for MPs and Senators, authorizes the payment of ministers' salaries out of the Consolidated Revenue Fund and also fixes the amounts of those salaries. The Government has a bill in the House to amend the Salaries Act which on adoption will provide for the salaries of an additional group of ministers. Our committee is concerned about the recurrent practice of using supplementary estimates to pay certain ministers' salaries prior to the enactment of amendments to the Salaries Act, and raises this question in the context of Bill C-24.

At the request of our committee, Treasury Board Secretariat provided clarifications, on this matter . . . and explained that, in its opinion, this practice, which has been in place since at least 1995, respects the budgetary process. According to Treasury Board Secretariat, so long as Bill C-24, *An Act to amend the Salaries Act* and to make a consequential amendment to the Financial Administration Act does not receive Royal Assent, Ministers of State without a department of State will continue to receive their salaries pursuant to an appropriation act since the Salaries Act and the Parliament of Canada Act do not address the question of salaries owed to these ministers. Our committee strongly encourages the adoption of a practice that more closely follows Beauchesne's Parliamentary Rules and Forms, which at pages 258 and 259 states . . .

Paragraph 935: A supply item ought not to be used to obtain authority which is the subject of legislation . . .

Paragraph 937: The government may not by use of an Appropriation Act obtain authority it does not have under existing legislation . . .

Paragraph 941: If a Vote in the Estimates relates to a bill not yet passed by Parliament, then the authorizing bill must become law before the authorization of the relevant Vote in the Estimates by an Appropriation Act . . .

I thank dear and honourable colleagues for listening to this somewhat, sometimes convoluted-sounding process that we call the estimates, supply and appropriation. I urge the new senators to take an interest in this whole field that is called the national finance — the public finance — because it is the underbelly of the entire system of Parliament. In recent years, for some reason, its study and attention has not been as interesting perhaps as many of the social justice issues.

In any event, I keep urging, as Mr. Gladstone said. I grew up worshipping at the altar of British liberalism —

Hon. Claudette Tardif (The Hon. the Acting Speaker): Senator Cools, your time has expired. Are you asking for more time?

Senator Cools: Yes.

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

Hon. Senators: Agreed.

Senator Cools: In any event, I was raised to believe that the lifeblood of Parliament flows from its ability to control the public finance. As I was saying, where I grew up, British liberalism was upheld to us as the saviour of humanity and the bringer of the great freedoms that we know in today's community.

• (1530)

My point is, honourable senators, to those who are newly in this place, please do not be intimidated by all these words. I think you should come to more of our National Finance Committee meetings. It is a subject matter with which many of us are well acquainted and we would be happy to share our various bits of knowledge with you or to direct you to particular readings. But I sincerely believe that attention to the national public finance has to be increased in both Houses of Parliament, both in the House of Commons and in the Senate as well.

I see my dear friend Senator Day smiling; he and I laboured for many years on this subject matter. I encourage all honourable senators to arrive at the door of the National Finance committee room and say, "I want to be welcomed into the world of the public finance."

Hon. Elizabeth (Beth) Marshall: I rise to speak to Supplementary Estimates (C). The Standing Senate Committee on National Finance held two meetings on Supplementary Estimates (C) and met with officials from eight departments as well as the RCMP.

These are the last supplementary estimates for this fiscal year. These estimates must be approved before Friday, March 31, being the end of 2016-17 fiscal year. As senators are aware, the Main Estimates for 2016-17 were approved last June before the summer recess, as were Supplementary Estimates (A). Supplementary Estimates (B) were approved in December, so these Supplementary Estimates (C) are the end of supply cycle for 2016-17.

One of the major challenges we faced as a committee is reviewing the Main Estimates, which are tabled before the budget and which do not include budget initiatives. For example, the 2017-18 Main Estimates were tabled on February 28 and indicate total expenses of \$258 billion, while Budget 2017, which was tabled last week, indicate expenses totalling \$330 billion, a difference of \$72 billion.

Similarly, the 2016-17 Main Estimates indicated total expenses of \$251 billion, while Budget 2016 indicated expenses totalling \$317 billion, a difference of \$66 billion.

