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Wednesday, June 12, 2013

The Honourable NOËL A. KINSELLA
Speaker

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THE SENATE

Wednesday, June 12, 2013

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

Prayers.

SENATORS' STATEMENTS

MR. ROBERT MOFFATT

CONGRATULATIONS ON VOLUNTEER OF THE YEAR AWARD

Hon. Catherine S. Callbeck: Honourable senators, I would like to congratulate an outstanding Islander, Mr. Robert Moffat, who was recently recognized with the National Volunteer of the Year Award by the Duke of Edinburgh's Award program.

The award application states:

This award is intended to recognize a volunteer, an individual who has made an outstanding contribution to the Award program in Canada.

There is no doubt that this is the case with Bob Moffat. He has been the president of the Prince Edward Island division for 12 years and has served in a variety of capacities on the national board, most recently on the executive committee. He has spearheaded many of their fundraising efforts during his years as president. Participant registrations have soared in the province during his tenure. In fact, the Prince Edward Island Department of Education recently added the award program to the list of recognized extracurricular activities where students can earn additional credits for participating in learning activities in their communities.

His commitment to the Duke of Edinburgh's Award Program is unparalleled, and, in fact, his dedication to the Royal Family itself has a long history. While with the RCMP, Bob was the Canadian protection officer for His Royal Highness The Earl of Wessex.

I am glad the Duke of Edinburgh's Award Program has an advocate like Mr. Moffat. There are distinct benefits that come with participation — volunteer activities, skills development, physical activity and outdoor experiences. Overall, the program is meant to encourage personal discovery, growth, self-reliance, perseverance and responsibility. With the assistance of people like Bob, that has been happening since the program's inception in 1956.

In Canada, the program has more than 37,000 participants. Organizers estimate it will continue to grow to 40,000 within the next two years or so.

Honourable senators, programs like the Duke of Edinburgh's Award give our young people outstanding opportunities to gain the skills and experience necessary to excel in life, but they would

not exist without outstanding volunteers like Mr. Bob Moffat. I would like to offer him my sincere congratulations on receiving such a distinguished award — the National Volunteer of the Year — and to wish him all the best in the future.

[Translation]

UNIVERSITY OF MONCTON

CONGRATULATIONS ON FIFTIETH ANNIVERSARY OF FRENCH PROGRAMMING

Hon. Rose-May Poirier: Honourable senators, on June 19, Université de Moncton will be celebrating 50 years of French programming in New Brunswick.

On June 19, 1963, the university opened its doors to the Acadian student population to become the first and only francophone university in New Brunswick.

Université de Moncton is the result of the merger of Collège Saint-Joseph in Memramcook, Collège Sacré-Coeur in Bathurst, Collège Sainte-Anne de la Pointe-de-l'Église in Nova Scotia and Collège Saint-Louis in Edmundston. These institutions gave up their charters to affiliate with the university. A campus was established in Shippagan in 1977 and in Edmundston in 1994.

Fifty years of history means 50 years of young Acadians achieving their full potential at home, near their families, in their mother tongue instead of having to move away and risk losing their culture and identity.

Université de Moncton offers a wide range of opportunities for Acadians through its sports teams, the Aigles Bleus, through exchanges with other universities and through academic research in a number of disciplines. The following alumni illustrate the diversity of Université de Moncton:

Joël Bourgeois, an Olympic athlete; Percy Mockler, a long-time politician and senator; Herménegilde Chiasson, a poet and former Lieutenant-Governor of New Brunswick; Bernard Lord, the former Premier of New Brunswick; Bernard Imbeault, the founder of Imvescor, which manages Pizza Delight, Scores, Mikes and Baton Rouge; and Yvon Fontaine, the first graduate of Université de Moncton to become its rector.

This year, Université de Moncton handed out 857 diplomas. The 5,000 or so students who attend the university come from across Canada and around the world.

Father Clément Cormier, who was the rector of Collège Saint-Joseph, played an important role in the founding of Université de Moncton. He was its first rector and strongly advocated for its creation. I must also acknowledge Acadian

Premier

Louis J. Robichaud, who fought to give Acadians their rightful place in New Brunswick society, including with his “Equal Opportunity Program.”

The university is a symbol. It opens doors for young Acadians by giving them the same post-secondary education opportunities as their anglophone counterparts.

The university rallied Acadian youth in the struggle for bilingualism in New Brunswick, and its student federation speaks to current issues on behalf of Acadian youth.

I would like to congratulate and thank all of the Université de Moncton’s rectors, from its first, Father Clément Cormier, to its latest, Raymond Thériault, for 50 years of hard work and dedication to the cause of French education for Acadians. All alumni and current and future students should be proud of their university.

Honourable senators, join me in congratulating the Université de Moncton on its first 50 years of success and wishing it another 50 years of providing exceptional opportunities to our Acadian youth.

ACADIAN GAMES 2013

Hon. Fernand Robichaud: Honourable senators, from June 26 to 30, the town of Richibucto and the village of Saint-Louis-de-Kent, along with the village of Rexton, will host some 1,100 10- to 16-year-old athletes for the 2013 Acadian Games.

Since 1979, these games have given young athletes from 10 to 16 years of age an opportunity to participate in sports competitions and get to know each other through cultural activities. At the same time, the games have promoted the development of youth, the French language and Acadian culture.

Six teams from across New Brunswick will gather for the finals of the 34th Acadian Games.

There will also be teams from Prince Edward Island, Nova Scotia, and Newfoundland and Labrador. This year is special because a team of young athletes from Haiti has been invited to join the games.

In 1995, the Saint-Louis-de-Kent and Richibucto region hosted the finals of the 16th Acadian Games. People in Kent County recognize that such events have a significant impact on the young athletes, other participants and the entire community.

The games give local residents a perfect opportunity to welcome athletes and their parents, visitors and the media, show off regional tourist attractions and celebrate the dynamic presence of French in our communities.

The Acadian Games would not be possible without the 3,000 volunteers — people of all ages from across the region and all walks of life — who support the hundreds of young athletes seeking to give their all and be the best they can be.

• (1340)

The Acadian Games are about everyone who coaches athletes, helps them perfect their technique and motivates them to excel. The games are also about the thousands of volunteers who form committees and, over many long months, plan and carefully organize every last detail of the games and the cultural activities. The games are about all the workers who ensure that the participants are well fed and housed.

The games are also about all the people who raise funds to put on these sports and cultural events. Everyone recognizes that from the outset, the success of the Acadian Games has resulted from the community and volunteer commitment of a people to future generations.

Once again, we hope that the Acadian Games 2013 will be a success and that all participants — athletes, coaches, artists and volunteers — will have a memorable sports, cultural and identity-building experience.

[English]

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, I wish to draw your attention to the presence in the gallery of a delegation from the Embassy of the Philippines and the Philippine community of Canada, led by His Excellency Leslie B. Gatan, Ambassador. They are the guests of the Honourable Senator Enverga.

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

Hon. Senators: Hear, hear!

CANADIAN ASSOCIATION OF DEFENCE AND SECURITY INDUSTRIES

CANSEC ANNUAL TRADE SHOW

Hon. Daniel Lang: Honourable senators, I rise in the chamber today to salute the Canadian Association of Defence and Security Industries, CADSI, on its annual defence trade show, CANSEC, held in Ottawa during the last week of May.

I had the pleasure of attending the trade show with a number of honourable senators, including Senator Plett and Senator Manning. I am sure they were as impressed as I was with CANSEC and what has been described as Canada’s leading defence technology showcase. The two-day event attracted an estimated 10,000 registrants, including representatives from CADSI’s 950 members, Government of Canada officials, representatives from Crown corporations as well as domestic and foreign military and industry delegations.

Honourable senators, Canada’s defence and security sector generates over \$12.6 billion in annual revenue, equivalent to what the oils sands currently generate. It employs over 109,000 Canadians, most in well-paying jobs, across the country. Fifty per cent of the revenues are generated from international trade. On the foreign trade side, this sector will be pursuing an estimated \$30 billion-worth of contracts

internationally over the next five years.

This is an important sector of the Canadian economy, and we must look at ways to support these industries spread across the country from St. John's, Newfoundland, to Victoria, British Columbia.

During CANSEC, Minister Ambrose, Minister Finley and Minister Paradis spoke about the steps the government is taking to support the sector. They highlighted the Emerson report and the Jenkins report, which looked closely at what can be done to bolster the sector, thereby increasing trade and creating more jobs in Canada.

Honourable senators, Canada's defence and security sector is a success story that needs to be told. During my visit, I had the pleasure of meeting representatives from small companies such as RaceRocks 3D Inc., a leader in interactive new media focusing on Hyper-Real & Stereoscopic and 3D Animation, based in British Columbia, and Meggitt Training Systems from Medicine Hat, Alberta, to larger more established companies like StandardAero, Rolls Royce, Nextar, Irving Shipbuilding, L-3 and General Dynamics Canada.

I commend Mike Greenley, Chairman of the Board of CADSI; Tim Page, CADSI's President; Janet Thorsteinson, Vice President of CADSI; and all the volunteers and corporate leaders who made the trade show a great success and who are doing so much to promote this valuable industry in Canada. I wish them much success as they continue to create leading-edge technology and jobs in Canada.

[Translation]

UNITED NATIONS CONVENTION ON THE LAW OF THE SEA

INCLUSION OF ABORIGINAL PEOPLES IN TREATY NEGOTIATIONS

Hon. Céline Hervieux-Payette: Honourable senators, the United Nations Convention on the Law of the Sea is a complex, highly important and comprehensive international treaty that addresses important issues such as the sovereignty of states, the development of available resources, international trade, environmental protection and military activities. Nations have already divided up the land, often as a result of major conflicts and wars. For the past 50 years, nations have been conducting negotiations on how to divide up the sea, that is, the marine territory, the seabed and the marine subsoil.

Canada has the privilege of having the longest coastline in the world, and its coasts border on three oceans. We are directly concerned by these negotiations, especially because Canada ratified the United Nations Convention on the Law of the Sea on November 6, 2003, under a Liberal government.

It is important to note that if we look at the presence of the Inuit in the far North, our exchanges with them and the fact that their political and constitutional organizations are linked to Canada, this all justifies Canada's claim of sovereignty over the Arctic, pursuant to international law.

[Senator Lang]

Honourable senators, since these negotiations started in the 1960s, the rights of Aboriginal peoples have been recognized by the international community in the 2007 United Nations Declaration on the Rights of Indigenous Peoples, which Canada finally decided to support in the 2010 Throne Speech, three years after voting against it.

However, an Aboriginal rights expert, Dalee Sambo-Dorough, a member of the UN Permanent Forum on Indigenous Issues, condemned the Canadian government for not consulting the Inuit. She also criticized the lack of representation of Aboriginal peoples within the regulatory and decision-making institutions of this law of the sea convention.

She wants Aboriginal rights to be fully integrated into the discussion process for the United Nations Convention on the Law of the Sea.

Canada cannot ignore this call. Nor can it disregard the rights of the Inuit and First Nations peoples in its claims to its waters and Arctic land. It is time for us to balance the right of Aboriginals in Canada to be equal to all Canadians with their separate rights and the specific collective rights recognized in our Constitution, which designates them as "peoples", and to secure for Canada the vast territory that is rightly ours.

[English]

REPUBLIC OF THE PHILIPPINES

ONE HUNDRED AND FIFTEENTH ANNIVERSARY OF INDEPENDENCE

Hon. Tobias C. Enverga, Jr.: Honourable senators, it is with pride that I rise to speak to share with you the joys that June 12 brings to us in memory of when Philippine independence was first proclaimed in Kawit, Cavite, 115 years ago. For the first time, the Philippine flag was raised to be a national symbol of my beautiful country of birth.

Honourable senators, under the leadership of Emilio Aguinaldo, the proclamation of Philippine independence was the beginning of the end of 333 years of Spanish colonial rule. Although it took another 50 years for the Philippines to become the Republic of the Philippines, June 12 stands as the day in history that gave birth to our flag and our national anthem, and provided a focal point around which a future republic could be established.

Honourable senators, in Canada today it is also an occasion to celebrate the immense contributions that more than 500,000 Canadians of Filipino descent make to this country in every area of endeavour. The Philippines is the largest source country of immigrants coming to Canada. Filipino Canadians are the fourth largest visible minority group, and the number of Filipino Canadians has almost doubled since 2006. Tagalog is the fastest-growing language. We Canadians of Filipino heritage have become a major group within the multicultural diversity that makes Canada one of the greatest countries in the world.

Honourable senators, Canada is also benefiting from growing immigration from the Philippines. Filipino Canadians contribute positively to our economy by having the highest employment rate of all groups in Canada, not only higher than other immigrant

groups but also higher than Canadian-born Canadians. This is an astonishing fact and a sign of the great contribution.

