SENATE SÉNAT

CANADA

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OFFICIAL REPORT
(HANSARD)

Tuesday, December 12, 2017

The Honourable GEORGE J. FUREY,
Speaker

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

*Debates Services:* D'Arcy McPherson, National Press Building, Room 906, Tel. 613-995-5756
*Publications Centre:* Kim Laughren, National Press Building, Room 926, Tel. 613-947-0609

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# THE SENATE

**Tuesday, December 12, 2017**

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

Prayers.

[*Translation*]

## ROYAL ASSENT

NOTICE

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

RIDEAU HALL

December 12th, 2017

Mr. Speaker,

I have the honour to inform you that the Right Honourable Julie Payette, Governor General of Canada, will proceed to the Senate Chamber today, the 12th day of December, 2017, at 5:15 p.m., for the purpose of giving Royal Assent to certain bills of law.

Yours sincerely,

Stephen Wallace

*Secretary to the Governor General*

The Honourable
The Speaker of the Senate
Ottawa

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[*English*]

# SENATORS' STATEMENTS

## NEWFOUNDLAND CHOCOLATE COMPANY

**Hon. Fabian Manning:** Honourable senators, today I'm pleased to present Chapter 25 of "Telling Our Story."

Just a few short years ago, in May of 2008, the Newfoundland Chocolate Company sold its first box of chocolates at a local craft show. Since that time, the company has become one of the jewels of the Newfoundland and Labrador crown, and its success is in no small way the result of the energy, dedication, knowledge and passion of the company's founders, Brent Smith and Christina Dove.

Brent, a geographer with a love of maps, people and places, and Christina, a neuroscientist with a love of all things scientific, are both graduates of Memorial University.

While attending university, Brent decided to sign up for a pottery class and Christina just happened to be the instructor. To make a long story short, both the clay and the sparks were soon flying.

What started out as little more than a hobby soon evolved into a business. Both of them were crafty in their own ways, so the artisan approach of making chocolates by hand, the old-fashioned way, just came naturally.

It did not take too long for Brent and Christina to realize that their company was going to be as much about their love for Newfoundland as it was about their love of chocolate. Their chocolate wouldn't just be great chocolate; it would be great chocolate that told a story – a love story about Newfoundland and Labrador.

Their boxes are not just boxes of chocolate. They proudly display iconic scenes of the company's namesake on the covers, and instead of just descriptions of the chocolates inside the box, there are maps of Newfoundland and Labrador. For example, a chocolate wouldn't just be a chocolate with blueberries; it would be a chocolate featuring incredibly Newfoundland blueberries and would be named after, where else, but the blueberry capital of Newfoundland — the beautiful town of Brigus.

The Row House bars, which you all should have received a sample of by now, features those iconic jellybean houses that dot the streets of St. John's with their colour and character. And when it came time to name the Easter Bunnies, well, they just had to be Joey, Danny and Clyde after some of Newfoundland's most famous or infamous premiers. And when terms of endearment were chosen for the Valentine's Day bars, they wouldn't say, "be mine"; they'd say "Me Duckie" or "Some Sweet."

Everything about the Newfoundland Chocolate Company would be a celebration of not only delicious artisan-crafted chocolate, but of the culture, beauty and charm of Newfoundland.

The Newfoundland Chocolate Company has been the recipient of several awards, including recognition on three occasions from the St. John's Board of Trade Business Excellence Awards, receiving the Innovative Solutions award, Leader in Growth and Sales award and the highest given to businesses in St. John's, the Business Excellence Award. Christina was also the recipient of the Community Impact award at the 2016 NL Entrepreneur of the Year Awards Program in celebrating women in business.

They also won the 2013 Atlantic Food Award, and the December 2012 edition of the *Canadian Living Magazine* identified the Newfoundland Chocolate Company in its article "Where to Find the Best Chocolate in Canada."

Together with their sons Noah and Michael and a very dedicated staff at three locations in Newfoundland and three in Nova Scotia, the company is spreading its chocolate in many new directions.

So friends, that is the story of a company that produces a world-class food product, and at the same time, in every creation, is telling the unique and special story of Newfoundland and Labrador to the world. It sure tastes like a sweet success story to me. Congratulations, Brent and Christina.

[*Translation*]

## VISITOR IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I wish to draw your attention to the presence in the gallery of Jacques Chagnon, member and Speaker of the Quebec National Assembly.

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

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

[*English*]

## VISITORS IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I wish to draw your attention to the presence in the gallery of Valerie Colas and Benoît Charlebois. They are the guests of the Honourable Senator Woo.

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

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

## NOBEL PEACE PRIZE

**Hon. Yuen Pau Woo:** Honourable colleagues, yesterday marked the sixtieth anniversary of Lester B. Pearson receiving the Nobel Peace Prize in Oslo, Norway. He remained the only Canadian to receive the peace prize until this year when, just two days ago, Canadian peace activist and Hiroshima survivor Setsuko Thurlow received the same honour on behalf of the International Campaign to Abolish Nuclear Weapons.

Pearson was awarded the 1957 Nobel Prize for his contribution to the end of the Suez Canal crisis. In his capacity at the time as Canada's Minister of External Affairs and representative to the United Nations, he initiated a resolution for the establishment of the UN Emergency Force — the first-large scale international peacekeeping mission in a conflict zone and a foundation stone for the establishment of the modern-day Blue Berets of the UN.

His contribution to international peacekeeping, and the recognition that came with a Nobel Peace Prize, launched Canada's reputation as a major contributor to UN peacekeeping and a leader in conflict resolution. Over the years, our self-image as a global peacekeeper has grown larger than the "boots on the ground" would warrant. But peacekeeping today is more than boots on the ground, and it is appropriate that the government is recalibrating Canada's contribution to the UN in both quantitative and qualitative terms.