Funding for budget initiatives are usually presented in Supplementary Estimates (A), Supplementary Estimates (B) and, to a lesser extent, Supplementary Estimates (C). The President of the Treasury Board has proposed changes to better align the Main Estimates and the budget. These proposed changes have been discussed with the House of Commons Standing Committee on Government Operations and Estimates as well as the Standing Senate Committee on National Finance.

Within Supplementary Estimates (C), an additional \$29 million is being requested by the Department of National Defence for NATO's Operation REASSURANCE in Central and Eastern Europe, which the department estimates will bring the total cost of that program to \$92 million in 2016-17.

A particular interest to me is the action plan to address the concerns outlined by the Auditor General of Canada last year in his report on the Canadian Army reserve. The Auditor General was quite critical of the department. For example he found there was a lack of clear guidance on preparing for major international missions; the army reserve was not fully prepared for domestic missions; they did not have the soldiers they needed, and army units did not have the equipment they needed. Department officials have indicated that no additional funding has been provided to address the problems identified with regard to the Canadian Army reserve as any corrective action would be funded within existing funding allocations. Departmental officials indicated that they are finalizing their response and developing an action plan, and as part of that plan will identify whether additional resources are required.

Officials indicated that under the defence renewal initiative, the department has already reinvested between \$400 and \$500 million internally to date with a further ambitious objective of reinvesting between \$750 million and \$1.2 billion annually starting in 2017-18. In addition, the defence policy review is ongoing, and officials informed us that it was before the government so we will have to wait and see whether the review addresses the problems identified last year by the Auditor General.

Last year the government also announced plans to allocate \$186 billion for infrastructure investment. This program is the subject of much debate as well as study by the Parliamentary Budget Officer and the Standing Senate Committee on National

Finance. One of the major issues identified with the infrastructure program relates to the pace of delivery of the program. The first phase of the program included \$13.6 billion over two years, and that would be for the year just ending and next year. As of last month, departments have identified only \$4.6 billion worth of projects, indicating a significant gap of \$9 billion between what was planned and what is actually happening. This concern was heightened by Supplementary Estimates (C), indicating that \$3 billion of the 2016-17 funding was frozen, and that \$2.1 billion of this would be deferred to 2017-18. A significant amount of this funding relates to the infrastructure program.

Another issue identified by the Parliamentary Budget Officer relates to the lack of performance reporting by the government on the infrastructure program. There is no performance measurement framework with which to determine the success of the program. This is especially disappointing as the government has previously disclosed that it would provide an increased focus on results. In addition, there is limited reporting on how the money is being spent. As of last month, only Infrastructure Canada had published a list of funded projects, while the remaining 32 departments and agencies had not published their list of approved projects.

I've spoken previously of my concerns regarding deficit financing, the cost of servicing our increasing public debt and the impact it will have on all Canadians, especially our children and grandchildren. Interest payments on the debt are statutory expenditures that do not require annual approval by the estimates process. Quite often estimates will indicate a reduction in the estimated interest costs of the public debt. This reduction affects the government's bottom line as it reduces the deficit. The government tables an annual debt management report each year, and the latest report for the 2015-16 fiscal year indicates that the outstanding market debt as of March 31, 2016, was \$670 billion. The recently released budget document indicates outstanding market debt as of March 31, 2017, is \$691 billion, while the outstanding market debt as of March 31, 2018, is projected to be \$729 billion.

Most interesting was the cost of servicing this debt compared to previous years. The report states that the weighted average rate of interest on outstanding market debt was 2.03 per cent in 2015-16, down from 2.27 per cent in 2014-15. As such, the interest costs of market debt decreased from \$14.7 billion in 2015-16 to a new 10-year low of \$13.6 billion in 2015-16, a reduction of a full \$1 billion.

While lower and decreasing interest rates and interest costs on market debt over the past number of years has been positive, it also demonstrates the vulnerability of the government's bottom line should interest rates increase. Interest rates have risen in the U.S. and the expectation is that interest rates will rise in Canada, probably next year if not sooner, and this could have a major negative effect on the government's bottom line.