• (1350)

Honourable senators, the Government of Canada is working toward closer official ties between Canada and the Philippines. In November last year, I was fortunate to be part of Prime Minister Stephen Harper's delegation to the country. This visit by the Prime Minister led to the Fostering Inclusive Growth initiative, managed by the Asian Development Bank, which will promote economic growth and employment in the Philippines. It also led to a memorandum of understanding on defence and security sector cooperation.

Honourable senators, I wish to end in my native language, Tagalog. *Mabuhay Tayong Lahat*. Thank you.

NATIONAL BLOOD DONOR WEEK

Hon. Terry M. Mercer: Honourable senators, this is National Blood Donor Week, a week when we build more awareness of the importance of becoming a blood donor as well as the need to encourage more Canadians in helping their fellow citizens.

Quite simply, donating blood saves many lives. As a recipient of blood due to complications from knee replacement surgery a few years ago, I can tell you first-hand that it saved my life. You all may know of other examples in your families or among your friends of when an anonymous blood donor saved lives as well.

I was pleased to help in the efforts of Canadian Blood Services and Héma-Québec when Parliament passed a bill I sponsored, Bill S-220, An Act respecting a National Blood Donor Week, which received Royal Assent in 2008. It was a long process, but it was worth it. The impact of National Blood Donor Week can be felt, and its future impact will no doubt be very important in increasing donations.

This year, Canadian Blood Services is focusing on the National Public Cord Blood Bank. Demand for stem cells in Canada is growing at a staggering rate. The number of Canadian patients waiting for life-saving stem cell transplants has tripled over the past five years and continues to grow.

I heard this first-hand when I attended the Halifax Chamber of Commerce's Distinguished Speakers Series in May with Dr. Graham D. Sher, CEO of Canadian Blood Services. In fact, right now there are over 1,000 Canadians looking for life-saving stem cell matches. These patients are suffering from diseases like leukemia, lymphoma and aplastic anemia and require a stem cell transplant to survive.

A national cord blood bank will benefit Canadian patients and the country's health care system by providing those in need of stem cells with increased opportunity for transplants. This will reduce Canada's current 100 per cent reliance on international source stem cell donations. We do not collect this at all in Canada at the current time.

I would be happy to provide more information on this to you as it is such an important thing that we could be encouraging our fellow citizens to do.

Honourable senators, if you are already a blood donor, I thank you from the bottom of my heart on behalf of the people who have been saved by your donations. If you are not a blood donor, I encourage you to become one because your blood is in you to give.

Some Hon. Senators: Hear, hear.

VISITORS IN THE GALLERY

The Hon. the Speaker pro tempore: Honourable senators, I wish to draw your attention to the presence in the gallery of members of the Knights of Columbus, Council 1813, St-Eustache, Québec.

[Translation]

They are guests of the Honourable Senator Carignan.

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

Some Hon. Senators: Hear, hear!

ROUTINE PROCEEDINGS

COMMISSIONER OF LOBBYING

2012-13 ANNUAL REPORT TABLED

The Hon. the Speaker pro tempore: Honourable senators, pursuant to section 11 of the Lobbying Act, I have the honour to table, in both official languages, the Fifth Annual Report of the Office of the Commissioner of Lobbying.

[English]

CONFLICT OF INTEREST AND ETHICS COMMISSIONER

2012-13 ANNUAL REPORT TABLED

The Hon. the Speaker pro tempore: Honourable senators, I have the honour to table, in both official languages, the 2012-13 annual report of the Conflict of Interest and Ethics Commissioner on her activities in relation to public office holders, pursuant to paragraph 90(1)(b) of the Parliament of Canada Act.

CANADIAN COMMISSION ON MENTAL HEALTH AND JUSTICE BILL

FIRST READING

Hon. James S. Cowan (Leader of the Opposition) introduced Bill S-219, An Act to establish the Canadian Commission on Mental Health and Justice.

(Bill read first time.)

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

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

[*Translation*]

PARLAMERICAS

MEETING OF THE BOARD OF DIRECTORS, FEBRUARY 20-22, 2013—REPORT TABLED

Hon. Michael L. MacDonald: Honourable senators, I have the honour to table, in both official languages, the report of the Canadian delegation of the Canadian section of ParlAmericas respecting its participation at the 30th meeting of the Board of Directors, held in Medellin, Colombia, from February 20 to 22, 2013.

BILATERAL VISIT, JANUARY 19-26, 2013— REVISED REPORT TABLED

Hon. Michael L. MacDonald: Honourable senators, I have the honour to table, in both official languages, the revised report of the Canadian delegation of the Canadian section of ParlAmericas respecting its bilateral visit to Guatemala City, Guatemala and San Salvador, El Salvador, from January 19 to 26, 2013.

[*English*]

COMMONWEALTH PARLIAMENTARY ASSOCIATION

COMMONWEALTH PARLIAMENTARY CONFERENCE, SEPTEMBER 7-15, 2012—REPORT TABLED

Hon. A. Raynell Andreychuk: Honourable senators, I have the honour to table, in both official languages, the report of the Canadian parliamentary delegation to the Fifty-eighth Commonwealth Parliamentary Conference, held in Colombo, Sri Lanka, from September 7 to 15, 2012.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO DEPOSIT REPORT ON STUDY OF SOCIAL INCLUSION AND COHESION WITH CLERK DURING ADJOURNMENT OF THE SENATE

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

That the Standing Senate Committee on Social Affairs, Science, and Technology be permitted, notwithstanding usual practices, to deposit with the Clerk of the Senate the final report relating to its study on social inclusion and cohesion in Canada, before June 30, 2013, if the Senate is not then sitting; and that the report be deemed to have been tabled in the Senate.

THE SENATE

NOTICE OF INQUIRY

Hon. Noël A. Kinsella: Honourable senators, I give notice that, two days hence:

I shall rise in my place in the chamber to call the attention of the Senate to the cornerstone place of the Senate of Canada in the building and maintenance of the strong edifice of freedom and equality that is Canada.

• (1400)

NOTICE OF MOTION TO RECOGNIZE JUNE AS DEAF-BLIND AWARENESS MONTH

Hon. Yonah Martin: Honourable senators, I give notice that, on Thursday next, June 13, 2013, I will move:

That the Senate take notice of the month of June as the birth month of Helen Keller, who is renowned around the world for her perseverance and achievements and who, as a person who was deaf-blind, is an inspiration to us all and, in particular, to members of the deaf-blind community; and

That the Senate recognize the month of June as “Deaf-Blind Awareness Month”, to promote public awareness of deaf-blind issues and to recognize the contributions of Canadians who are deaf-blind.

QUESTION PERIOD

NATIONAL REVENUE

OVERSEAS TAX EVASION

Hon. Céline Hervieux-Payette: Honourable senators, my question is for the Leader of the Government in the Senate. I will give some background for my question because I just read a report from the Special Committee on Organized Crime, Corruption and Money Laundering, as it is my interest as deputy chair of the Banking Committee. I have studied this question in great detail.

What I read in the report is that, according to estimates by the United Nations Office on Drugs and Crime, based on a meta-analysis, \$2.1 trillion U.S. were laundered in 2009, equal to 3.6 per cent of the global GDP. Additionally, the Tax Justice Network estimated that, at a global level, wealthy individuals hold \$21 trillion to \$32 trillion of accumulated, untaxed wealth offshore.

[Translation]

In this regard, the government publicly stated that 44 people were convicted of criminal tax evasion related to offshore assets between 2006 and 2012. However, the government never provided any details on these convictions, citing privacy concerns.

Despite this argument, the Canada Revenue Agency turned over 25 names, including the offshore convictions list. After searching public court records, the media found only eight instances among those 25 known convictions where the person was found guilty of hiding income or assets in an accepted tax haven jurisdiction.

How does the government define the term “offshore”? We still do not have the names of 13 of the 44 people in question and we are talking about billions of dollars.

[English]

Hon. Marjory LeBreton (Leader of the Government): I thank the honourable senator for her question. The list was compiled by the agency, and the agency stands by the figures. Those figures are: In 2011, CRA released a list of 25 individuals convicted of tax evasion related to offshore assets.

The short answer to all of this, honourable senators, is that we expect that, where there is tax fraud or tax evasion, the Canada Revenue Agency will use the full force of the law to hold those individuals to account.

[Translation]

Senator Hervieux-Payette: Honourable senators, given the large sums of money that are being hidden in tax havens, you will understand my surprise that the media were able to identify only eight of the 25 people in question.

We learned this morning that non-governmental organizations are accusing the government of hindering the fight against tax evasion. According to the Executive Director of Canadians for Tax Fairness, Dennis Howlett, it is the Department of Finance

and not the Canada Revenue Agency that is impeding this fight. Mr. Howlett said that the inability to identify the holders of these types of bank accounts appears to be the result of the lax business creation system. We are talking about all the small trusts and other anonymous corporations in tax havens.

When will the government take action and change the business creation system in order to limit tax evasion? We received Bill C-48, which could have remedied most of these shortcomings. However, the Banking Committee was taking a look at it yesterday and there is nothing in there about tax evasion.

When will the government include those cases and ensure that all these bogus businesses no longer exist?

[English]

Senator LeBreton: Honourable senators, the government is taking action, and I can only repeat what I said a moment ago — that we expect that, where there is tax fraud or tax evasion, the Canada Revenue Agency will use the full force of the law to hold responsible individuals to account.

[Translation]

Senator Hervieux-Payette: The Leader of the Government used the phrase “the full force of the law,” and we know full well that the prosecutor lays charges, the court hears cases — the Federal Court, in most cases — and there are convictions. The entire process is public in Canada. The names of the accused are not a state secret, nor are the names of those found guilty or the fines they have to pay. Generally speaking, our laws set out very stiff penalties in these cases.

Organizations such as Oxfam Canada are very worried about allegations that the Finance Department is impeding the process, and they are saying that there are currently no mechanisms in Canada for taking the necessary action. However, this week, Ms. Shea did say that she would use a list of 450 names, which I mentioned earlier, to finally initiate proceedings.

The Prime Minister is at the G8 meeting, as we speak. Will he take a leadership role and ensure that Canadians are treated the same as everyone else who hides astronomical sums of money offshore? When will the government take action?

[English]

Senator LeBreton: Honourable senators, with regard to the Prime Minister and the G8, we fully support Prime Minister Cameron's efforts to achieve a G8 consensus on tax havens and tax evasion. We have a very strong record as a government of combatting tax evasion and getting tough on tax cheats. Since 2006, we have introduced over 75 measures to improve the integrity of the tax system. Just to put on the record once again, since 2006, our strong record on combatting tax evasion includes recovery of \$40 billion in tax debt last year alone, increasing the size of the international audit program by 40 per cent, and a recent \$30-million investment to target international tax evasion and aggressive tax avoidance.

NATIONAL DEFENCE

INVESTIGATION OF JOURNALIST

Hon. Terry M. Mercer: Honourable senators, I asked the Leader of the Government in the Senate yesterday about the wasteful use of Canadian Forces' time, human resources and funding in order to investigate an *Ottawa Citizen* reporter who published information he obtained from the United States Navy and not from a leak in the Department of National Defence.

According to the documents that the *Ottawa Citizen* requested and was granted under the access-to-information request, Minister MacKay's office requested that the NIS, the National Investigation Service, determine how Mr. David Pugliese obtained this information. The leader denied that Minister MacKay had done such a thing.

Would the leader like to clarify her answer that she gave yesterday?

Hon. Marjory LeBreton (Leader of the Government): Honourable senators, National Defence and the military released the information to Canadians through access to information, proactive disclosure, and public communications, while protecting classified and sensitive information. When unauthorized information is leaked, we expect the necessary assessments to take place to determine the source.

Again, this is a process followed by the National Investigation Service and, just to be clear in this case and in all cases, it is not the media that were being investigated, but rather the source of the leak, and it is all done under the National Investigation Service.

Senator Mercer: Honourable senators, it is interesting the leader continues to talk about a leak when the reporter got the information from the Navy of the United States.

I would suggest that the kid in the PMO who is writing the leader's notes should do a little better research. It is clear that the minister's office ordered this investigation. If the leader is going to continue to say that the minister ordered no such investigation, then who did? Who authorized such a wasteful and clearly a useless investigation by officials of the NIS, let alone such an intrusion into the freedom of the press?

Senator LeBreton: Honourable senators, I already answered the question. These efforts are handled by the National Investigation Service, which is part of the Department of National Defence. That is the answer; I know the honourable senator does not like the answer.

That is the answer, and I am very cognizant of the various responsibilities of various ministers, and I rely on most ministers and the departments to provide me with this information, which I then provide to honourable senators when they ask questions.

Senator Mercer: Leader, the question is just this simple: Who called the cops? Someone called the cops. That is the question I want to ask. In this case, the "cops" are the National Investigation Service. Who called them?

• (1410)

Senator LeBreton: Again, honourable senators, this is a matter that is handled by the National Investigation Service, and they are part of the Department of National Defence. It is part of their mandate to, as I just said, provide and release information to Canadians through access to information, proactive disclosure and public communications while protecting classified and sensitive information. This is their responsibility. They are the ones who would be the people who would obviously look into these matters, and so my answer is that very clearly this falls within their purview. The individual or the individuals in their organization who perhaps were the lead on this file, I have no idea.