Even so, it is unlikely that Canada will ever return to its leadership position as an international peacekeeper, at least not in the conventional sense of material contributions to peacekeeping operations. Which is why the significance for Canada of Lester Pearson's Nobel Lecture on December 11, 1957, rests not so much on his advocacy for UN peacekeeping but on his broader ideas about peacemaking in the world. Entitled "The Four Faces of Peace," Pearson's lecture rings true even today. His warning against erecting barriers to trade is as relevant now as it was in the late 1950s. He said:

> . . . excessive economic nationalism, erecting its reactionary barriers to the international division of labor, is far more anomalous and irrational now than it was when the enlightened minds of the nineteenth century preached against it and for a time succeeded in having practiced what they preached.

• (1410)

Pearson was a champion of diplomacy in resolving international conflicts — not based on a naive belief in its efficacy, but from a sober recognition that the alternatives were too wretched to contemplate. He was referring to the Cold War in his Oslo speech, but are circumstances today, with nuclear weapons under the control of rogue leaders, much different?

Yet even diplomacy is not enough. Pearson recognized that lasting peace is not about patched-over differences and grudging compromises; it is about the mutual empathy that comes from a deep understanding of the other side and the long-term investment that has to go into developing such mutual understanding.

He said in 1957:

> How can there be peace without people understanding each other, and how can this be if they don't know each other?

These lines were the inspiration for Pearson College United World College of the Pacific in Victoria, which was established in 1973 and which stands arguably as the most enduring of the former Prime Minister's legacies. If Canada is to reinvent its role in international peacekeeping, a good place to start would be a rereading of our former Prime Minister's Nobel Peace Prize speech. There are indeed multiple faces of peace, and Canada should look to every one of them.

## VISITORS IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I wish to draw your attention to the presence in the gallery of Tasha Hubbard, Quannah Duquette, Ariella Pahlke and Nance Ackerman. They are the guests of the Honourable Senator Pate.

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

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

## CANADIAN FILMS

**Hon. Kim Pate:** Honourable senators, it is with pleasure that I rise to express appreciation for a trio of Canadian filmmakers who have travelled from across the country — from Treaty 6 territory in the Prairies and the East Coast — to be in Ottawa this week.

Co-directors Nance Ackerman and Ariella Pahlke, from Nova Scotia, are here in Ottawa working on a film named *Conviction*. The documentary is being produced by Teresa MacInnes in partnership with CBC's Documentary Channel and the National Film Board of Canada. It is a collaborative envisioning of alternatives to prison through the eyes of women inside and those fighting on the front lines to decarcerate and invest in people and communities.

Also here in Ottawa are Tasha Hubbard and her son, Quannah Duquette. Ms. Hubbard is a filmmaker from Saskatchewan. I first became aware of her work when, in *Two Worlds Colliding*, she documented the so-called starlight tours and raised public awareness about the mistreatment and deaths of indigenous people such as Darrell Night and Neil Stonechild at the hands of the Saskatoon Police — a situation brought to light only because of the miraculous survival of Darrell Night and Ms. Hubbard's amazingly powerful film. Tonight, along with Senator Dyck and the National Film Board, we are pleased to screen her most recent film, *Birth of a Family*.

Join us in the Aboriginal Peoples' Room to watch this amazing documentary about a brother and three sisters, born to a young Dene mother and removed from her care as part of Canada's so-called Sixties Scoop, the state-sanctioned forcible removal of children from their parents, particularly from their mothers. Betty Ann Adams and her siblings were each separately adopted as infants and raised in different communities across North America. This is a story of one sister's work to find and rebuild their family, their reconnection to a vibrant culture and their sharing of their experiences growing up in White families or foster care that kept them from their true cultural and familial identities and roots.

[*Translation*]

Colleagues, we invite you to join us this evening to hear first-hand accounts of these stories and to celebrate family ties, culture and community.

*Meegwetch*. Thank you.

## VISITORS IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I wish to draw your attention to the presence in the gallery of Pierrette Proulx, the mother of Nicole Proulx, accompanied by other members of her family.

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

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

[*English*]

## NICOLE PROULX

### THE CLERK OF THE SENATE—EXPRESSION OF THANKS UPON RETIREMENT

**Hon. Leo Housakos:** Honourable colleagues, it is my honour to rise today to pay tribute to one of the longest-serving, hardest-working, most dedicated members this institution has ever had the privilege of having amongst its ranks. I'm not referring to a senator — although with the trajectory she's been on since joining the Senate, she may well be on her way to being appointed before too long. All joking aside, I'm referring to our outgoing Clerk of the Senate and Clerk of the Parliaments, Nicole Proulx. Nicole will be retiring at the end of January, so this is her last week in the chamber. With her family here today, I thought it was the best time to say a few words about how much Nicole has given to and meant to this institution and all of us who have passed through its doors.

Prior to her appointment earlier this year as the fourteenth Clerk of the Senate — and the first woman to hold the job, by the way — Nicole had been serving as the Senate's Chief Corporate Services Officer and Clerk of Internal Economy. It is in that role that she and I worked closely together and I was able to see exactly what she was made of. Let me tell you: Don't let that quiet demeanour fool you at all. Nicole is one of the smartest, toughest people I've ever met. She managed to put up with me for two and a half years, so that ought to tell you something about her.

I actually had one of my Senate medals set aside for you, Nicole. Lord knows you deserve it, but I was told you were not eligible. I think there should be an exception, though — if not for being able to figure out how to manage me, then for sure for 10 years as the Senate's chief financial officer.

Nicole, I can go on and on about your various roles since you joined the Senate in 1998, but I will remember you mostly for your tenacity and dedication to the institution. Over the past few years this place has seen a lot of change, and you have been at the forefront of much of that — none greater than when you, Charles and Michelle led the way when the Senate decided to adopt the three-member executive in place of having one clerk. You did so without a road map or safety net. But all three of you figured it out and not only made it work but laid the groundwork for those who will follow in your footsteps.