Supplementary Estimates (C) also include funding requests of \$178 million to write off approximately 32,000 unrecoverable student loans. As indicated by Employment and Social Development Canada, defaulted loans are written off on a regular basis, which is accurate because, as a member of the committee, writeoff of student loans has appeared in previous supplementary estimates.

This year, as in other years, members of the committee requested additional information on student loans, including defaulted loans, loans to be written off. Departmental officials provided the following information. First, student loans are non-budgetary as they have to be repaid. However, when they are written off they become budgetary items, are recorded as expenditures and accordingly increase the government's deficit. Second, the Canada Student Loans program provides over \$2.7 billion in student loans each year. And student loans, as of March 31, 2016, totalled \$18 billion. Given that questions regarding student loan writeoffs have been asked in the past, departmental officials committed to providing copies of any reviews, audits or evaluations conducted. This information was recently provided to the committee members and we are presently reviewing it.

• (1540)

The committee also discussed the salary for ministers of state who do not preside over a ministry as these are included in Supplementary Estimates (C). However, the Salaries Act stipulates the salaries of certain public officials, including the salary of the Prime Minister, the ministers, the Leader of the Government in the Senate as well as ministers of state who preside over ministries of state. Of specific importance is that the Salaries Act sets the salary specifically of a minister of state "who presides over a ministry of State."

There is no provision in the act to pay the salary of a minister of state who does not preside over a ministry of state. Hence it appears that an amendment to the Salaries Act, Bill C-24, which received first reading in the other place last September, was intended to authorize the payment of salaries for eight new ministerial positions. However, Bill C-24 remains in the other place and was never enacted. As a result, the salaries of ministers of state who do not preside over a ministry of state are included in Supplementary Estimates (C) as voted expenditure rather than as a statutory expenditure like the salaries of all other ministers under the Salaries Act.

In its report on Supplementary Estimates (C), the committee expresses its concern over the recurring practice of using supplementary estimates to pay certain ministers' salaries prior to enactment of the Salaries Act and raises the question in the context of Bill C-24.

Those are my concluding remarks, but I would add that I thank my honourable colleagues for a thorough review of the Supplementary Estimates (C).

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

Hon. Senators: Agreed.

(Motion agreed to and bill read second time.)

The Hon. the Speaker: When will this bill be read a third time?

(On motion of Senator Bellemare, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.)

THE SENATE

MOTION TO EXTEND TODAY'S SITTING ADOPTED

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): Honourable senators, I seek leave so that we might finish Bill C-41 today. Therefore, I move:

That, notwithstanding the order adopted by the Senate on February 4, 2016, the Senate continue sitting today pursuant to the provisions of the Rules, until the conclusion of proceedings on Bill C-41;

That, once proceedings on Bill C-41 are concluded, the Senate stand adjourned if it is after 4 p.m.; and

That committees of the Senate scheduled to meet today be authorized to sit after 4 p.m. even though the Senate may then be sitting, and that rule 12-18(1) be suspended in relation thereto.

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.)

[Translation]

APPROPRIATION BILL NO. 1, 2017-18

SECOND READING

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate) moved that Bill C-41, An Act for granting to Her Majesty certain sums of money for the federal public administration for the fiscal year ending March 31, 2018, be read the second time.

She said: Honourable senators, the bill before you today, Appropriation Bill No. 1 for 2017-18, provides for the release of interim supply for the 2017-18 Main Estimates that were tabled in the Senate on February 28, 2017.

[English]

The government submits estimates to Parliament in support of its request for authority to spend public funds. Main Estimates include information on both budgetary and non-budgetary spending authorities and Parliament subsequently considers appropriation bills to authorize the spending.

As I explained in my earlier speech, the Main Estimates are produced before the Minister of Finance presents the budget priority as expressed in its traditional annual budget. This explains why the figures for total expenditures are generally

different in the two documents. Indeed, the report on the Main Estimates does not include announcements in the budget of the Minister of Finance.