Senator Mercer: We are led to believe that the NIS just suddenly decided they would check out Mr. Pugliese's sources. I am amazed that a service like that would be able to do that. Usually the police do not come along and investigate something unless someone has called them or somebody has tipped them off and said, "There is something wrong here." This does not hold water. Somebody called the cops; let us find out who.

Senator LeBreton: Again, honourable senators, it was the source of the information, not the media, that is subject to this investigation. It is entirely handled by the National Investigation Service, the NIS.

Hon. Jane Cordy: Honourable senators, the investigative service decided on its own to investigate where this information came from?

Senator LeBreton: Well, the National Investigation Service obviously has a mandate, and they monitor all information that is being dispensed and I would — that is their job.

Senator Cordy: Nobody within Minister MacKay's office ordered the NIS to start this investigation?

Senator LeBreton: Again, we have an investigative body, so it is not for me to say how that investigative body looked into how they performed this particular investigation. That is for them, and eventually I imagine they will report on this. That is their responsibility, just like it is the responsibility of any other agency of government to perform duties consistent with their mandate, and that is what they obviously did here.

Senator Cordy: Will there be an investigation into why taxpayers' money was wasted on the National Investigation Service investigating where the information came from when we know clearly that the information came from a press release from the United States? Will we be investigating the wastage of taxpayers' money?

Senator LeBreton: Again, I will only give the same answer I gave a moment ago. National Defence and the military release information to Canadians through access to information, proactive disclosure and public communications while protecting classified and sensitive information. When unauthorized information is leaked, we expect the necessary assessments to take place to determine the source. That is their job. To be clear, again, it is the source of this information, not the media, that is the subject of an investigation.

Senator Cordy: We know that the source of the so-called leak was a press release from the United States, so there was no leak. In terms of their mandate of looking at classified and sensitive information, this was not classified. It was not sensitive. It was a press release in the United States. My question is this: Will there be an investigation to determine why taxpayers' dollars, the dollars of hard-working Canadian citizens paying taxes, were wasted on a so-called investigation of a press release from the United States?

Senator LeBreton: I cannot speak for them because I am not part of the agency, but I would expect that the NIS is looking into all aspects of this particular matter.

Senator Cordy: Will you recommend to the minister's office, to Minister MacKay's office, that there be an investigation into why taxpayers' dollars were wasted?

Senator LeBreton: It is not my position to recommend to Minister MacKay how to conduct his business.

Senator Cordy: Will you have a conversation with Minister MacKay that this issue should be looked into because taxpayers' dollars were wasted on investigating a press release from the United States?

Senator LeBreton: Any conversations that I have with Mr. MacKay will be between Mr. MacKay and myself. I certainly would not share them with you in the Senate.

Senator Cordy: I would hope that all of us in here, whether Conservative, Liberal or Independent, would be concerned about the wasting of taxpayers' dollars. Are you interested in determining why taxpayers' dollars were wasted?

Senator LeBreton: Again, honourable senators, other than letting NIS do their work in all aspects of their mandate, far be it from me — I am sure that for this particular incident, like any good organization, they would be looking at the procedures they followed, and I imagine that is what they will be doing here.

Senator Cordy: You are telling us the National Investigation Service did this on their own with no input from the minister's office.

Senator LeBreton: What I am telling you is what I just told you: The NIS has a mandate to look into these matters, and my information is that they did just that.

THE SENATE

BROADCASTING OF PROCEEDINGS

Hon. Grant Mitchell: Honourable senators, I think it is safe to say we probably all share the thought that we have, in this Senate, a great deal of work to do to establish our credibility, to establish our accountability and our reputation amongst the Canadian people. In trying to achieve that, I think there would be at least three objectives that we would all agree on.

One, we have to increase accountability. Two, we have to increase transparency and three, we need to open up the access of Canadians to see the work, to get insight into the great work that so many senators do in this chamber and in their daily work as a senator elsewhere.

We have taken some steps. Certainly bringing in the Auditor General and setting up an audit subcommittee are two very important steps, and they will achieve, or at least contribute to the achievement, of the first two objectives. They will enhance accountability and enhance transparency, but they really will not give much extra insight into what it is that senators do — the great work that senators do — which would be an important step in establishing credibility and gaining the confidence of the Canadian people.

One way to do that, of course, would be to televise, or at least podcast, the proceedings in this Senate chamber, and I am just wondering —

Some Hon. Senators: Hear, hear.

Senator Mitchell: I am just wondering — I will get to that implication, Senator Plett — in light of the leader's continued reinforcement of this idea that she believes, her government believes and all of us believe in transparency, whether she would see that podcasting, at the very least, of this Senate Chamber would enhance transparency and enhance people's access to what we do.

Hon. Marjory LeBreton (Leader of the Government): I thank the honourable senator for the question. As I mentioned to your leader one time when he said that the public seem to think I run the Senate, I do not run the Senate. The Senate runs itself. All I can do is contribute to the debates in the Senate and speak for the government in the Senate.

With regard to podcasting or broadcasting or whatever the term is the deliberations of the Senate, it is not a decision that I or the government could make.

Senator Mitchell: I have been wrong before, as I know you know, but I have to stop for a minute and think about that. I have to say, though, that I do not think I am wrong when I say with a good deal of admiration that you have tremendous influence in this Senate, you have tremendous influence amongst and within your caucus, I am sure, and that is why your opinion would be so very important to the many of us who support telecasting and podcasting. That is why I am asking your opinion.

Now, maybe it is that you are reluctant to commit — and this is going sound more aggressive than I mean it to sound — but maybe it is that you are reluctant to commit in the context of the belief that has been prevalent that it would cost over \$2 million to televise. However, podcasting, and I have had an estimate from Senate administration, would cost barely even 5 per cent of that much, and very little to run. Some of the critical structure is already in a room downstairs that is not used. The infrastructure has not been used.

Would it make any difference to the leader in understanding that it will not cost \$2.1 million, but that it will cost only about 5 per cent of that, to elicit a positive opinion from her on this issue?

• (1420)

Senator Mercer: The people in Manotick want to see you, that's for sure.

Senator LeBreton: I think they see quite enough of me, thanks very much.

Honourable senators, the fact is on this particular debate, I am in the hands of my colleagues. Some days I think it would be a great idea; other days, when things are going on in here, I think it would be a great idea, but maybe not for the benefit of all of us in terms of the public.

Actually, I have heard arguments on both sides and I would be completely comfortable with whatever decision my colleagues here in the Senate make. Then I can get even more nasty emails about my hair, my age and everything else that I have been getting them about lately. So be it.

Some Hon. Senators: Oh, oh.

An Hon. Senator: No way.

Senator LeBreton: It is true, though. I am sure we have all received these emails. I have a thick skin. I have been around this place long enough and I can take that kind of criticism.

I do respond, though. I go back to the days when John Diefenbaker was the leader and he would get a really nasty letter from someone. He would write back and say, "Dear Mr. Mitchell, I am writing you about a matter of grave concern. Some nut using your name has been writing me terrible letters."

Some Hon. Senators: Oh, oh.

Senator LeBreton: I have been answering some of my emails like that, but on the broadcasting of the deliberations of the Senate, I am in the hands of my colleagues. I could live with either decision, Senator Mitchell.

Senator Mitchell: But he has not been asking my questions.

There you are. There was a great answer, a great presentation. If all Canadians could have seen you, they would have been engaged and inspired and impressed by what a great job the leader did in almost answering that question. It was that close.

There is this suggestion — and Senator Plett yelled it out at me, and you have alluded to it — that somehow our behaviour would be worse because we would realize that we are on TV and need to perform.

First of all, we have a perfect test case and that is that most, if not all, of our committees are televised. There are very few cases that I am aware of where senators have not behaved professionally.

When I talk to Canadians who watch our committees and who watch the other side, they say to me, "Why couldn't the other side behave like you do?" Not "your side" being the government side, but I mean the other place. "Why couldn't they behave like you do in the Senate?"

I believe quite the contrary from any suggestion that Canadians would think ill of the Senate. What they would be saying is, "My gosh, I wish the House of Commons would conduct itself the way that the Senate does." I think it would be a tremendous step forward for the face of the Senate, for the credibility of the institution and to Parliament at a time when we desperately need that.

I am just wondering if, after the unbelievable presentation that I just made, you might change your mind and support it.

Senator LeBreton: Well, I do agree with you, and I do have to get a life, because I watch some of the committee hearings at night. My husband thinks I am absolutely crazy. He says, "Don't you get enough politics in the day that you have to come home and watch it all night?"

In any event, my answer is the same, Senator Mitchell. I am but one senator in this place, and I would support whatever decision the Senate made in this regard.

Senator Mitchell: Honourable senators, I have one final question. In this electronic age, everybody can have access to all our institutions. That is why I was so pleased we had the Google people come through and we will have a website, apparently, where people will be able to do a virtual tour.

People living in Ottawa — and not many people who live here actually come here — have a special opportunity to come and sit and watch what we do in here. In a democratic state that is thousands of miles across and thousands of miles from north to south, very few Canadians have that option.

I believe, in my heart of hearts, that it is the right thing to do for democracy, utilizing the technology that is so helpful in this day and age, to give all Canadians a chance to do what people who live in Ottawa have a chance to do. Would it not make perfect sense in the context of enhancing transparency, even enhancing accountability, enhancing access and enhancing democracy to allow Canadians to see us on a podcast every day?

Senator LeBreton: Thank you, Senator Mitchell. You obviously are very passionate and feel strongly about this issue, as do many members in this place. You are to be admired for that.

[Senator Mitchell]

I would say this is not a decision for me or the government. This is a decision for the Senate and I would support whatever the decision the Senate makes.

[Translation]

DELAYED ANSWER TO ORAL QUESTION

Hon. Claude Carignan (Deputy Leader of the Government): Honourable senators, I have the honour to table a delayed answer to the oral question raised by the Honourable Senator Jaffer on April 23 and June 11, 2013, concerning Public Safety.

PUBLIC SAFETY

CROSS-CULTURAL ROUNDTABLE ON SECURITY

(Response to questions raised by Hon. Mobina S. B. Jaffer on April 23 and June 11, 2013)

This Government is fully committed to the Cross-Cultural Roundtable on Security (Roundtable), an advisory group to the Government, which engages leaders from a variety of communities across Canada in an ongoing dialogue on national security issues.

The Roundtable provides advice to the Minister of Public Safety and the Minister of Justice on the impact of national security policies and programs on communities. It meets formally two to four times a year, each meeting lasting two or more days with very robust agendas. Fifteen volunteer members are appointed to the Roundtable by the Minister of Public Safety and the Minister of Justice.

The Roundtable is a mechanism that allows policy-makers and members to discuss issues related to national security, potential policy and program responses, and implementation. Since its creation, the Roundtable has examined and provided feedback on: border, marine and airport security; biometrics; immigration policy; cultural and sensitivity training; the review of the *Anti-Terrorism Act*; security certificates; communicating with Canadians on national security; hate-crime; and, the financing of terrorism and organized crime. The Roundtable is also examining the issue of preventing and countering violent extremism, and specifically how Government can better assist communities in dealing with the issue of homegrown terrorism. A number of departments and agencies with national security mandates are regular participants to the meetings and bring issues to its table. Three meetings were held in 2012-2013. The Department assumes all meeting costs. Members are reimbursed for their costs but are not remunerated.

Separate from Roundtable meetings, community outreach sessions are also organized across Canada to engage cross-cultural communities in dialogue with Public Safety Canada, the Royal Canadian Mounted Police, the Canadian Security Intelligence Service, the Canada Border Services Agency and Justice Canada. Roundtable members

act as a bridge into communities, and with their assistance, more than 20 outreach events have taken place since 2009 in cities across Canada.

These outreach sessions help communities understand the role and mandates of Canadian departments and agencies involved in national security. They also work towards building trust and establishing long-term relationships, while also allowing these departments and agencies to hear directly from communities and community leaders. Six outreach events were held in 2012-2013.

Through valuable partnerships such as the Roundtable and through its outreach activities, the Government is continuing in its efforts to protect Canadians.

[English]

BUSINESS OF THE SENATE

Hon. Catherine S. Callbeck: Honourable senators, I rise on a matter of Senate business. On March 19, 2013, I asked the Leader of the Government in the Senate about why the government has not yet followed through on its commitment to add salvia to the Controlled Drugs and Substances Act.

At the time the leader noted that she had seen the same documentary I had, an episode of "W5," and also wondered about this question. The leader took the question as notice. I have not received an answer, and I wonder when I might receive a reply.

[Translation]

Hon. Claude Carignan (Deputy Leader of the Government): I will check over the next few days or the next week. We might be able to table a response in July.

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Claude Carignan (Deputy Leader of the Government): Honorable senators, pursuant to rule 27.1, I would like to inform the Senate that when we proceed to Government Business, the Senate will address the items in the following order: the twentieth report of the National Finance Committee, the twenty-first report of the National Finance Committee, and the other items as they appear on the Order Paper.