Nicole, if there's one thing I can say that best sums up who you are, it is that you always rise to the occasion.

Now I want to say a few words on behalf of Senator Cordy, who isn't able to be here but sent along the following words:

> It has been a privilege to work alongside Nicole over the years and, in particular, during the last two years while I was deputy chair of Internal Economy. She has always shown a strong work ethic and a great ability to work well with the team. I wish you a wonderful and well-deserved retirement.

Nicole, on behalf of all of Internal Economy over the past couple of years in the Senate, and particularly steering — Senator Cordy, Senator Wells, Senator Campbell and myself — on this very special day, and here with your family to enjoy it, I want to say thank you. Thank you for your knowledge, your passion, your professionalism, your dedication and your determination. Thank you for all you've done.

## VISITOR IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I wish to draw your attention to the presence in the gallery of Elba Haid. She is the guest of the Honourable Senator McPhedran.

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

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

[*Translation*]

## ELBA HAID

**Hon. Marilou McPhedran:** I rise today to recognize Elba Haid, president and CEO of Realcare Inc. in Manitoba.

[*English*]

Realcare was established in 1996 to provide home care with dignity, comfort, integrity and trust in Manitoba. Ms. Haid is also an avid promoter and practitioner of women's political participation. She recognizes and paves the way for women's political leadership in multiple aspects of her work and advocacy. I'd like to read into the record excerpts from Articles 3 and 7 of the UN Convention on the Elimination of All Forms of Discrimination against Women. Article 3 states:

> States Parties shall take in all fields, in particular in the political, social, economic and cultural fields, all appropriate measures, including legislation, to ensure the full development and advancement of women . . . .

• (1420)

Article 7 reads:

> States Parties —

— and that would include Canada —

> — shall take all appropriate measures to eliminate discrimination against women in the political and public life of the country and, in particular, shall ensure to women, on equal terms with men, the right: . . .
>
> (b) To participate in the formulation of government policy and the implementation thereof and to hold public office and perform all public functions at all levels of government;

The 1979 convention, ratified by Canada in 1981, outlines the crucial need and importance of women's political leadership — elected and community-based leadership — which Elba Haid has demonstrated as an advocate and engaged supporter for the rights of patients and women's rights in our country.

When I returned to the province of my birth 10 years ago, Elba was an adviser to Global College when I was dean, and she welcomed me to an organization she co-founded called Women of Winnipeg. Both Senator Patricia Bovey and I are proud members of that organization.

I want to close by acknowledging that the truth is that institutions of power and privilege, including the Senate of Canada, seldom extend their benefits voluntarily. Systemic change — paradigm change — generally starts from the outside, led typically from civil society by local leaders like Elba Haid. To these dedicated visionaries, women who fight for women's political participation and without which women's political participation can't happen, thank you, *meegwetch*.

**Hon. Paul E. McIntyre:** Honourable senators, soon it will be winter, and soon it will be Christmas Day. For most of us, Christmas means time spent with family and friends.

That said, I thought I would bring to your attention two Christmas tales written by our colleague and friend David Adams Richards, now Senator Richards.

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

**Senator McIntyre:** His long list of accomplishments includes 31 books, translated into 12 languages; two Gemini Awards, the Alden Nowlan Award for excellence in the arts, and the Giller Prize, to only name a few. He is one of only three writers to have won in both the fiction and non-fiction categories of the Governor General's Literary Award.

His book *The Christmas Tree* tells of us of two delightful tales, "Carmichael's Dog" and "The Christmas Tree." Both tales put together are 46 pages long, with illustrations, bringing out the magic of Christmas.

"Carmichael's Dog" is the tale of two boys going out to slide on cardboard on Christmas Eve, only to find a small, chubby black puppy stuck in the snow.

"The Christmas Tree" is the story of three brothers, along with a neighbourhood child, looking to find the perfect Christmas tree in the snowy woods of New Brunswick.

Both tales rekindle fond and warm memories as I remember years ago, growing up as a child in a small village in northeastern New Brunswick. It reminded me of my own family: my mom and dad, my older brother and my twin sisters, and our little dog Muffy, who had been given to us like the small, chubby black puppy in "Carmichael's Dog."

I fondly remember Christmas Eve and Christmas Day with my neighbourhood friends; the church service; my mom and dad's good cooking — my dad was a cook — and, of course, the Christmas tree, with toys underneath.

As the author points out in his book, those good times and some of those people are gone, and so are mom and dad, so is one of my twin sisters and so is Muffy.

These two tales act as a reminder how short and sweet family life can be. The important thing is the memories because, in the end, the only thing left with family life are the memories, powered by love. That's all there was, that's all there is and that's all there ever will be: love, friendship and family.

Thank you, David, for the memories. *The Christmas Tree: Two Tales for the Holidays*, by David Adams Richards — a wonderful book, a holiday read.

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[*Translation*]

## ROUTINE PROCEEDINGS

### PARLIAMENTARY BUDGET OFFICER

*BILL C-342—COST OF CARBON PRICING DEDUCTION FROM GST—* REPORT TABLED

**The Hon. the Speaker:** Honourable senators, I have the honour to table, in both official languages, the report of the Office of the Parliamentary Budget Officer entitled *Bill C-342 — Cost of carbon pricing deduction from GST,* pursuant to the *Parliament of Canada Act*, R.S.C. 1985, c. P-1, sbs. 79.2(2).

[*English*]

### BUDGET IMPLEMENTATION BILL, 2017, NO. 2

TWENTY-THIRD REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED

**Hon. Percy Mockler,**Chair of the Standing Senate Committee on National Finance, presented the following report:

Tuesday, December 12, 2017

The Standing Senate Committee on National Finance has the honour to present its

TWENTY-THIRD REPORT

Your committee, to which was referred Bill C-63, A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2017 and other measures, has, in obedience to the order of reference of December 5, 2017, examined the said bill and now reports the same without amendment.