[Translation]

The 2017-18 Main Estimates sets out budgetary expenditures of about \$257.9 billion, including the cost of servicing debt; operating and capital expenditures; transfer payments to other levels of government, organizations and individuals; and payments to Crown corporations. In fact, budgetary expenditures for transfer payments total \$165.9 billion, which represents 64.3 per cent of budgetary expenditures. As a point of information, federal transfers to other levels of government total \$70 billion, or 42 per cent of all transfers and 27 per cent of budgetary expenditures.

[English]

Transfers to individuals represent a total of \$95.9 billion, or 58 per cent of total transfers, and 37 per cent of all budgetary expenditures.

[Translation]

It is important to point out that Parliament does not approve all estimates. In fact, of these \$257.9 billion, \$102 billion, or approximately 40 per cent, require the approval of Parliament by way of annual appropriation bills. The balance of \$155.8 billion concerns statutory expenditures previously approved by Parliament and the detailed estimates are provided for information purposes only.

[English]

There are also non-budgetary expenditures. In the Main Estimates 2017-18, most of them are statutory and are related to loans, investment and advances. For this year, the item permits a net recovery of \$220 million due to changes in the composition of financial assets of the Government of Canada.

[Translation]

Appropriation Bill No. 1, 2017-18, provides the authority to spend 29 per cent of the \$102.2 billion in voted items in the Main Estimates for 2017-18. The authority for the balance will be obtained by Appropriation Bill No. 2 for 2017-18 in June 2017. Honourable senators, we will be asked in June to vote to authorize the government to spend the remaining votes and we will vote on other financial bills concerning the Supplementary Estimates (A), (B), and (C) throughout the fiscal year.

I will close by saying that the Minister responsible for the Treasury Board told the National Finance Committee that he hopes to simplify the budget cycle and reduce the number of supplementary estimates. We shall see.

[English]

Hon. Larry W. Smith: Honourable senators, I have a very short intervention. The bill before you today, Appropriation Bill No. 1, 2017-18, which provides for the release of interim supply for Main Estimates 2017-18 and now seeks Parliament's approval to grant

exactly \$30,140,965,144.44 — in other words, just over \$30 billion out of the Consolidated Revenue Fund for the government to begin operations for the new fiscal year.

On behalf of the Standing Senate Committee on National Finance, we have provided a brief analysis, which is presented in our fourteenth report, the interim report on Main Estimates 2017-18. We have before the chamber our first appropriation bill of the year, which allows funds to be released based on the requirements outlined in Bill C-41.

• (1550)

You will see a long list of schedules and votes. These outline the portion of total funding outlined in the estimates, whether a department will get eleven-twelfths of its funding, such as Treasury, or five-twelfths of funding for departments such as Employment and Social Development. This is the reason for the term “interim supply” and why we will vote to authorize just over \$30 billion of the total of \$258 billion that is planned for the year.

I remind colleagues that this level of spending is not balanced spending. At \$258 billion the government has articulated, as expected, an expected deficit of \$28.5 billion.

As the chair of the Finance Committee, I thank our members who take the time to attend every meeting and assist in questioning the spending of departments and inquiring about the impact of legislation from witnesses. I am grateful for the outstanding job the group does on behalf of all Canadians.

Thank you.

Hon. Anne C. Cools: Honourable senators, I speak to second reading of our supply Bill C-41, Appropriation Act No.1, An Act for granting to Her Majesty certain sums of money for the federal public administration for the year ending March 31, 2018. This is our first supply bill in the annual supply cycle that starts in a few days, on April 1, 2017, and will continue until March 31, 2018. This bill sets out by vote the sums of money required by Treasury Board and the government for the first period of this new supply cycle. This bill requests the total amount of \$30,140,965,114 — I won't bother with the pennies — which sums and votes were put before the Commons house and the Senate as the Main Estimates 2017-18.

On April 1, this Saturday, Treasury Board, and all government, will shift into this new annual supply cycle that will end March 31, 2018. Bill C-41 is Treasury Board's total requested payments on the monies and votes as set out in the Main Estimates for this first supply period. Bill C-41 will grant three-twelfths of the year's voted amounts. Three-twelfths is the amount of money involved. The remaining nine-twelfths will be granted by a second appropriation in June, in that supply cycle.