[English]

THE ESTIMATES, 2013-14

MAIN ESTIMATES—TWENTIETH REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

On the Order:

Resuming debate on the motion of the Honourable Senator Day, seconded by the Honourable Senator Mercer, for the adoption of the twentieth report (second interim) of the Standing Senate Committee on National Finance (2013-2014 Main Estimates), tabled in the Senate on May 30, 2013.

Hon. Catherine S. Callbeck: Honourable senators, today I rise to say a few words about the tabling of the report from the Standing Senate Committee on National Finance on the Main Estimates for 2013-14. These estimates, as we have heard from Senator Smith and Senator Day, break down the estimated spending for all government departments for the fiscal year we have just entered.

Honourable senators, I do not want to focus on the information we have in the estimates; instead, I want to discuss the information we do not have.

Time and time again at committee, we have heard from witnesses on the Main Estimates, as well as previous supplementary estimates, about departmental savings. Witnesses from a range of departments would talk about millions of dollars they have identified in the deficit reduction action plan announced in the Budget 2012 and how those savings were able to reduce departmental spending by millions and millions of dollars.

Often we heard the department found efficiencies that in some cases amounted to \$60 million, \$70 million or \$80 million following Budget 2012's spending reviews reductions.

The problem, honourable senators, is that our departmental witnesses could not or would not disclose exactly what made up those savings, those millions of dollars. We would hear bureaucratic jargon, but no real answers on how departments were saving large amounts of money.

It was quite common to receive a statement like this one from Daniel Jean, Deputy Minister of Canadian Heritage. He said:

We intend to do our part in achieving the goals of the government in the deficit reduction action plan. Cost-saving proposals will be focusing on core functions. They will support the modernization of the department and portfolio organizations by maximizing investments, delivering results and increasing impact.

The explanation given was when the department was asked the breakdown of the savings of \$17.9 million. There are no real numbers or details as to how that \$17.9 million actually broke down.

• (1430)

Let me provide another example. I had the opportunity to question a witness from Public Works on \$28.1 million that had been identified in a strategic review. I asked for a specific breakdown of where these cuts will be made. This is the answer that I received. The \$28.1 million:

... is primarily in the areas of real property, procurement modernization, electronic banking, departmental overhead or internal services and leveraging technology. It is related to our 2012 budget commitment contribution to the reduction of the deficit. It is comprised of \$15.1 million in accommodation savings and other initiatives, such as internal services, \$7.6 million; linguistic management services, \$4.9 million; and specialized programs and services, which is another way of saying internal services, \$0.5 million. The total is 28.1, which is our target for this fiscal year.

The remarkable thing about this answer, honourable senators, is that it is the most detail we have received from a witness when asked that kind of question, yet it is still vague. It really does not give us the full information. Where did they find the specific money, the savings? There was no mention of which specific specialized programs and services are being reduced or cut. Which linguistic management services are being reduced?

Because of the vagueness of these answers, many honourable senators would ask the department to submit in writing to the committee a more detailed breakdown. When the members of the committee did receive an answer in writing, it generally left us with many questions unanswered.

This has happened time and time again, witness after witness, department after department. Our job as parliamentarians is an extremely difficult one when we do not have access to the most basic information. It should not take multiple rounds of questioning and follow-up to find out how departments are spending taxpayers' money. In many cases, we still do not know the answers. It is a trend that has continued with the most recent budget, void of details and information, a trend that sent former Parliamentary Budget Officer Kevin Page to court to try to get the information he needed.

How the government spends taxpayers' money should be no secret. Parliamentarians should not be kept in the dark. These Main Estimates are yet another example of the troubling line of reports on the mains and the sups that highlight the failure of government departments to break down spending in a detailed and appropriate manner.

It is not unrealistic to think that if a government official can say they saved \$30 million, they should be able to back up those claims with concrete numbers. Up until this point, the majority of officials have failed to do just that.

The Hon. the Speaker *pro tempore*: Further debate?

Hon. Grant Mitchell: Honourable senators, I appreciate the opportunity to address this issue as well. I wanted to say a few things about the government's economic record. It has become an

annual tradition of mine to dampen the enthusiasm of the other side — at least I try — and put things in perspective, give a sense of reality to their euphoria with respect to their apparent or promoted economic achievements.

I want to go through and ask once again the rhetorical question that I ask, which is, why does anyone believe that this Conservative government, or for that matter many other Conservative governments, can actually manage an economy? Let me discuss the record of this government.

Since they have been in power now for upwards of eight years, unemployment is up 25 per cent from when they started. Actually, unemployment is up more than 25 per cent because in the employment figures, the government includes 300,000 unpaid internships, generally filled by youth, as employment. These are volunteer jobs. They are certainly not employment in the sense of employment statistics, as someone having a job and making money. If that were the case, why do they not include all volunteers in the volunteer sector? They do not make money, either. How would those jobs be different than an unpaid internship?

If we take 300,000 unpaid interns and add that in to the 1.4 million unemployed Canadians, which accounts for about a 7.2 per cent unemployment rate, now we have an unemployment rate that is up 25 per cent higher than the 7.2 per cent, which is getting up to 8.5 or 8.7 per cent.

We want to talk about employment success. All they talk about is jobs, jobs, jobs. If that is — and it is — their one mantra and objective, they have certainly failed miserably at creating jobs. The unemployment rate was in the low 6 per cent range when they took over; today it is at 7.2 per cent if we listen to their figures. If we add in the real figure, unemployment is at least at 8.3 or 8.4 per cent.

Not only that, there is 25 per cent youth unemployment. It is very difficult for a 20- to 30-year-old young person to get a job, and if they do, it is not clear that that job is a career-track job with real benefits and real career future possibilities.

We have seen at least a 25 per cent increase in unemployment overall and 25 per cent youth unemployment in the country. As well, we have the unpaid internship complication, if I can put it that way.

Honourable senators, this government has created record deficits. The peak was apparently \$56 billion, if one believes their figures. I am willing to say to some extent, okay, \$56 billion; I am not saying it was not. It certainly was not going to be lower; it might be somewhat higher than the figure they came up with, but the fact is that it is a record deficit. These deficits have led to unprecedented levels of debt. When the Conservative government took over, the debt was \$467 billion. By the end of this year, by their own projections, the total debt of the federal government will be \$627 billion. That is at the end of 2013-14. There is still a year to go until their 2015 target of balancing the budget, so we will have at least one more unbalanced budget, and I will get to that.

At this point, at \$627 billion in debt, we have a debt increase under this government, the hard-nosed, right-wing, tough management — and I use those terms cynically — Conservatives of 34 per cent. It is startling; it is striking.

Oh, and then there is the balance of trade. The balance of trade was \$18 billion to the good, a positive surplus when the Liberals left the government and handed it over to the Conservatives. Today it is \$67 billion in the negative. That is an \$85 billion turnaround in the balance of trade. They want to say it has something to do with the dollar, but in the last number of months the dollar has actually dropped, which would have improved the balance of trade.

They will say, “No, it is not our fault,” because that is what they always say. Either someone else was worse — they cannot say that about the Liberals because we managed the economy very successfully. They will have an excuse, which is, “Well, there has been a worldwide recession.” I say, do you know what leadership is? Leadership is not excuses; leadership is results.

Honourable senators, let me give you some of the results we saw under the Liberal government. Believe me, there were problems, such as the 1998 meltdown that collapsed European banking markets and other markets. Then there was 9/11, where stock markets in North America and around the world were more than cut in half. It shook equity markets to the ground in many respects. The Liberals inherited a \$42 billion deficit from the Conservatives in 1993. During all of that, Mr. Martin and Mr. Chrétien did not say, “We have an excuse for not performing.” They provided leadership and they performed. They gave us nine consecutive surplus budgets, some of the most sustained growth that this country has ever known.

That is another thing. Let us talk about growth. Real economists will tell us that in the next two or three years in Canada we will average maybe 1.5 per cent growth. Do honourable senators know the last time we had growth that low? During the 1930s, under the Conservative Government of that era, is the last time we had growth that low. That is not a great legacy for this country.

One wonders why this can happen. Well, a lot of it is that they just do not like government, so they do not really understand government. They do not want to listen to their public servants, who are extremely smart, have great commitment to this country and know how to manage a government.

• (1440)

What we see, which is the tip of the iceberg, which is revealing for the point that I am making, that this government does not really understand how to manage government, is the F-35 data, where it will really be \$35 billion or \$40 billion, and they come up with a figure of \$15 billion. Wow, just out by \$20 billion in one sector of expenditure. You know, if they cannot measure it properly, they cannot manage it properly.

Not only that, there is a \$3.1 billion loss. We do not know where it has gone. Again, if they cannot measure it, they cannot manage it.

There is also the inability to predict deficits properly. Last year, we heard the most recent fiscal year would be a \$21 billion deficit. It turns out to be \$26 billion. Geez, they were just out by 25 per cent. "We were close," I guess, in their terms. Now they are saying \$18 billion, which will add to the \$627 billion we are already at. That is \$645 billion or almost a 40 per cent increase in debt, and we still have a year to go. After that, we still have a year to go. There could be an increase upwards of 45 or 50 per cent in the debt of this country, and that is before interest rates start to rise. At \$700 billion of debt, one point of interest rate rise and you have a \$7 billion addition over time to the debt of this country — and they are cutting 5 million bucks from some group that supports the vulnerable here and another \$5 million that supports the vulnerable there. They will have whipped our debt from \$467 billion to upwards of \$700 billion by the time they are through. God help this country!

Let us look at markets and some of the indicators. They talk about how well they are doing. The leading indicators in the 35 OECD nations are a composite of how well an economy is doing — and they say we are the best in the western world? We are the twenty-ninth worst out of 35 OECD countries in the last report. Only six OECD countries are worse than Canada on that leading indicator.

On unemployment, we are barely in the top half, barely in the top 50 per cent. Countries like Estonia, Mexico and Chile have better employment rates than Canada. What do we hear repeatedly, incessantly: jobs, jobs, jobs. God help us if they were not focused on jobs. Where would we be? Imagine!

They cannot get a major pipeline built. We need to extend markets; we need to improve markets. He has had eight years as Prime Minister and cannot get a pipeline built. He cannot get a trade deal — we have small trade deals. Anything major or significant that might assist with the balance of trade — cannot do it. In fact, today he is out making another excuse: We will let this happen in the course of time; we will not be driven by artificial timing; we will let it happen when it should happen. Which is really to say: You know what, Mr. Harper? You just have not been able to do it and there are many reasons why, which brings me to my second point.

It is really a question of leadership. I do not know why anyone imagines that this government can lead. We have no national energy strategy. If it were not for Alison Redford out there fighting tooth and nail for Canada's and Alberta's interests in Washington, there would be no one doing it. The Prime Minister finally got levered out of his office after months and months and went not to Washington, where the focus is, but went to New York, gave a bit of a speech, but nothing concerted, no specific effort. I have had people over there say that if he ever went and he lost, it would be bad for him politically. I say wow — so we have a Prime Minister more concerned about his political life than about the economic life, the jobs, the people in this country, because that is what it amounts to.

There is no national climate change strategy.

On free trade, the Conservatives will say that they have signed nine free trade agreements since they have been in power, but, you know what? That, I think, equals 126 hours of trade with the

United States of America, so five days of trade with the U.S. — nine agreements. There is almost nothing that has been done.

What has happened? There is a lack of leadership. As I say, there is no national energy strategy; no national climate change strategy; no national health care strategy; no national suicide prevention strategy. There is no national anything. We have a Prime Minister who will not even meet with the Premier of Alberta and the Premier of B.C. to talk about pipelines going to the West — will not even meet with them. People are saying that Alison Redford and Christy Clark should work that out. Well, they both represent provincial interests. Of course they do. They are paid to represent provincial interests.

I ask: Who represents the national interest and where does that person happen to be? Well, you know where he happens to be? He is checking out the numbers of signs that he has on Action Canada projects, and he is checking out the advertising he is doing. Who is worried about fighting for Canada's national interest on energy strategy while that is going on, while we have a Prime Minister who seems to micromanage? Well, Alison Redford is, but as much as she tries and as well as she has been working, she does not represent Canadian interests. She does not speak for Canada in the international world. She certainly represents Canadians, but she is not seen to be speaking for Canada. The Prime Minister speaks for Canada, and he is nowhere to be seen, really and truly, on this file.

I think what has happened with respect to economic leadership is that too often the Conservative ideology is driven to somehow imply or think or establish that economies are really money and numbers — but economies are not money and numbers. Economies are people, and economies are driven by people who are optimistic. If an ideology divides and pushes people apart and criticizes environmental extremists and attacks the rights and the benefits of hard-working people in the Atlantic provinces, for example, who depend on EI for certain periods of the year, those industries, if one attacks and divides in an effort to conquer politically, optimism is squeezed out of an economy. There will never be a strong economy until such time as there is optimism.