Respectfully submitted,

PERCY MOCKLER
*Chair*

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

**Hon. Sarabjit S. Marwah:** Honourable senators, with leave of the Senate and notwithstanding rule 5-5(b), I move that the bill be placed on the Orders of the Day for third reading later this day.

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

**Some Hon. Senators:** Yes.

**An Hon. Senator:** No.

**The Hon. the Speaker:** I heard a "no." Sorry, leave is not granted.

Honourable senators, when shall this bill be read the third time?

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

### ANISHINABEK NATION EDUCATION AGREEMENT BILL

BILL TO AMEND—EIGHTH REPORT OF ABORIGINAL PEOPLES COMMITTEE PRESENTED

**Hon. Lillian Eva Dyck,**Chair of the Standing Senate Committee on Aboriginal Peoples, presented the following report:

Tuesday, December 12, 2017

The Standing Senate Committee on Aboriginal Peoples has the honour to present its

EIGHTH REPORT

Your committee, to which was referred Bill C-61, An Act to give effect to the Anishinabek Nation Education Agreement and to make consequential amendments to other Acts, has, in obedience to the order of reference of December 7, 2017, examined the said bill and now reports the same without amendment.

Respectfully submitted,

LILLIAN EVA DYCK
*Chair*

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

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

• (1430)

## THE SENATE

NOTICE OF MOTION TO RESOLVE INTO COMMITTEE OF THE WHOLE TO CONSIDER SUBJECT MATTER OF BILL C-45

**Hon. Peter Harder (Government Representative in the Senate):** Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

> That, without affecting the progress of any proceedings relating to Bill C-45, An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, at 3:30 p.m. on Tuesday, February 6, 2018, the Senate resolve itself into a Committee of the Whole to consider the subject matter of the bill;
>
> That the committee receive:
>
> (*a*) the Honourable Jody Wilson-Raybould, P.C., M.P., Minister of Justice and Attorney General of Canada;
>
> (*b*) the Honourable Ginette Petitpas Taylor, P.C., M.P., Minister of Health;
>
> (*c*) the Honourable Ralph Goodale, P.C., M.P., Minister of Public Safety and Emergency Preparedness; and
>
> (*d*) Mr. Bill Blair, M.P., Parliamentary Secretary to the Minister of Justice and the Attorney General of Canada and the Minister of Health;
>
> That the witnesses be accompanied by officials;
>
> That the Committee of the Whole report to the Senate no later than two hours after it begins;
>
> That television cameras and photographers be authorized in the Senate Chamber to broadcast and photograph the proceedings with the least possible disruption of the proceedings; and
>
> That the provisions of rule 3-3(1) be suspended on Tuesday, February 6, 2018.

[*Translation*]

## CRIMINAL CODE
## DEPARTMENT OF JUSTICE ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-51, An Act to amend the Criminal Code and the Department of Justice Act and to make consequential amendments to another Act.

(Bill read first time.)

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

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

## CANADA-CHINA LEGISLATIVE ASSOCIATION
## CANADA-JAPAN INTER-PARLIAMENTARY GROUP

ANNUAL MEETING OF THE ASIA-PACIFIC PARLIAMENTARY FORUM, JANUARY 15-19, 2017—REPORT TABLED

**Hon. Joseph A. Day (Leader of the Senate Liberals):** Honourable senators, I have the honour to table, in both official languages, the report of the Canadian Delegation of the Canada-China Legislative Association and Canada-Japan Inter-Parliamentary Group respecting their participation at the 25th annual meeting of the Asia-Pacific Parliamentary Forum, held in Natadola, Fiji, from January 15 to 19, 2017.

GENERAL ASSEMBLY OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS INTER-PARLIAMENTARY ASSEMBLY, SEPTEMBER 14-20, 2017—REPORT TABLED

**Hon. Joseph A. Day (Leader of the Senate Liberals):** Honourable senators, I have the honour to table, in both official languages, the report of the Canadian Delegation of the Canada-China Legislative Association and Canada-Japan Inter-Parliamentary Group respecting their participation at the 38th general assembly of the ASEAN Inter-Parliamentary Assembly, held in Manila, Philippines, from September 14 to 20, 2017.

Honourable senators, I would like to point out that the late Senator Enverga was part of the delegation, representing the Senate for the last time at this event.

## CANADA-CHINA LEGISLATIVE ASSOCIATION

CO-CHAIRS' ANNUAL VISIT TO CHINA, OCTOBER 10-14, 2016—REPORT TABLED

**Hon. Joseph A. Day (Leader of the Senate Liberals):** Honourable senators, I have the honour to table, in both official languages, the report of the Canadian Delegation of the Canada-China Legislative Association respecting the Co-Chairs' annual visit to Kunming and Haikou, People's Republic of China, from October 10 to 14, 2016.

## NATIONAL SECURITY AND DEFENCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXTEND DATE OF FINAL REPORT ON STUDY OF NATIONAL SECURITY AND DEFENCE POLICIES, PRACTICES, CIRCUMSTANCES AND CAPABILITIES

**Hon. Jean-Guy Dagenais:** Honourable senators, on behalf of the Honourable Senator Boniface, I give notice that, at the next sitting of the Senate, I will move:

> That, notwithstanding the order of the Senate adopted on Tuesday, January 26, 2016, the date for the final report of the Standing Senate Committee on National Security and Defence in relation to its study on Canada's national security

and defense policies, practices, circumstances and capabilities de extended from December 31, 2017, to December 31, 2018.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXTEND DATE OF FINAL REPORT ON STUDY OF ISSUES CONCERNING VETERANS' AFFAIRS

**Hon. Jean-Guy Dagenais:** Honourable senators, on behalf of the Honourable Senator Boniface, I give notice that, at the next sitting of the Senate, I will move:

> That, notwithstanding the order of the Senate adopted on Thursday, January 28, 2016, the date for the final report of the Standing Senate Committee on National Security and Defence in relation to its study on the services and benefits provided to members of the Canadian Forces; to veterans; to members and former members of the Royal Canadian Mounted Police and their families be extended from December 31, 2017, to December 31, 2018.