The Senate and Commons practice each year has been to vote these two bills by March 31, because the fiscal year-end in government brings large financial demands on the Treasury Board to meet the financial needs of the public service, the public administration and their expenditure, known as the national and public finance. These last two weeks of the annual supply cycle year's end are most demanding.

I note that these appropriation bills cannot be moved and adopted in the Senate until the two related Senate National Finance Committee reports on the Supplementary and Main Estimates have been adopted here. It is an established Senate practice that the Senate's adoption of its National Finance Committee report on the estimates is the signal to bring on the debate and vote on their related Appropriation Acts. The goal is to avoid absolutely the constitutional calamity that would occur if the Senate were to defeat the House of Commons Appropriation Bill, and its negative consequences for the Treasury Board, ministers and the government are inestimable.

Our committee reports on the estimates are pathfinders, leading the way for the safety and well-being of their supply bills' adoption. There is wisdom, honourable senators, as to why for years we have brought on the report for adoption first and then the bills. As I said before, the goal is to absolutely avoid conflict between the House of Commons and the Senate on supply and the public finance.

The Senate has a large constitutional duty, in the national finance and expenditure, to consider and study Treasury Board's Main and Supplementary Estimates in our Senate National Finance Committee. The Fathers of Confederation gave the Senate this role in our confederating statute, the British North America Act, 1867. This year, 2017, all year, we celebrate our enduring, abiding and now 150-year-old constitution, which I believe is the finest constitutional instrument ever devised by the hands of man.

In 1867, Lord Carnarvon, Britain's Colonial Secretary, sponsored this bill in the House of Lords. After that, the British North America Act was adopted in the Commons House. Her Majesty Queen Victoria gave Royal Assent. In London, the Fathers had worked with Lord Thring, who was a brilliant legislative drafter, apparently the finest. This statute's longevity and continuing endurance is attributed to his masterful skills. The BNA act is filled with phrases like “There shall be one Parliament for Canada.” “There shall be one consolidated revenue fund.” Great clarity and care in the drafting.

I note that Queen Victoria's May 22, 1867, Proclamation of the British North America Act, which came into force July 1, listed the names of Canada's first senators, selected from the pre-Confederation provinces' legislative council members. I note that Quebec Resolution 14, later London Resolution 15, recommended this. I also note that such selection must pay due regard to the political parties, even then critical in our political process. The BNA Act, section 25, said the following:

25. Such Persons shall be first summoned to the Senate as the Queen by Warrant under her Majesty's Royal Sign Manual thinks fit to approve, and their Names shall be inserted in the Queen's Proclamation of Union.

Every senator should dig up a copy of the Queen's Proclamation of 1867 and see the names of all senators listed in the Proclamation.

This section 25 being spent was repealed by the post-Confederation Statute Law Revision Act 1893.

Honourable senators, the Fathers gave the Senate its large constitutional role in the public finance. The Senate accepts that the British Commons house anciently claimed ownership of

supply, their sums and monies voted by our Commons house to finance the expenses of Her Majesty's civil list, the public service and public administration. In parliamentary debates and papers, these monies were described as aids, subsidies and supplies. Canada's House of Commons was constituted like the house of a unitary state. But the Senate was constituted as the house of the Confederation, the house that embodies and actuates the federation. For this reason, this Senate has had a longstanding Senate Committee on National Finance, on which I have served for many years. Senate practice has long held that this committee's chairman must be an opposition supporter, currently Conservative Senator Larry Smith, and that the deputy chairman must be a government supporter, which I am. The problem is that the Senate has no government supporter caucus. That should be changed.

Supply bills, properly called appropriation bills, are so named because the Commons house is said to appropriate monies as their parliamentary grants for the public expenditure that are aids, subsidies and supplies. L.A. Abraham and S.C. Hawtrey's 1964 *A Parliamentary Dictionary* defines "appropriation" at page 21 thus:

It is one of the cardinal rules of the system of public finance that no money may be spent for any other purpose than that for which it was authorized by Parliament. The allocation of a sum of money for expenditure on any object is said to be "appropriated" by Parliament for a particular purpose.