I just think that this kind of lack of national leadership and a predisposition to be negative and to be attacking in that way, undermining people's confidence, cutting support systems, in many respects, without real thought or understanding of how government operates, ultimately erodes the confidence of people in a country, and the result is bad economics.

There is another little indicator: In 2006, when the Conservatives took over, the Canadian stock market, the TSX, was about 1,000 points ahead of the Dow. Today, it is 3,000 points behind the Dow, and they are saying that the U.S. was an economic basket case and Mr. Harper was giving the U.S. economic advice? As I have said, it is absolutely breathtaking that people could imagine that we have had strong economic management or that we in fact have strong national leadership. We really and truly do not.

It has to be remembered, and it needs to be reinforced, that as strong as the private sector has been in the development of this country, it did not create this country by itself. Politically, we have had strong government leadership for much of our history.

When we have a Prime Minister who simply does not provide leadership, like we have now, we do not sustain and inspire the kind of economic development and unifying national enterprise that we need to make this country even greater than it was six years ago.

The Hon. the Speaker: Is there further debate? Are honourable senators ready for the question?

Some Hon. Senators: Question.

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

Hon. Senators: Agreed.

(Motion agreed to and report adopted.)

• (1450)

SUPPLEMENTARY ESTIMATES (A)—TWENTY-FIRST
REPORT OF NATIONAL FINANCE
COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-first report of the Standing Senate Committee on National Finance (Supplementary Estimates (A), 2013-2014), tabled in the Senate on June 11, 2013.

Hon. Joseph A. Day moved the adoption of the report.

He said: Honourable senators will see that this is the twenty-first report of our committee this year. It is the report on the Supplementary Estimates (A), which were filed subsequent to the budget, subsequent to the fiscal year that began. This is the first request for parliamentary approval for parliamentary appropriation for expenditure that is attached to the Main Estimates. We were just dealing with the report of the Main Estimates. There are two bills that we will be dealing with later today, Bill C-63 and Bill C-64. Bill C-63 is the Main Estimates for the balance of the year, and Bill C-64 is the Supplementary Estimates (A). We anticipate that there will be two other supplementary estimates, one in the fall and another one just before the end of the fiscal year. We will probably get it in February of 2014. That would complete the estimate fiscal cycle for the year.

It is difficult, therefore, to compare Main Estimates with Supplementary Estimates (A) because there were a number of factors that might have been different last year that resulted in the Supplementary Estimates (A) being a bit larger or a bit smaller. All we can really do is make a statement with respect to the estimates. The comparison is done at the end of the year after the expenditures take place. We, as an oversight body, like to know what the government is asking for and what the plans are. We understand that the plans are not always able to be met, but we do not want to be surprised.

The Main Estimates for this fiscal year total \$252.6 billion. That includes voted and statutory. Those are the ones that we have to approve here and the ones that we have approved when we approved a bill some time ago. Comparing those mains to mains

from the previous year, we have \$252.3 billion in 2012-13 — \$252.6 billion and \$252.3 billion, so it is fairly close. Two years ago, the mains were \$251.3 billion.

Honourable senators will see that we are tracking about the same. We had hoped that there would be some savings in there because there have been two government reviews that were across the board, all departments and agencies, to try to save some expenditures. In effect, what has happened is that the savings have cut down the increase. These Main Estimates would have been higher if we had not gone through that exercise. What we often see when we look at departments is saving through the strategic review X millions or billions of dollars, and then they use that in new government programs.

It turns out that we are spending approximately the same amount. It will be obvious to honourable senators that the way we get out of this deficit situation is by growth. We must have economic growth. We must have more tax revenue in order to bring up the total receipts and revenue of the government to balance the expenditures. That is why we are regularly looking at forecasts. We want to know from the forecasts if the government is realistic in its forecasts.

You have heard Honourable Senator Mitchell and Honourable Senator Callbeck talk about the forecast and the need for information in order to test those forecasts. I can point out to honourable senators the concern with respect to forecasting. Two years ago, for last year, the amount of budget deficit forecast turned out to be a forecast of 25 per cent less than the actual deficit for the fiscal year just ending.

Can we trust the forecast for the coming fiscal year? That is one of the questions you should put. The other question that Senator Callbeck raised is with respect to the savings, because what the government is doing is showing us each year how much the savings impact on the bottom line in order to achieve a balanced budget. If we cannot test the savings and the predicted savings, how will we have confidence that we will balance the budget in two or three years? That was a point I made yesterday.

This year, the forecast is to show a saving of \$1 billion through the strategic review, and next year \$2 billion. In order to achieve a balanced budget in 2015, it is \$4 billion in that saving program.

The Parliamentary Budget Officer has gone to the government and said, "Explain to us just how you reach these figures." The government will not give the information. That is a very serious difficulty that we have in doing our job, honourable senators.

I will talk briefly about the report before honourable senators. It is for \$1.1 billion in voted appropriations. There is a significant amount of money that is coming back through CMHC and Export Development in loans that they put out to stimulate the economy two or three years ago. That funding is coming back and goes into general revenue. That was statutory non-budget money, in any event. From a budget point of view, we are talking about \$1.1 billion that the government is looking for parliamentary approval to spend in the supplementary estimates to add to the \$60 billion that was in the Main Estimates.

We, of course, want to go on record thanking the Treasury Board, particularly Mr. Matthews, Ms. Thornton and Ms. Marcia Santiago, for the wonderful work that they do in

helping us to understand the changes that have taken place in relation to these documents and leading us through the documents in a capable and able way. We would not be in a very good position to then pass on to you the information if we did not have their help. I did want to put that on the record.

There are some changes moving toward strategic outcomes so that we understand what the plan is, through the plans and priorities, and whether the plan has been reached. That is worded in terms of strategic outcomes and programs.

We talked to various departments. Some of the departments and what they were looking for will be of interest to honourable senators, but let me mention horizontal items first, and then I will go to some of the departments and what they are looking for.

Horizontal items relate to the same subject matter of expenditure across various departments. One of the ones that we typically ask about is government advertising. The horizontal item in these supplementary estimates for government advertising is \$20 million for four different departments. The \$20 million is being asked for as extraordinary advertising. Treasury Board pointed out to us that in addition to this special request for advertising appropriation, in departmental budgets some of the departments have the tradition of advertising and taking it out of their operating. The only way that they indicated to us that we could really get a handle on that is to look at the database that is available that will come after the year through Public Accounts. Public Accounts do a summary, but it is after the event. The best we have here is the \$4 million you saw yesterday when we talked about the main report that has been filed and the \$20 million that you see here for different departments.

The information on government advertising programs was the annual report on these programs prepared by Public Works and Government Services in previous years.

• (1500)

According to Public Works and Government Services, for 2011-2012, federal advertising expenditures totalled \$78.5 million compared to \$83.3 million in 2010-11 and \$136 million in 2009-2010.

I hasten to remind honourable senators that that is in addition to advertising done through normal operating.

We talked about AECL. Atomic Energy of Canada Limited comes to us through supplementary estimates. We see them on a regular basis, and they point out to us that the government does not provide them with enough money in their core funding, through Main Estimates, to operate for the year. In order to keep operating, they have to come back to us and request funds through supplementary estimates. They know that at the beginning of the year, and that is wrong and should not continue. We want to go on record as saying that that is wrong.

Honourable senators, here are other items that we discovered. Disaster Financial Assistance Arrangements is an important program, but it has taken the provinces and the municipalities quite a bit of time to get their accounting done and the applications made. The way this is handled by the government is that there is a \$100 million annual allocation to Public Safety

Canada, which administers this program, and then any additional amount is applied for by the government or by Public Safety when they need an additional amount after they have checked out the request from whatever province or municipality is requesting the additional money.

The amount that they are requesting in additional money, in this particular instance, is significant. It is \$470 million more to cover disasters that have been accounted for, and we cannot look at just one. It could be Winnipeg. It could be the ice storm in Quebec. It takes them a while to bring forth their applications. They requested a \$230 million increase in funding this particular year. Public Safety officials said that one such disaster, Hurricane Juan, in Nova Scotia, occurred in 2003, and the application and the costing is just getting into the federal government at this time.

At our urging, and I am sure at the urging of others, that will be tightened up to provide for a finite period of time of two to three years for the provinces to get their applications in, because otherwise it is an open-ended account. How can we predict future government expenditures if we do not put some limit on that?

I talked about Atomic Energy of Canada Limited, and I was concerned about the fact that they do not have the funding to conduct their business. One of the items that came out of this discussion with AECL is that they have sold off the nuclear CANDU reactor aspect. That is phase 1. Phase 2 is to look for an operator for the laboratories. That is going through the process. They are requesting \$260 million to continue, amongst other things, medical isotope production, which will be done by the private operator when they take over the laboratories.

Honourable senators will recall that those reactors were closed down two or three years ago. Before that, a company in Canada, Nordion, had a contract with AECL. Nordion had over 40 per cent of the world market for isotopes. A recent article in the *Ottawa Citizen* indicates that Nordion is having great difficulty getting supply and meeting its sales. Many people have been laid off as a result, and they have never recovered from that period of time.

I wonder, honourable senators, if I may have five more minutes to finish up the report.

Hon. Senators: Agreed.

Senator Day: That article, honourable senators, from June 6 of this year, explains the difficulty Nordion is having. That is an outstanding contract. I understand that Nordion might have outstanding claims against the government as a result of this. We are being asked to provide \$260.3 million to AECL to continue to upgrade and produce radioactive isotopes that would then, presumably, go to Nordion. However, there are other advances being made that might render those isotopes from nuclear reaction unnecessary.

Honourable senators, we keep seeing a significant obligation under Aboriginal Affairs and Northern Development. Another \$165 million is being requested by Aboriginal Affairs to pay specific claims. We got into a discussion about how many claims are being settled each year and how many claims have been settled. These are claims not by individuals but by bands from

across the country. The government has settled 1,131 claims under the specific claims program, and many claims are currently before the courts. They try to negotiate settlements, but some go to court. They receive approximately 30 to 40 new claims each year. That is a very significant potential liability for the people of Canada. The Department of Justice estimated that in 2007 it was \$2.5 billion. That just goes on. We are asked to approve \$250 million in the Main Estimates, and here is another \$160 million that we are being asked to approve.

Honourable senators questioned officials about the \$3.5 million Industry Canada was requesting for Technology Partnerships Canada. That program was discontinued in 2007, but there are still obligations to pay out to companies that signed a contract for research and development under that program for a considerable period of time. The replacement program is called the Strategic Aerospace and Defence Initiative, and CAE and Pratt & Whitney are in that particular program. Money under the older program is still going out and coming in, and that will continue, they told us, for about 30 more years.

If I have time when I speak on the bill, I will give honourable senators some background on the process in relation to that because there seem to be so many little side deals. We think we have the rules down and know how things progress, and then we find out that certain items that sounded like loans, if they are conditional loans, they fit in as voted appropriations. If they are outright loans, they are non-budgetary. Honourable senators will find a lot of those nuances in reviewing these reports.

I hope that honourable senators find this helpful in preparing themselves to vote for the \$1.1 billion Bill C-64, which will be coming up shortly.

Hon. Wilfred P. Moore: I wonder if Senator Day would be prepared to take a question.

Senator Day: I would be pleased to try to help.

Senator Moore: In his remarks, when he was speaking with regard to the disaster funding, he mentioned Hurricane Juan, which struck my province of Nova Scotia in 2003. Also in that year, a storm struck British Columbia, and I recall that it devastated over 6,000 trees in Stanley Park. In Nova Scotia, Point Pleasant Park and the Halifax Public Gardens were decimated, experiencing a loss 10 times that of the loss in British Columbia.

• (1510)

In the honourable senator's remarks about the sum, was an amount set aside for expenditure in this federal fiscal year for Nova Scotia to provide compensation? B.C. received compensation quickly for the loss of trees as the result of a storm they suffered. I would like to know when it will be paid and how much will be paid in this fiscal year.

Senator Day: Honourable senators, I see my time has expired, but I will try to answer the question quickly. We did not get into that level of detail, but we certainly could have done so. The question was not put. I indicated that two to three years will be the period of time when claims have to be submitted. However, I checked my notes while the honourable senator was asking his question and found that it will be five years, not two to three

years; so you could correct that on the record. There is a five-year period during which any disaster area may make application to the federal government for assistance and relief.

We do not know when in that five-year period any of those affected by these disasters will put their figures together and make application to the federal government for assistance.

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

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

Hon. Senators: Agreed.

(Motion agreed to and report adopted.)

SAFE DRINKING WATER FOR FIRST NATIONS BILL

AMENDMENTS FROM COMMONS CONCURRED IN

The Senate proceeded to consideration of the amendments by the House of Commons to Bill S-8, An Act respecting the safety of drinking water on First Nation lands:

1. *Page 2, clause 2:* Delete:
 - a) lines 12 and 13;
 - b) lines 21 to 23.
2. *Clause 14:* Delete clause 14.
3. *Schedule:* Delete schedule.