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[*English*]

# QUESTION PERIOD

## NATIONAL DEFENCE

### AIRCRAFT PROCUREMENT

**Hon. Larry W. Smith (Leader of the Opposition):** Honourable senators, my question is for the Leader of the Government. It's a follow-up question to questions I asked last week regarding the government's plan to replace the CF-18 fighter aircraft.

On February 23, the Minister of National Defence told the other place, "No, we will not be buying used aircraft for our air force." Today the minister did exactly the opposite of what he said he would do and announced a plan to purchase 18 old, used CF-18s from Australia.

Why did the government decide to break its promise to our air force and give them second-hand aircraft that are just as old as the fighters they are replacing? And how much will this interim purchase cost taxpayers? The government announcement today was unclear. Some reports say it will cost a half a billion dollars, but the ministers would not confirm.

**Hon. Peter Harder (Government Representative in the Senate):** I thank the honourable senator for his question. As noted in his question, he referenced the announcement made early this afternoon with respect to two things. One is the interim solution of the purchase of up to 18 Australian CF-18s. That contract is not yet signed but there certainly is the intent to pursue that, as was announced.

At the same time, the ministers announced the establishment of a suppliers list, which is the official launch of the competitive process for the permanent replacement of the fleet.

I want to make the distinction between the interim solution to ensure we have adequate aircraft to service the needs of Canada for its sovereignty protection and to participate in the various multilateral forces to which our air force contributes. Those 88 CF-18s are an important part of this solution, which allows us to then, at the same time, begin this process.

I want to emphasize the importance of the launching of the suppliers list because it is the process which, over the coming weeks, will lead to a decision in February of next year as to which suppliers will be part of a competitive process that the government is putting in place and launching today. That permanent solution will provide the much-needed renewal of our capabilities while the interim solution meets our obligations, which we do not meet at this point.

**Senator Smith:** You ruined my supplementary question, Senator Harder, so I will try to ask something that is tied to it.

Was it clearly stated today that this suppliers list would lead to a formal RFP request? It seems like an odd way of doing business because if I remember historically, we were paying annual fees with the contractor that we said we would not buy F-35s.

• (1440)

Would you be able to go back and find out what we have spent year to date with the old process? And is this new supplier list a confirmation that a formal RFP will be sent out? Do you know the dates this will take place? It sounds a little open at this particular time.

**Senator Harder:** Let me respond as best I can, senator, and undertake to fill in the gaps such as they might be.

I want to confirm that the government will begin by establishing a supplier list of supplier teams consisting of a foreign government lead and fighter aircraft manufacturers who have demonstrated their ability to meet Canada's needs. The foreign governments and their fighter aircraft manufacturers together will be encouraged to submit a list to be added to the supplier list in order to participate in the competition.

Once this supplier list is established, the government plans to commence its extensive formal engagement with suppliers about the procurement process and the requirements, Canada's preliminary procurement documents and the concepts for the competition, among other areas.

Canada will review and update its procurement documents based on supplier feedback and then release the final version of those documents to suppliers and invite them to submit proposals.

Supplier input is critical to ensuring the success of the procurement. As fighter aircraft and their component systems are heavily controlled goods, the national security exception was invoked for this procurement.

All elements of the process will be overseen by an independent fairness monitor to ensure a level playing field for all potential bidders. The government will ensure potential bidders are allowed sufficient time to prepare their proposals.

The supplier list responses are requested by February 9, 2018. Once the list is formalized, only those suppliers on the list will be permitted to participate in subsequent formal supplier engagement activities.

So the process is very much launched, and it will be a rigorous process with active monitoring.

**Senator Smith:** I appreciate your response, but looking at it from outside in, it sounds like "here we go again." It goes back to the original question. It seems to be an incomplete answer with no definitive time on it.

Basically, what you're saying is they'll create a new process. But where does this process take us? That's the next question. It would be helpful if you would be able to get a further handle on the next step once the February date comes into place and the suppliers are qualified. It's pretty loose at this particular point.

**Senator Harder:** I will endeavour to do that, senator. I want to assure all senators that the government's objective is both short term and longer term, and that the funding levels associated with the defence plan established by the Minister of Defence is very much part of how the procurement process will be paced and phased.

[*Translation*]

**Hon. Jean-Guy Dagenais:** My question is for the Leader of the Government in the Senate and also concerns the announcement the government made today on the acquisition of used F-18 fighter jets from Australia.

It seems that this government is repeating the mistakes of the past, when a previous Liberal government bought used submarines from the United Kingdom nearly 20 years ago.

The men and women of the Royal Canadian Air Force deserve the best equipment there is. By announcing the acquisition of 30-year-old fighter jets, the Liberal government is breaking the election promise it made to our Armed Forces to never let them be shortchanged.

Can you explain to us why your government announced today a decision that seems motivated by political considerations that take precedence over the interests of the Canadian Air Force?

[*English*]

**Senator Harder:** Senator, I want to assure you and all senators that the government remains committed to ensure that the men and women who serve in the Armed Forces are equipped with the appropriate and up-to-date equipment that is necessary for us to comply with our obligations. I think it's entirely appropriate that the Minister of Defence and the government first decided on what our defence policy is so there can be an alignment between our defence policy and our equipment needs.

What has happened with respect to the Royal Canadian Air Force is a decision to, in the short term, provide additional aircraft as needed to meet the requirements of our obligations under our multilateral treaty as well as our defence of Canada obligations. The advantage of the F-18s from Australia is that they are a match with the F-18s that we have and, therefore, the supply chains and the support for the aircraft mean instant integration, should that aircraft contract be concluded as we expect.