Colleagues, the Commons house claims ownership of these appropriated sums and asserting them as their gifts to their sovereign Queen. I note that the Royal Assent which grants our bills the force of law is given in the Senate, the upper and the Royal House of Parliament, in which Her Majesty's representative, the Governor General, or in his stead a deputized Supreme Court Justice, grants Royal Assent to bills. This gives them the force of law as statutes. When the bills assented to are financial, tax, supply and appropriation bills, the Royal Assent ceremony reveals much about the Commons house ownership of appropriation bills. For Royal Assent, the Governor General, having come to the Senate, takes the Senate Speaker's chair.

• (1600)

The Senate Speaker then dispatches our ancient officer, the Usher of the Black Rod, and I thank him eternally for the good man that he is and the great job he does in this place. His Honour dispatches the Black Rod to the Commons house to bring its members and their Speaker before His Excellency and the Senate. The Black Rod says to the Commons:

It is the pleasure of His Excellency, the Governor General of Canada, that they attend him immediately in the Senate Chamber.

Having come, the Commons members and their Speaker stand behind the Senate bar. A clerk at the table reads the titles of the bills awaiting Royal Assent, except for the supply bills, the appropriations bills, which the Commons Speaker has in his possession, in his own hands. The Governor General quietly nods his assent to the other bills. Our ancient officer, the Clerk of the Senate, announces the Royal Assent thus:

In Her Majesty's name, His Excellency, the Governor General of Canada, doth assent to these bills.

Honourable senators, now to the Royal Assent of the supply bills, the appropriation bills, which are in the Commons Speaker's hands, clearly in his possession. With the supply bills in his hands, the Commons Speaker addresses His Excellency, the Governor General, thus:

May it please Your Excellency: The Commons of Canada have voted supplies to enable the Government to defray certain expenses of the public service.

In the name of the Commons, I present to your Excellency the following bills:

Bill C-40, An Act for granting to Her Majesty certain sums of money for the federal public administration for the fiscal year ending March 31, 2017.

Bill C-41, An Act for granting to Her Majesty certain sums of money for the federal public administration for the fiscal year ending March 31, 2018.

To which bills I humbly request Your Excellency's Assent.

Now, colleagues, I have used the names Bill C-40 and Bill C-41 by way of illustration. These two bills will probably proceed to the Governor General at Rideau Hall for Royal Assent.

A Senate reading clerk goes to the bar, retrieves the bills from the Commons Speaker and bows to His Excellency several times.

Then the reading clerk reads the titles of the supply bills. His Excellency again quietly nods his head to signify his assent to the appropriation bills. Our Clerk of the Senate announces the Royal Assent to the supply bills in the words:

In Her Majesty's name, His Excellency, the Governor General of Canada, thanks her loyal subjects, accepts their benevolence and assents to these bills.

Honourable senators, the Royal Assent ceremony acts out the Commons house's possession and ownership of appropriations and supply, which they treat as their gifts and benevolence to their sovereign, ever mindful that the enacting and actuating power in our Constitution is Her Majesty Queen Elizabeth II, our Head of State, our Head of Government and Our Head of Parliament. All legal power and authority in the Constitution is vested in Her Majesty.

We must also be mindful that the Commons house jealously holds its power of the control of the public purse and jealously defends and maintains this power. This being the case, I note and strongly assert that, knowing all of that and knowing of their jealousy and their possession of it, the Senate has the constitutional power to correct, amend and even, if necessary, defeat Commons financial bills. The only limit on the Senate is section 53 of the Constitution Act, 1867, that says:

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

The Senate may not originate a bill to appropriate monies or to raise taxes. These Commons constitutional rights and powers were anciently birthed, developed and grown in Britain's House of Commons and its constitution in three large and enduring principles known as representation by population — people will elect their representatives — no taxation without representation — meaning no taxation without the agreement of the elected representatives — and the financial initiatives of the Crown. These principles are expressed in the one custom that financial or money bills that raise taxes to appropriate the public revenue must begin in the Commons house, on motion of a minister of the Crown. No backbenchers. Ministers of the Crown only.