Hon. Dennis Glen Patterson: Honourable senators, I move:

That the Senate concur in the amendments made by the House of Commons to Bill S-8, An Act respecting the safety of drinking water on First Nation lands; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

He said: Honourable senators, I rise before you today to speak to an amendment passed in the House of Commons to remove the opt-in provision, clause 14, from Bill S-8, the proposed safe drinking water for First Nations act. The opt-in provision was included in the bill to provide First Nations with self-government or land claims agreements with the option of opting in to the federal regulatory regime. It was included to provide First Nations with an option that would save time, effort and expense in designing their own regimes.

However, we heard during committee hearings on Bill S-8 this past May that First Nations with self-government and land claims agreements were unhappy with this provision. The Nisga'a Lisims Government stated in testimony before the Standing Senate Committee on Aboriginal Peoples that the opt-in provision was

seen to prevail over constitutionally protected agreements. Further, they indicated that the clause set an unacceptable legal precedent for the infringement of Aboriginal and treaty rights.

Through further analysis and discussion between officials, First Nations and other stakeholders, the minister determined that there will be no gap in the ability to regulate drinking water and waste water for self-governing First Nations or those with land claims agreements if the opt-in provision is removed. Therefore, I recommend that honourable senators approve the amendment to remove the opt-in provision from the bill.

Honourable senators, once again the government is demonstrating its commitment to listen and respond to the concerns of First Nations. Safe drinking water is an important health and safety issue, and this amendment will not detract from this objective. Instead, it will not only address the concerns heard in both chambers but also support continued collaboration on treaty agreements between the government and First Nations of Canada.

I look to honourable senators here today to support this amendment.

Hon. Lillian Eva Dyck: Honourable senators, I rise today to speak to the amended Bill S-8, the proposed safe drinking water for First Nations act passed by the Senate on June 18, 2012 — about a year ago. This bill enables the federal government to develop regulations governing drinking water, water quality and waste water disposal on First Nation reserves. Such regulations could incorporate by reference provincial and territorial laws and have them apply on First Nation lands. Bill S-8 will apply to all First Nations under the Indian Act, except self-governing and land claims First Nations.

For many reasons, we on this side did not support the passage of Bill S-8. Before I speak to the specific amendments passed in the other place, I would like to refresh the memories of honourable senators on the history of this bill to give some context to the bill and its amendments.

The first iteration of this bill was Bill S-11, the proposed safe drinking water for First Nations act. Bill S-11 was introduced on May 26, 2010, and referred to the Standing Senate Committee on Aboriginal Peoples for study on December 14, 2010. The committee heard from over 15 witnesses in nine meetings. What became readily apparent during witness testimony was widespread and serious concern over the bill. Many First Nation witnesses urged the committee to halt or withdraw Bill S-11 until the government had sufficiently consulted with First Nations. Due to the overwhelming opposition to Bill S-11, the proposed legislation did not proceed to committee vote or third reading but was halted to allow further discussions and consultations with AANDC officials and First Nations. Bill S-11 died on the Order Paper when Parliament was dissolved on March 26, 2011.

The First Nation safe drinking water bill was reintroduced in the Senate as Bill S-8 on February 29, in 2012, and referred to the committee on March 25, 2012. Over six meetings, the committee heard from 12 non-governmental First Nation witnesses and legal experts. Since there were no changes to the bill, there was still

overwhelming opposition to it, though four regional First Nation organizations gave conditional support to the bill. We were not successful in passing amendments to address the flaws in the bill, but these concerns were reflected in the strong observations attached to the committee's report on the bill. These observations were as follows:

One: The bill on its surface does not adequately address the needs of First Nations to build capacity to develop and administer appropriate laws for the regulation of water and waste water systems on reserves.

Two: There is strong concern that clause 3 allows for abrogation or derogation of Aboriginal and treaty rights.

Three: The committee urged the federal government to meaningfully consult with First Nations on regulation development under Bill S-8.

Four: Resources, including infrastructure, training and capacity to operate, must be implemented and fully in place before S-8 is legally binding on First Nations.

• (1520)

Five: Self-governing First Nations raised a concern that they may be forced to come under Bill S-8.

Six: During regulation development, Bill S-8 could allow for the creation of a national or regional First Nations-led water authority to provide regulatory oversight and to facilitate negotiations and discussions among Canada, the provinces and First Nations, as outlined in the expert panel report.

Furthermore, we ask the minister to write to First Nations assuring them of three things: first, that the department would work with First Nations on the development of regulations that stem from this bill; second, that the department would commit to providing resources and funding for First Nations to participate actively in the development of the regulations; and, third, that the department would address the infrastructure and resource gap identified by the national assessment. The minister instead opted to write to the chair of our committee and sent copies to First Nations.

The amended bill before us now is in response to observation No. 5 of our Senate committee report on Bill S-8. The observations state:

The Committee heard concerns, expressed by representatives of self-governing First Nations, that future programs and funding associated with water treatment and protection may depend on their agreement to be brought under the purview of this legislation. Your Committee is sensitive to such concerns and maintains that such a circumstance would constitute a problematic interference with the self-governing powers of First Nations under treaty.

In other words, there was fear that any self-governing First Nation or First Nations with land claims would have to agree to come under Bill S-8 and its consequent abrogation of treaty rights with respect to provision of safe drinking water and disposal of waste water, that is, they would come under its provisions in order to get funding.

I would like honourable senators to keep that in mind as I now address the specific amendments that passed in the other place. The amendments proposed for Bill S-8 basically remove the ability of a First Nation which has a self-government or land claim to opt into the bill. While this may sound a bit odd, it appears to be a government response to serious concerns brought forward most vociferously by the Nisga'a Lisims government over clause 14 that spelled out a specific derogation of a First Nation's self-governing rights with respect to safe drinking water and waste water treatment. These concerns were made during our Senate committee study of Bill S-8 and were outlined in our report, as I just read out.

At the first committee meeting on Bill S-8 in the other place, Minister Valcourt introduced the amendment that is before us today. He stated:

More recently, as many of you know, concerns have been raised by various stakeholders regarding the opt-in provision, the famous clause 14 in Bill S-8, which would provide self-governing first nations and those with land claim agreements the ability to opt in to a federal regulatory regime if they so choose. Specifically, it was suggested this provision could create jurisdictional challenges and impact ongoing and future land claim agreements, among other issues.

He continued:

As I stated in the House two weeks ago, after careful consideration and extensive discussions between my officials and these stakeholders, I am recommending to this committee the removal of this provision from Bill S-8. I want to assure the members of the committee that removing the opt-in provision would have no negative impact on any first nation.

Honourable senators, Bill S-8 has been amended by deleting clause 14(2), and other necessary related amendments were made, deleting the schedule, and deleting lines 12, 13 and 21 to 23 of clause 2.

It may seem odd that an opt-in clause had to be deleted. Surely a First Nation could simply choose not to opt in. However, as outlined in the observations from our Senate committee, there were concerns that self-governing First Nations might be coerced into opting into Bill S-8 in order to get federal government funding for drinking water and waste water infrastructure.

If any self-governing First Nations were to come under Bill S-8, their constitutionally protected treaty rights would then be overridden. This would create a major legal problem, as treaties should hold supremacy if ever in conflict with other statutes.

Jim Aldridge, legal counsel for the Nisga'a Lisims' government, said this to the Standing Senate Committee on Aboriginal Peoples on May 16, 2012:

It expressly purports to have regulations prevail over constitutionally protected treaties. It is totally inconsistent with the provisions of the Nisga'a Final Agreement Act, an act of this Parliament, and all other settlement statutes that say that the treaties prevail. The Nisga'a treaty says if there is a conflict between the Nisga'a treaty and any federal law the treaty prevails. Here is a statute that says if there is any conflict or inconsistency this act and the regulations prevail. We have warring prevailing clauses.

The statutes purport to trump each other. We say this is not an acceptable, with respect, or even a competent way to legislate.

The government appears to have listened to the concerns of the Nisga'a First Nation and totally removed the possibility that Bill S-8 could apply to any self-governing First Nations by deleting the opt-in provision. However, the most egregious clause, clause 3, is still in the bill. It is disappointing that the government had not heeded the concerns of the majority of First Nations that still had major problems with this piece of legislation, especially clause 3.

Clause 3 of this bill allows for the direct abrogation and derogation of Aboriginal and treaty rights with respect to drinking water and waste water of all First Nations under the Indian Act — all First Nations other than those that are self-governing and those with land claims agreements. That is probably 600 and some.

Honourable senators will remember that I introduced an amendment during third reading to address the concerns of all First Nation witnesses who sought to delete clause 3. That amendment failed. It was once again raised in the other place at committee by both NDP and Liberal members on that committee and was voted down by Conservative members.

I do not support the government amendment today to delete the opt-in provision. The government may claim this amendment as proof of their ability to respond to First Nations. However, had the government really listened, they would have amended clause 3 to remove the specific derogation or abrogation of Aboriginal treaty rights with respect to drinking water and waste water treatment.

This bill will statutorily allow the abrogation and derogation of constitutionally protected Aboriginal treaty rights for all the First Nations still under the Indian Act. The government claims to have listened to First Nations, but with these amendments it is clear they have only employed a selective hearing approach. I do not support the amendment.

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?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Carried on division.

(Motion agreed to, on division.)

• (1530)

NATIONAL DEFENCE ACT

BILL TO AMEND—THIRD READING— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator White, seconded by the Honourable Senator Doyle, for the third reading of Bill C-15, An Act to amend the National Defence Act and to make consequential amendments to other Acts.

Hon. Roméo Antonius Dallaire: Honourable senators, this may be a bit of a dry subject, but it is not an insignificant one. It is about the operational requirements that will permit the Canadian Forces to remain a force that is respectful of the rule of law and the rights of the members, as well as ensuring the good order and discipline of the forces in accomplishing its missions.

Bill C-15, An Act to amend the National Defence Act and to make consequential amendments to other Acts, is good and it is long overdue. It is finally bringing closure to Somalia and the catastrophes that the forces had to live through with the rogue elements and deficiencies at that time — recommendations that were brought forward originally by Supreme Court of Canada Chief Justice Dickson and General Charles Belzile, ex-Commander of the Army; followed five years later by Chief Justice Antonio Lamer, who presented 89 recommendations. Over the last few years, these recommendations have not been implemented except for seven through a series of two other bills, but the overarching bill has found itself convoluted in the process of either being struck off the Order Paper because of elections or prorogation, or simply delayed. Now we finally have a product in our hands that we can actually, hopefully, work to get approved — and approved soon — for it is required with a certain sense of urgency.

With that said, the bill is not perfect. Although I have four amendments in one to present today, it is not a position that I think we should take of putting it at risk, but — on the contrary — of trying to accelerate the approval of these amendments to get final approval of this bill by, yes, sending it back and bringing it forward amended.

I will begin, however, by thanking Senator Runciman and Senator Fraser, the Chair and Deputy Chair of the Standing Senate Committee on Legal and Constitutional Affairs. I have had the great privilege of sitting on that committee for the past

few weeks during the study of Bill C-15. It was a first-class work effort by the honourable senators in the Legal Committee, and it was much appreciated that I was able to participate fully, not only in the offering of commentary but, most importantly, being able to question the witnesses to the full extent that I was hoping to be able to achieve as the critic of this bill.

[Translation]

You will remember that I criticized certain components of Bill C-15 when speaking to the bill at second reading. The Standing Senate Committee on Legal and Constitutional Affairs heard testimony from officials at the Department of National Defence, current members of the Canadian Armed Forces, former judge advocates general, ombudsmen, lawyers, judges and many other witnesses.

Like a great many of them, I am very conscious of the fact that this bill is an important step in transforming and modernizing the military justice system, which is key to the effective operational capability of the Canadian Armed Forces. I was surprised to learn that many of the provisions in Bill C-15 were not already approved and incorporated into the military justice system.

I recognize that it is important to guarantee the independence of military judges, modernize sentencing principles and carve out a real place for victims in the military justice system.

However, the bill before us today still has some problems that need to be addressed. To gain the support of everyone here in this chamber, we need to make some amendments that will ensure that the chain of command, for one, is held accountable and that the Canadian Forces Provost Marshal remains independent. We must also ensure that the grievance process and summary trial sentencing remain fair.

[English]

I would like to introduce one amendment to Bill C-15, honourable senators, but made up of four parts. I will table amendments to clause 4, regarding the Vice Chief of the Defence Staff's ability to issue instructions for particular investigations; clause 8, regarding reporting by the Chief of the Defence Staff; clause 75, making changes to which offences become eligible for a criminal record; and, of course, clause 95, that offences with a punishment of less than 30 days of detention not be considered part of the criminal record.

As my amendment has a number of elements to it, I would like to use the remainder of my time to give honourable senators a brief overview of the effect these amendments will have on the bill that is before us to render it as effective as possible to be implemented as soon as possible by the Armed Forces.