It is also important, though, to recognize that with the launch today of the long-term solution, the ultimate goal of the Government of Canada is to ensure this 30-year lag of new equipment is done in a fashion that ensures we have the right aircraft meeting the right needs and benefits for Canada and the cost for the Canadian taxpayer.

[*Translation*]

**Senator Dagenais:** The announcement the government made this afternoon indicated that the request for proposals will not be disclosed until 2019-20. That means that the competition will not start until then, and it seems that the government is trying to delay the process until the election.

Can the Leader of the Government explain the reasons for this delay? Can he tell us whether he believes it is appropriate for the government to put is electoral interests ahead of the needs of our men and women in uniform?

[*English*]

**Senator Harder:** I want to assure all senators and the people of Canada that the government's decisions are not about electoral timetables but about ensuring that the needs of our Canadian Armed Forces are met, and that the long-term acquisition of such a significant piece of equipment is done in the best interests of Canada and of the military and in an open and transparent process.

[*Translation*]

## CANADIAN HERITAGE

### BROADCASTING TAX POLICY

**Honourable Ghislain Maltais:** My question is for the Leader of the Government in the Senate. The French-language music industry outside Quebec has made a desperate plea to the federal government. It is starved of funds, and many businesses and artist organizations are even threatening to close their doors if they do not receive additional support.

Could the Leader of the Government explain this desperate plea?

[*English*]

**Hon. Peter Harder (Government Representative in the Senate):** Senator, I am happy to inquire about this matter and look forward to responding to your question and the position of the Government of Canada on this matter.

[*Translation*]

**Senator Maltais:** The French-language music industry outside Quebec is asking for $1.6 million in additional assistance immediately.

If the Minister of Finance had not refused to charge the GST on Netflix services in Quebec, he might have been able to provide the industry with this $1.6 million. This is actually the first time that a finance minister has refused money. It is extraordinary that the finance minister sent out a letter stating that he does not want to take Quebec's money. Bravo! However, had he collected this money, as Quebec suggested, he would have been able to transfer it immediately.

[*English*]

**Senator Harder:** I will, as I indicated, make inquiry.

[*Translation*]

## TRANSPORT

### AIRCRAFT MAINTENANCE

**Hon. Claude Carignan:** My question is for the Leader of the Government and concerns the C Series aircraft maintenance centres.

Senator Harder, you will surely remember that when Bill C-10, which sought to amend the Air Canada Public Participation Act, was passed, one of the government's arguments in support of the bill was that it would allow Air Canada to establish centres of excellence for the maintenance of its aircraft, primarily the C Series, in order to help the Montreal region.

Did the government receive assurances that this promise would be kept following the transaction between Airbus and Bombardier?

[*English*]

**Hon. Peter Harder (Government Representative in the Senate):** Thank you, senator, for your question. It is my understanding that the commitments that Bombardier has made to the Government of Canada remain the commitments of the corporation.

[*Translation*]

**Senator Carignan:** Air Canada is the one that promised to ensure that maintenance on its C Series aircraft would be done in Montreal. Did the government also receive assurances from Air Canada in that regard?

• (1450)

[*English*]

**Senator Harder:** We will make inquiries to confirm that.

## FINANCE

### TAX POLICY

**Hon. Victor Oh:** My question is for the Leader of the Government in the Senate. During the public hearings held across Canada by the National Finance Committee, my colleagues and I heard from many witnesses who expressed anxiety over the changes being proposed by the Minister of Finance. One of their biggest concerns was having to satisfy officers from the CRA that their spouses and other family members make meaningful contributions to their business and that any salary or dividends paid to them are reasonable.

We repeatedly heard that while spouses do not always work full time in the family business, they do share the risks and sacrifices. Being unable to compensate the spouse who handles child care, for their support, advice and, more specifically, labour, seriously undermines the economic contribution that spouses make to the success of the family enterprise.

Could the Leader of the Government in the Senate confirm whether the Department of Finance undertook a detailed analysis of how the proposed tax changes would impact men and women, as well as other groups of individuals, prior to making an announcement in July?

**Hon. Peter Harder (Government Representative in the Senate):** I thank the honourable senator for his question. He'll remember that the Minister of Finance, here in the Senate, was asked that question, and he indicated that he had, together with his officials, done extensive work in anticipation of what became his July paper. He'll also know that the Minister of Finance referenced the economic update, which further clarified the intentions of the Minister of Finance. I expect that the minister will have further announcements to make.

**Senator Oh:** If the answer is yes, why was this analysis not made publicly available? And if the answer is no, has such an analysis been undertaken since then, and when will it be made available to the public?

**Senator Harder:** Again, honourable senator, as the Minister of Finance stated when he was here, the department continues to do a lot of work in this area to ensure that the objective of the Government of Canada is met with respect to ensuring that those corporations that are entitled to the benefits are able to receive them and access them, and those who are not are not able to.

[*Translation*]

### ANSWER TO ORDER PAPER QUESTION TABLED

IMMIGRATION, REFUGEES AND CITIZENSHIP—INTERNATIONAL EXPERIENCE CANADA PROGRAM

**Hon. Peter Harder (Government Representative in the Senate)** tabled the reply to Question No. 66, dated November 2, 2017, appearing on the *Order Paper and Notice Paper* in the name of the Honourable Senator Downe, respecting the International Experience Canada program.

## ORDERS OF THE DAY

### RECOGNITION OF CHARLOTTETOWN AS THE BIRTHPLACE OF CONFEDERATION BILL

MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-236, An Act to recognize Charlottetown as the birthplace of Confederation, and acquainting the Senate that they had passed this bill without amendment.

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

[*English*]

### STATISTICS ACT

BILL TO AMEND—THIRD READING

On the Order:

> Resuming debate on the motion of the Honourable Senator Cordy, seconded by the Honourable Senator Griffin, for the third reading of Bill C-36, An Act to amend the Statistics Act.