Honourable senators, there's much understanding about the proper role of Parliament. In Britain's House of Commons, on March 25, 1884, speaking to third reading of the Consolidated Fund Bill, Lord Randolph Churchill said that the House of Commons' first duty was to grant and control supply for the finance of the public administration and public service. The U.K. Commons Debate records this at page 752:

Legislation was not the first Business of Parliament; it never has been, and he hoped it never would be. The first Business of Parliament was to grant Supply to the Crown; and it was the duty of the House of Commons, when that Supply was asked for, to inquire with care for what purposes that Supply was required, in what manner that Supply would be expended, and by what methods that Supply would be raised. That was, undoubtedly, the first duty of the House of Commons; and it was because of the persistent, continual, and studied neglect of this principle by Her Majesty's Government that the finances of this country were in such disorder. It would be well for the country if this House were to recognize this Constitutional practice in a Standing Order, and to lay down that legislation should not be proceeded with until Supply had been almost entirely disposed of.

Churchill expressed the known concerns for Parliament's growing neglect in the control of the public purse.

Honourable senators, I remind colleagues — and our dear Speaker, His Honour, would remember this —

The Hon. the Speaker: Excuse me, Senator Cools, your time has expired. Are you asking for five more minutes?

Senator Cools: Five minutes.

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

Hon. Senators: Agreed.

Senator Cools: Honourable senators, I remind colleagues of the Commission of Inquiry into the Sponsorship Program and Advertising Activities. There are many of us here who lived through that. Commissioner Justice Gomery, in his report, noted some failures in the supplementary estimates. He wrote, at page 60:

Supplementary Estimates request funds from Parliament to accommodate increases in expenditures after the Main Estimates have been submitted. It is not unusual for up to 10 percent of the expenditures of some programs to be contained in Supplementary Estimates. The committee review of Supplementary Estimates is customarily even more cursory than that of the Main Estimates. The Commission's Fact Finding Report found that the Sponsorship Program was not identified in the Estimates as a separate activity and that the statutory authority for the Program was far from clear. Indeed, concerns about both the ability of the Estimates to serve as a control document over government financial administration and the adequacy of the review of the Estimates by Parliament and parliamentary committees appear to be shared by experts and parliamentarians alike.

Senators lived through that. It was a horrible experience.

Justice Gomery speaks to the perceived inadequacy of the supplementary estimates respecting the sponsorship scandal. His recommendation No. 1 said:

To redress the imbalance between the resources available to the Government and those available to parliamentary committees and their members, the Government should substantially increase funding for parliamentary committees.

Some Canadian scholars have also written on this. In his 1962 book, *The Public Purse*, Norman Ward said:

The most pertinent question concerning parliamentary control of this spacious spending is whether or not the democratic devices for examining public expenditures have developed as rapidly as the rising costs of government. There is only one possible answer: no. Important changes in the Commons' procedure have taken place, to be sure, and some of the most recent show promise as the basis for future development. But the House has been extremely slow, and excessively cautious, in inventing institutions to cope with rapidly growing and complex executive affairs, and members still complain with justification of the hasty voting of supply on the last day or two of the session. The House now thinks nothing of granting as a matter of course, sometimes literally without consideration, sums larger than those on which it used to spend entire sessions.

Honourable senators, I thank you once again. We are again under the pressure of time because we just received the supply bills, and we have to deal with them by March 31. Everybody is working, and the cooperation of all senators is appreciated. I thank you very much for that.

Again, I take the opportunity to urge all of you to be open and to experiment and to discover the wonder of learning about the national finance of the country. You will also discover many mysteries that still have to be defined. Thank you, honourable senators.

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

Hon. Senators: Question.

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

Hon. Senators: Agreed.

(Motion agreed to and bill read second time.)

The Hon. the Speaker: When shall this bill be read the third time?

(On motion of Senator Bellemare, bill placed on Orders of the Day for third reading at the next sitting of the Senate.)

(The Senate adjourned until Thursday, March 30, 2017, at 1:30 p.m.)

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