The first part of my proposed amendment affects clause 4 of the bill, which allows the Vice Chief of the Defence Staff — this is the number two of the Armed Forces — to issue instructions or guidelines in respect of a particular investigation.

The amendment I am proposing would set some limitations on the circumstances in which the VCDS is permitted to issue such instructions. Under the amended clause, the vice chief would be

empowered to issue such instructions only in exceptional circumstances where operational exigencies require him to intervene.

In committee, we heard from the Minister of National Defence, the Honourable Peter MacKay, that this is the intention of the original clause in Bill C-15. He indicated that this legislation:

...establishes a mechanism... whereby the Vice Chief of the Defence Staff, under exceptional circumstances... when investigations are being carried out in an active area of operations could issue special instructions to the Canadian Forces Provost Marshal that consider the operational imperatives of the Canadian Armed Forces.

[Translation]

The minister's comments make it clear that this provision in Bill C-15 is designed to allow the vice chief to issue instructions in exceptional circumstances where operational requirements require him to step in and ensure the safety of Canadian Armed Forces members, the military police and civilians involved in the case.

With all due respect, I believe that if the intention is to ensure that those instructions are only issued in exceptional circumstances, then that needs to be indicated in the bill, which is not currently the case.

The amendment I am proposing would prevent any confusion as to the intention of the provision.

[English]

We suffered through the experience of Somalia that the chain of command was held accountable for interfering with investigations and, as such, created enormous problematics in the ability of the Armed Forces to come to a conclusion on exactly what happened and what action should be taken with regard to Somalia. We do not want the vice chief, who is the number two in the chain of command, to come back into this process and, in so doing, bring the chain of command back into question when it is of operational exigency, which is where we would normally find some of these exceptional problematics. In so doing, we could find the chain of command being held responsible for influencing an investigation, influencing the investigators to be able to get at the material that is essential to bring forward an objective and responsible report of investigation so that the appropriate actions can be taken.

• (1540)

This amendment is putting the screws to the Vice Chief of the Defence Staff in order to ensure that this exceptional circumstance is well-defined, which Bill C-15 does not do enough. It leaves too much room for interpretation and for the VCDS.

[Translation]

By limiting the cases in which the vice chief can issue instructions regarding an inquiry, we can ensure that this provision will not be abused to allow the chain of command to

needlessly and dangerously interfere in an inquiry. Furthermore, my amendment would require the vice chief to provide reasons for such instructions. Such a requirement would ensure that the Provost Marshal and the Canadian public would be informed of the reasons in question. It would also make the process clearer and provide for more accountability. This would provide the necessary transparency for the chain of command in this exceptional circumstance.

The first part of my amendment would change the way in which instructions given by the vice chief to the Provost Marshal are made available to the public. As it stands now, Bill C-15 requires that the vice chief's instructions be given in writing and that the Provost Marshal ensure that they are available to the public. The Provost Marshal may, however, decide not to make them available to the public if he "considers that it would not be in the best interests of the administration of justice" to make them available.

[English]

I certainly recognize that there are circumstances in which it may not be prudent to release these instructions to the public right away. We are talking about operational theatres, intelligence gathering, security risk to the forces deployed and operational risks that could be put into play should this information find itself in the public domain.

However, it is difficult to accept that such instructions could remain permanently secret.

For this reason, I have suggested what I think is a reasonable timeline for the public release of the Vice Chief of the Defence Staff's instructions or guidelines. He has to come clean sooner rather than later, so my amendment would require that all instructions be released to the public within one year of the end of the investigation if no charges are laid. If charges are laid, the deadline for public release would be one year after all appeals are exhausted.

Honourable senators, this change would ensure that the public is informed of the VCDS's instructions in a timely manner, but it would also ensure that an inquiry is not negatively affected by the publication of those instructions. By adding a timeline for the public release of instructions, we will ensure that important information regarding an inquiry is not lost forever with all kinds of potential speculations while simultaneously protecting the integrity of these inquiries.

[Translation]

In general, the amendments I described would clarify what is already in Bill C-15. The Minister of National Defence said that this provision is designed to protect the integrity of military inquiries and clearly define the circumstances in which the chain of command may give instructions.

I presented these amendments to ensure that that is the objective of Bill C-15 and also that the bill states it clearly, with no ambiguity.

The next part of my amendment will make changes to clause 8 of the bill by replacing it with the following:

The Chief of the Defence Staff shall provide reasons for his or her decision in respect of a grievance if the Chief of the Defence Staff does not act on a finding or recommendation of the Grievances Committee.

The Chief of the Defence Staff is the head of the Armed Forces.

This is a fairly simple change, yet it will eliminate the two-tiered system that exists in Bill C-15. Without this amendment, the original bill would require the Chief of the Defence Staff to provide reasons as to why he or she disagrees with the findings of the grievance committee. It would also require the Chief of the Defence Staff to explain why he or she agrees or disagrees with the findings of the grievance committee on any grievance submitted by a military judge, which means that military judges are given special privileges.

We should not create a two-tiered system for dealing with grievances when there is no need for it. A grievance is a grievance. All grievances should be handled with the same care and attention. That is why my amendment would require the Chief of the Defence Staff to provide the reasons for his or her decision only if he or she disagrees with the findings of the grievance committee, regardless of the origin of the grievance.

[English]

Finally, my amendment would make two small changes to clause 75 of Bill C-15. This clause has been quite controversial and widely discussed. It is the clause that allows certain summary trial offences to be exempt from carrying a punishment of a permanent criminal record.

As I have mentioned in previous speeches, the military summary trial system is quite different from a civilian trial system. Certainly, it must continue to be quite different from a civilian system. Let me explain.

It is important that summary trials must be able to operate with a high level of flexibility. When troops are stationed overseas and in operational theatres, including active combat missions, the time and resources required to conduct full civilian-style trials would be impossible to find in order to secure. Summary trials allow justice to be carried out without delay so that operations are not affected, loyalties are not strained and good order, conduct and discipline are maintained within the context of severe operational stresses and severe operational conditions. Actions must be as immediate as possible in order to correct a problematic by an individual or individuals in the operational theatre, and these individuals must be handled with exemplary motives in order to ensure that good order and discipline are maintained and that the cohesion of the unit is not put at risk, nor is the mission at any time during its operation.

[Translation]

However, it is important to remember that an accused in a summary trial does not have the same right to appeal the verdict or the sentence. Summary trials are usually held without the presence of a lawyer, and no transcript is kept of the proceedings.

[Senator Dallaire]

That is why we need to be careful when determining the types of offences and disciplinary measures that can lead to a permanent criminal record. Many summary convictions result from offences that would be considered trivial in the civilian world. We must ensure that the rehabilitation objectives of the summary trial system are not negated by the long-term punishment that comes with having a criminal record, which can haunt soldiers for the rest of their careers and their lives.

My amendment proposes changing the provisions of Bill C-15 that relate to criminal records.

• (1550)

[English]

The first change would be to remove section 87 and section 95 offences from the list of offences exempt from a criminal record. I am putting these in not to be exempted from a criminal record. This sets the scene for those that we do want to be exempted under conditions I will explain.

Section 87 of the National Defence Act reads as follows:

Every person who

(a) being concerned in a quarrel, fray or disorder,

(i) refuses to obey an officer, though of inferior rank, who orders the person into arrest, or

(ii) strikes or uses or offers violence to any such officer,

(b) strikes or uses or offers violence to any other person in whose custody he is placed, whether or not that other person is his superior officer and whether or not that other person is subject to the Code of Service Discipline,

(c) resists an escort whose duty it is to apprehend him or to have him in charge, or

(d) breaks out of barracks, station, camp, quarters or ship, —

Or operational theatres

— is guilty of an offence and on conviction is liable to imprisonment —

I use the term “imprisonment,” not “detention.”

— for less than two years or to less punishment.

Section 95 states:

Every person who strikes or otherwise ill-treats any person who by reason of rank or appointment is subordinate to him is guilty of an offence and on

conviction is liable to imprisonment for less than two years or to less punishment.

Imagine the circumstances of a superior hitting a subordinate and attempting to maintain good order and discipline and a sense of respect in the chain of command.

[Translation]

It does not make sense to me that hitting an officer, particularly a lower-ranking one, a private or a non-commissioned officer, would not result in a criminal record. Using violence against a peer or a subordinate is a very serious offence and should be treated as such. That is why I want to remove this offence from the list of those exempt from a criminal record.

[English]

One further change, and one that I consider to be quite important, is the addition of “detention for a period not exceeding 30 days” to the list of punishments that are exempt from a criminal record.

These are the ones that should be exempt from a criminal record and are not within Bill C-15.

As I have noted in previous speeches on this bill, detention is intended to be a rehabilitative punishment. It is a way to retrain members who have had disciplinary problems but who are not yet a lost cause. It has been very successful in the past, and we have previously seen over 98 per cent non-recidivism from those who are sentenced to detention. You do not want to go there. It is there to provide an atmosphere to rehabilitate the soldier, and essentially in 98 per cent of the cases we end up with a better soldier. I have personally used, on a number of occasions, up to three months, in those days, of detention in order to achieve that aim, and many a career — and family, too — have been saved, and the individual has used that as a primary reference for them to show, one, how they have been able to see military justice be used, and two, that that justice system is simply not punitive but in fact is rehabilitative and has guaranteed them an advancement ultimately in their career.

[Translation]

Detention should never be equated with imprisonment. It is a solution that saves careers and puts people back on the right path. Commanding officers of regiments are currently authorized to give up to 30 days of detention in military institutions, but if this punishment carries with it the threat of a criminal record, commanding officers may be reluctant to use this option. They would be losing an essential tool for maintaining order and discipline in the Armed Forces, a tool that provides the flexibility to save individuals from their past wrongdoings and rehabilitate them in detention, thereby giving them an opportunity as much more responsible individuals to advance in their careers.

My amendment would change Bill C-15 so that detention for a period not exceeding 30 days no longer results in a permanent record, a criminal record. My amendment would reframe detention as the rehabilitative measure it has always been and is supposed to be.

[English]

I recognize that I have just gone through quite a long list of proposed changes. Allow me to summarize briefly what I have just explained, just to make your day.

My amendment would limit the circumstances in which the Vice Chief of the Defence Staff can issue instructions on a particular military police investigation. It would also require that the VCDS provide reasons for any instructions issued and would require that the instructions and reasons be made public within a reasonable time frame. In fact, we spoke of one year within the limits of the judicial actions being taken.

My amendment would eliminate a two-tiered system of grievances, ensuring that the Chief of the Defence Staff would only give reasons for disagreeing with a finding of the grievance committee in respect to a grievance and that the judges would be treated as they should be, with the same equal process as all other members of the forces.

My amendment would remove section 87 offences from the list of offences exempted from the punishment of a permanent criminal record. Section 87 offences include the use of force and violence against a subordinate.

Finally, my amendment would add “detention not exceeding a period of 30 days” — that is at the commanding officer unit level, those in the tactical front lines — to the list of punishments that will not carry a criminal record.

[Translation]

Honourable senators, at the beginning of my speech, I said that Bill C-15 is a major step toward modernizing Canada’s military justice system. We have to take it very seriously because many of the bill’s provisions should have been passed long ago. However, for this bill to inspire confidence, we have to amend it as I have suggested. We would thereby ensure accountability in the chain of command and improve fairness in summary trial sentencing.

I would like to table my amendments now. I hope nobody will mind too much if I read them.

• (1600)

[English]

MOTION IN AMENDMENT

Hon. Roméo Antonius Dallaire: Therefore, honourable senators, I move:

That Bill C-15 be not now read a third time, but that it be amended,

(a) in clause 4, on page 4,

(i) by replacing lines 11 to 13 with the following:

“(3) The Vice Chief of the Defence Staff may, in exceptional circumstances, issue instructions or guidelines in writing in respect of a particular

investigation if the Vice Chief of the Defence Staff considers that operational exigencies so require, and shall include reasons in writing for issuing the instructions or guidelines.”, and

(ii) by replacing lines 16 to 23 with the following:

“section (3), together with the reasons for having issued them, are made available to the public without delay.

(5) if the Provost Marshal considers that it would be in the best interests of the administration of justice not to make an instruction or guideline, or a part of one, and the reasons for having issued the instruction or guideline available to the public at an earlier date, the Provost Marshal may delay making the instruction or guideline, or that part of it, and the reasons available to the public until,

(a) if no charge is laid or preferred as a result of the particular investigation, the end of one year after the investigation is completed; or

b) if a charge is laid or preferred as a result of the particular investigation,

(i) the end of one year after all proceedings related to the charge are completed and all levels of review or appeal related to the charge are exhausted, or

(ii) if the charge is withdrawn, the end of one year after the charge is withdrawn unless during that year a charge is laid or preferred as a result of the particular investigation.