**Hon. Linda Frum:** Honourable senators, I rise today to speak at third reading as critic of Bill C-36.

The stated intent of Bill C-36 is to strengthen the independence of Statistics Canada and, in particular, the independence of Canada's Chief Statistician. It also seeks to improve the way in which Statistics Canada collects data. These are laudable goals, and I do support the intent of the bill.

The extent to which the bill achieves all of its stated goals, however, is a matter of debate.

The role of Statistics Canada is to produce statistics that help Canadians better understand our country. It has been said many times during this debate that statistics are a public good, and I wholeheartedly agree with this. Indeed, many of us rely on the data produced by Statistics Canada in our work as senators. The vital data collected by Statistics Canada is also utilized by policy-makers, academics and economists, enterprise and industry, and local communities and interest groups.

Simply put, the need for accurate, reliable data, produced using transparent means, cannot be overstated.

Bill C-36 seeks to enhance the independence of Canada's Chief Statistician by enshrining into law his or her decision-making authority over operations and statistical matters. It attempts to provide this independence through the following provisions.

First, it will be more difficult for the government to remove the Chief Statistician during their appointment. Second, the term of the Chief Statistician is limited to five years with the option to renew one time, a change from the current practice of no term limit. Finally, if the minister chooses to implement a method, procedure, operation or statistical program that the Chief Statistician does not agree with, a directive must be issued and tabled in both houses of Parliament, allowing for public debate.

Unfortunately, during our hearings, many witnesses demonstrated that there remains a gap between the legislation's goals and its proposed solutions.

The primary concerns relate to how the Chief Statistician is appointed. The process has not changed from the current practice of a Governor-in-Council appointment. Dr. Ivan Fellegi, who served as Chief Statistician from 1985 to 2008, describes the process as follows:

> It was like any other deputy minister. Somebody was appointed and God only knows how.

This, in the words of Wayne Smith, the Chief Statistician of Statistics Canada from 2010 to 2016, makes the appointment process contained in Bill C-36 egregiously flawed. He said:

> Where it fails, and critically so, is in the process of selection of the Chief Statistician. Bill C-36 sets down no provisions, no requirements for the selection process itself. This is somewhat surprising from this government given that, in opposition, it tabled private member's bills that featured a clearly prescribed process for the selection of the Chief Statistician as a key element in instituting his or her professional independence. . . .
>
> The government is saying "trust us," but it could have said as much for any provisions of Bill C-36. The selection process is the most fundamental provision. What point is there in protecting the professional independence of the Chief Statistician if the Chief Statistician can be selected based on his or her willingness to do the bidding of the government?

Dr. Fellegi added:

> I strongly urge you, in a case of vacancy, to consider requiring the establishment of a search committee of eminent and appropriately knowledgeable people for the purpose of searching for and putting forward to the Prime Minister a short list of qualified persons.

John Pullinger, the United Kingdom's National Statistician, contrasted Canada's approach, which is contained in Bill C-36, with the multiple-step process that is used in his own country.

He explained:

> . . . I am appointed by the Queen, which puts it above politics, but I'm appointed according to the terms and conditions set down by my board, which is separated, again, from any kind of political interference. . . .
>
> We have public appointments commissioners, an independent group that deals with public appointments in the U.K. I went through that process. There were seven different stages of it with different professional and administrative elements to it. The final panel that appointed me had a mix of people. There was the chair of my board. There was the chair of our audit and risk committee. There was the head of the civil service, the head of the treasury department and the civil service commissioner. They were the five people who were making that recommendation.

Although Mr. Pullinger was not required to appear before a parliamentary committee before his position was ratified, the chair of the United Kingdom's Statistics Authorities appointment is ratified by Parliament. If the intent of Bill C-36 is to make the appointment process more independent, perhaps the government should have looked to follow the U.K. model more closely.

Finally, Mel Cappe, Clerk of the Privy Council from 1999 to 2002, observed that the renewability provision in Bill C-36 for the Chief Statistician's term is in conflict with the notion of independence. He said, "Renewability makes the person, arguably, more subject to the government of the day."

For these reasons, the committee appended an observation to Bill C- 36. It reads as follows:

> During the committee's hearings on Bill C-36, An Act to amend the Statistics Act, many witnesses expressed concern regarding the appointment process of the Chief Statistician.
>
> These concerns included the term of the Chief Statistician being renewable, the lack of Parliamentary approval and the absence of a search committee.
>
> Therefore, the committee urges the government to consider using tools including Executive Search Committees or Parliamentary approval to ensure the Chief Statistician is a non-partisan appointment who is independent from the government.

• (1500)

I sincerely hope that the government takes this observation seriously and ensures that the appointment process of the Chief Statistician is in keeping with the tenets of independence and non-partisanship.

However, even if the government follows this observation, we should not be under the false illusion that Statistics Canada will now be insulated from government intervention and completely error-proof by extension. This is a misguided concept. Statistics Canada remains an instrument of the government by design and purpose.

For this reason, Philip Cross, Senior Fellow at the Macdonald-Laurier Institute, noted that the fixation of the government on independence may be misguided. Mr. Cross explained:

> . . . based on 36 years of working at StatsCan, I would argue there has been excessive emphasis on the virtues of independence and not enough on the importance of accountability.

For example, he highlighted an error in the 2016 census that led to an unusually high increase in the number of anglophones in Quebec communities.

Mr. Cross observed that increased independence would not have prevented this error and that the reputation of Statistics Canada is damaged when unreliable data is produced, saying:

> If ever the public or users lose confidence in the accuracy of StatsCan data, it would take years to regain.

Another example of the fallibility of Statistics Canada also presented itself in the 2016 census when the population of the Canadian Jewish community was reported to have shrunk by 56 per cent between 2011 and 2016. This blatantly false finding indicates a failure by Statistics Canada to obtain accurate data through its own choices of methodology.