(6) Nothing in this section precludes

(a) a member of the military police from making a complaint under section 250.19; or

(b) a finding, in respect of a complaint made under section 250.19, that improper interference with an investigation has occurred.”;

(b) in clause 8, on page 5, by replacing lines 27 to 32 with the following:

“of a grievance if the Chief of the Defence Staff does not act on a finding or recommendation of the Grievances Committee.”; and

(c) in clause 75, on page 49,

(i) by replacing line 7 with the following:

“89, 90, 91, 96, 97, 99, 101, 101.1.”, and

(ii) by replacing lines 11 to 15 with the following:

“(i) detention for a period not exceeding 30 days,

(ii) a severe reprimand,

(iii) a reprimand,

(iv) a fine not exceeding basic pay for one month, or

(v) a minor punishment; or”.

These amendments, technical in nature, give and maintain the flexibility required by commanding officers —

The Hon. the Speaker: Order. A question has been put by way of an amendment, and I have to present it to the house.

It is moved by the Honourable Senator Dallaire, seconded by the Honourable Senator Moore, that Bill C-15 be not now read a third but that it be amended:

(a) in clause 4, on page 4 —

Shall I dispense?

Hon. Senators: Dispense.

The Hon. the Speaker: Continuing debate.

Senator Dallaire: Honourable senators, I have essentially laid out my arguments for bringing forward the amendments. What we are introducing with these amendments is a means of ensuring that the chain of command is not brought back into the scenario of influencing investigations, putting at risk evidence and ultimately hiding an investigation that the Canadian people should be aware of. That brings us right back to the 1990s and to Somalia.

The second significant one to do with the grievances is one in which the judges have no specific need for any privilege in the grievance system.

[Translation]

That means that judges are accepted and considered to be like all other members of the Armed Forces.

The other element is that there are offences that result in a criminal record. Hitting an individual, whether it is a superior hitting a subordinate or the opposite, or hitting anyone, no matter what the circumstances, must certainly be seen as an act of violence that falls under the same rules as those that apply in the civilian world.

Now for the last point and the one that I believe is the most significant one.

[English]

Probably the most significant one is that commanding officers absolutely need this tool in order to maintain good order and discipline; that is, they can use detention of up to 30 days as an instrument to ensure discipline, but also rehabilitation, of members of the forces. If we put that under the Criminal Code, as it is written now, they will not be able to use it with the same objective. On the contrary, they might be reticent to use it, which

means that we either have escalated something way too high and unnecessarily or that that problem will be under-responded to. Doing so could undermine the credibility of the chain of command in maintaining that good order and discipline.

Honourable senators, the bill is essential but these amendments are also essential. I believe that we should, without prejudicing the bill, accept these amendments and send it back to the House of Commons. Within no time flat, they could get it back to us and have it approved.

Some Hon. Senators: Hear, hear.

(On motion of Senator Tardif, for Senator Fraser, debate adjourned.)

APPROPRIATION BILL NO. 2, 2013-14

THIRD READING

Hon. Larry W. Smith moved third reading of Bill C-63, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2014.

The Hon. the Speaker: Is there debate, or are honourable senators ready for the question?

Hon. Joseph A. Day: Honourable senators, yesterday I spoke on the report, and I spoke at second reading with respect to Bill C-63.

If honourable senators look at the Order Paper for today, they will see, on the second page, that Item No. 1 is the report. We had debate on that yesterday and earlier today. That, in effect, is a report on the study done by Finance in relation to the items in Bill C-63.

How do we find those? We only received Bill C-63 a short while ago, but we found those through the Main Estimates. The Main Estimates have been made available to honourable senators and referred to our committee. At the back of the Main Estimates are Schedules 1 and 2. We looked at all of the requests that appear, and the schedules are summaries of those requests.

In order for honourable senators to follow along, we are looking at three different documents: the bill, the report and the Main Estimates.

Honourable senators will see that the bill is pretty straightforward. Pro forma wording appears — the same wording — but you are being requested to vote on \$60.7 billion. It is in two different schedules, and I explained yesterday the difference between the two schedules. All that had to be done was to confirm that the schedules and the Main Estimates that we studied are the same as what appears in Bill C-63, and we performed that on each occasion.

I would like to refer honourable senators to page A-17 of the Main Estimates. In there, under the Department of Health, there is an amount of \$1,716,556,576. That is \$1,700,000,000 plus,

going to the Department of Health. When I get to the Department of Health in the schedule, I find that it is \$1.719 billion. That is a difference of over \$3 million, honourable senators.

• (1610)

This was not brought to our attention. I was trying to understand why the documents we were looking at have a different number for the Department of Health than the documents we are requested to vote on. If we voted on this, we would be voting for the larger number. However, I did some further investigation and determined that at page A-17 of the Main Estimates, Hazardous Materials Information Review Commission has a request for \$3,243,543. I looked at the bill that honourable senators are requested to vote on, but that amount is not in it. In fact, it appears that the Hazardous Materials Information Review Commission has been incorporated into Health Canada under vote 1. Honourable senators should have been aware of that before the vote on the bill. Unfortunately, it was not in the reports that we received from Treasury Board.

The choice is to reject the bill and say it is not the same as the one studied, or to pass the bill as it appears. My recommendation is that we pass the bill as it appears, with the record showing that the Hazardous Materials Information Review Commission is incorporated as part of vote 1 under Health Canada. By doing so, honourable senators agree that in the future there would not be a separate listing for the Hazardous Materials Information Review Commission and that it would be incorporated into vote 1 under general operating of Health Canada.

In effect, honourable senators are agreeing automatically to a change in the organization and structure of government by voting for this bill. I bring it to the attention of honourable senators, because it is important to confirm that the schedule we studied is the same as the schedule we are voting on and, if not, why not.

With that exception, I find everything else to be in order with respect to Bill C-63. It is in the twentieth report, second interim report, on the Main Estimates that has been filed, debated and adopted by this chamber.

Honourable senators are requested to vote for \$60.7 billion on a confidence appropriation bill for the government.

Hon. Jane Cordy: Would Senator Day take a question?

Senator Day: Yes.

Senator Cordy: Yesterday, when the honourable senator was speaking to Bill C-63 at second reading, he said it was like putting the parts of a puzzle together. Certainly, I would like to recognize all members of the Senate Finance Committee, because it is a challenge to review billions of dollars in proposed spending. I believe the figure stated was \$60.7 billion.

The Auditor General of Canada said that \$3.2 billion went missing. When the Finance Committee was putting the pieces of the puzzle together in its study of the bill, was it able to find the \$3.2 million that the Auditor General said was lost?

Senator Day: I thank the honourable senator for the question. No, finding that money would require an audit of the boxes stored in the basement of Treasury Board's building. We were told by the minister publicly that the answer is in a box of documents.

The possibilities are that the \$3.1 billion was spent on something not approved by Parliament, that it was spent on something approved by Parliament, or that it was not spent at all. We do not know. There would have to be an order from this chamber or a minister requesting an investigation into the matter.

I asked the Honourable Leader of the Government in the Senate about the unaccounted for \$3.1 billion and what process the government is using to trace its whereabouts. She took the question as notice, and I hope the response will be in the house in due course.

Senator Cordy: Did the minister seem to be interested in finding the \$3.1 billion, because he would seem to be the person to take the lead on this given that it is taxpayers' money?

Senator Day: You are absolutely right — the question of interest is a subjective analysis. The minister said he had the boxes, so I hope his review is under way. We look forward to hearing from the Leader of the Government in the Senate to confirm that or advise otherwise.

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

An Hon. Senator: Question.

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

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

APPROPRIATION BILL NO. 3, 2013-14

THIRD READING

Hon. Larry W. Smith moved third reading of Bill C-64, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2014.

Hon. Joseph A. Day: Honourable senators, I indicated during my discussion of the report on Bill C-64 that I would try to come back to one aspect, which I propose to do now. Honourable senators will see that Bill C-64 at third reading is Item Number 3 under Government Business on the Order Paper. At page 4, Item Number 3 under Reports of Committees is the report on the Supplementary Estimates (A). The two items should be dealt with together.

The Supplementary Estimates (A) were not printed this year, as I indicated in debate yesterday. The document is available electronically so you have to print a copy if you want to share it with honourable senators in the Senate chamber. The Supplementary Estimates (A) request an appropriation of

\$1.1 billion. This represents an additional amount requested by departments and agencies following the Main Estimates, the budget and interim supply because, for whatever reason, they did not get them into the Main Estimates. They need the funds before the fall of this year, so that is why this request appears.

• (1620)

Now, Industry Canada appeared before us, and I have already spoken about it today on the report, item number 3 on page 4, and that has already been adopted here. I thought the following was an interesting discussion that we had, and it started with Ms. Bernard from Industry Canada when she appeared before our committee:

The Chair: Ms. Bernard, I would like to go back to thinking about the technology partnership and the \$450,000 in salaries that you are paying people to get out there and shake the bushes for you. You are not keeping that money in a separate pot. It goes into general revenue, and then you have to apply to get the money out again. Is there a fictional account in which you know how much there is that you keep dipping into?

Ms. Bernard: I would not call it "fictional." These are my staff, by the way, the folks that do these collections. They work for me. I have a bigger team than that which does recovery. A team of 20 people does recovery.

As an aside here, we are talking about recoveries on the conditional grants that are made to industry for research and development. The plan is that if the product is successful, money would come back to the government. These are the people who go out and remind the company that got the funds to pay back what their obligation was, and this can go over a period of quite a number of years.

Ms. Bernard continues:

There are five in particular that do recoveries against the TPC-IRAP, which was a subcomponent delivered by the NRC at the time, which was aimed at small and medium-sized enterprises, sort of a subcomponent of TPC, more regional in focus and more small companies involved. Those files, because they are now in the repayment phase, have recently been transferred to Industry Canada. I have inherited five people that can now do the recoveries of these. It costs me about \$450,000, but there is nothing in my budget to cover that.

There is nothing in her budget to cover the salaries for the work that has to be done. She said, "The agreement with Treasury Board is if they collect, you get the salaries to pay them."

Now, the normal rule, honourable senators, is that we approve the appropriations of funds, and we approve the money that is used for salaries. Ms. Bernard continues:

They collected last year; I get the money this year to pay for their salary. They will collect more for next year, and, again, next year we will be back asking to pay for their salaries again.

The Chair: From our point of view this is not a separate pot of money, this is just money that is collected that is owed to the government. It has gone into general revenue. Your words threw me off when you said “royalties.” “Requesting access to the money” suggests that there is a little pot here, but in effect you are just reflecting an agreement that you had with Treasury Board. From our point of view, however, you are just requesting money out of general revenue to do whatever you are saying you want to do here.

Ms. Bernard: All the money goes to the Consolidated Revenue Fund. We collected, as I have mentioned, \$120-some-odd million and \$100 million stays with the Consolidated Revenue Fund.

That is a very significant amount, honourable senators. Ms. Bernard continues:

We have asked that about \$20 million come back to us partly to pay for new SADI programs and partly to pay for old TPC programs still in the repayment phase, and, finally, the \$450,000 to pay for the few folks who try to shake down those recipients, as you have said.

What I had said in the question was “shake the bushes,” but the answer back was to “shake down those recipients,” and it is interesting how a slight change of words has such a huge difference in meaning.

Continuing with the questioning:

The Chair: Are you keeping a book in your office saying this is how much we have collected?

Ms. Bernard: Oh, yes. It is a big book.

Further down, Ms. Bernard continues:

I think this was part of Treasury Board’s strategy to ensure that we kept on those companies because it would have been easy to let go, especially if it was paid. I am still collecting things that were paid out in the 1960s. They make sure that we have an incentive to collect those revenues.

You see, honourable senators, the process is that Industry Canada is being told that they have, in effect, a guarantee of a portion of the funds they are collecting, and they are collecting funds in some cases from companies that got the money in the 1960s, whereas the government process for allocating funds is not that there is a side deal between Treasury Board and Industry Canada. It is not that they will be guaranteed a certain amount of money out of what they have collected. They collect the money because that is their job, and the funds they receive are what Parliament decides they should have, after we have seen their submission and dealt with it according to this process.

This suggests to me that there is some misunderstanding and there are some government departments that misunderstand the process, which is that Parliament determines the amount of funds that go to them, not a side deal that they have with Treasury Board.

I wanted to bring that to the attention of honourable senators because this is the kind of thing that we in the Finance Committee are able to determine through an extensive discussion with the various witnesses. It is very helpful to us and, I think, helpful to the financial administration of Parliament that we have the opportunity to remind them that we here in Parliament determine appropriations on an annual basis.

Thank you, honourable senators, for this. We are now voting on Bill C-64, it is \$1.1 billion, and it is a matter of confidence, obviously, in the government. Govern yourselves accordingly on it, but we have done our work in reviewing the information for you.

The Hon. the Speaker *pro tempore*: Is there further debate?

Are honourable senators ready for the question?

Some Hon. Senators: Question.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: Adopted on division.

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

POPE JOHN PAUL II DAY BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-266, An Act to establish Pope John Paul II Day.

(Bill read first time.)

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

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

(The Senate adjourned until Thursday, June 13, 2013, at 1:30 p.m.)

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