These two examples demonstrate errors that are not related to the independence of the institution. A wall between the political arm of government and the methodological branch of Statistics Canada does nothing to address these problems and in fact may contribute to them.

Rather than increased independence, these errors suggest the need for increased oversight at Statistics Canada.

Unfortunately, this government has made a major amendment to the Statistics Act that eliminates the National Statistics Council, a body that provides advice on the full range of Statistics Canada activities, and replaces it with the statistics advisory council.

Unlike the current council which has a membership of 40 individuals that can easily have representatives from each province and territory, the new council only has a membership of 10. This guarantees at least three provinces or territories will have no representation on the council, although as we heard in testimony, there is no intention to have regional representation on this body at all. As the minister himself told us at committee, "There could be four people from P.E.I. That's the beauty of this process."

It is regrettable that the government chose not to create a statistics advisory council with representation from all provinces and territories.

I am concerned that this change in Statistics Canada's oversight body will cause even more methodological and process issues moving forward, resulting in data being more error prone. If any region is left off the council, we can only imagine the errors in the 2021 census that might occur, similar to those that occurred in 2016.

In closing, honourable senators, while Bill C-36 purports to make wholesale changes to Statistics Canada in the name of independence and transparency, once you dig into the details of the bill, it appears to change little about the way that Statistics Canada functions.

The government continues to have the unilateral ability to appoint whoever it wants to the position of Chief Statistician; the government continues to write the questions for the national census; the statistics advisory council will not represent all of our provinces and territories; and there is a lack of clarity regarding whether Canadians will be able to retroactively consent to their data being released after 92 years.

During Senator Cordy's third reading speech she indicated that the Minister of Innovation, Science and Economic Development is considering further amendments to the Statistics Act as early as this coming year. Given that the amendments contained in Bill C-36 are not urgent, the minister's approach to bring forward multiple pieces of legislation to amend the Statistics Act over a short period of time appears to be haphazard.

I believe Parliament would have been better served with a single piece of good legislation, rather than a situation where the minister will come back and clean up some of the mistakes and omissions contained in Bill C-36.

I encourage all senators to read the committee testimony and consider whether this legislation achieves the goals it sets out to achieve. For the reasons outlined today, I am confident you will determine that Bill C-36 comes up short.

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

**Some Hon. Senators:** Agreed.

**Senator Frum:** On division.

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

[*Translation*]

## THE SENATE

### MOTION TO EXTEND THIS WEDNESDAY'S SITTING AND AUTHORIZE COMMITTEES TO MEET DURING SITTING OF THE SENATE ADOPTED

**Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate),** pursuant to notice of December 11, 2017, moved:

That, notwithstanding the order adopted by the Senate on February 4, 2016, the Senate continue sitting on Wednesday, December 13, 2017, until the latter of 4 p.m. or the end of Government Business;

That, if a vote is deferred until after the time provided for in the first paragraph of this order, the Speaker interrupt the proceedings immediately prior to adjournment to suspend the sitting until 5:30 p.m. for the taking of the deferred vote;

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

That the provisions of rule 3-3(1) be suspended on that day.

She said: Honourable senators, I move the motion standing in my name.

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

**Hon. Senators:** Agreed.

(Motion agreed to.)

[*English*]

## NATIONAL ANTHEM ACT

### BILL TO AMEND—THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Lankin, P.C., seconded by the Honourable Senator Petitclerc, for the third reading of Bill C-210, An Act to amend the National Anthem Act (gender).

And on the motion in amendment of the Honourable Senator Beyak, seconded by the Honourable Senator Dagenais:

That Bill C-210 be not now read a third time, but that it be amended, on page 1, by adding the following after line 6:

"2 **This Act comes into force on the later of July 1, 2017 and the day on which it receives royal assent.**".

And on the subamendment of the Honourable Senator Ngo, seconded by the Honourable Senator Enverga:

That the motion in amendment moved by the Honourable Senator Beyak be amended by replacing the words "**the later of July 1, 2017 and the day on which it receives royal assent**" with the words "**December 1, 2017**".

**Hon. Donald Neil Plett:** I would like to adjourn debate for the balance of my time.

**The Hon. the Speaker *pro tempore*:** It is moved by the Honourable Senator Plett, seconded by the Honourable Senator Smith, that further debate be adjourned until the next sitting of the Senate.

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

**Some Hon. Senators:** Agreed.

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

(On motion of Senator Plett, debate adjourned, on division.)

## CONSTITUTION ACT, 1867

BILL TO AMEND—SECOND READING—
DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Patterson, seconded by the Honourable Senator Enverga, for the second reading of Bill S-221, An Act to amend the Constitution Act, 1867 (Property qualifications of Senators).

(On motion of Senator Wells, debate adjourned.)

## JUDICIAL ACCOUNTABILITY THROUGH SEXUAL ASSAULT LAW TRAINING BILL

BILL TO AMEND—SECOND READING—
DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Andreychuk, seconded by the Honourable Senator Seidman, for the second reading of Bill C-337, An Act to amend the Judges Act and the Criminal Code (sexual assault).

(On motion of Senator Cools, debate adjourned.)

• (1510)

## SENATE MODERNIZATION

TENTH REPORT OF SPECIAL COMMITTEE—
DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Joyal, P.C., seconded by the Honourable Senator Cordy, for the adoption of the tenth report (interim), as amended, of the Special Senate Committee on Senate Modernization, entitled *Senate Modernization: Moving Forward (Nature)*, presented in the Senate on October 26, 2016.

**Hon. Joan Fraser:** Honourable senators, I've found myself rather torn on the matter of this particular report. I have gone back to reread the Modernization Committee's first report, the broad report which covered the whole range of its work up to that point. In particular, of course, I focused on the section on the nature of the Senate and of what we do. It's a very well-done section — maybe not perfect, but what human endeavour is ever perfect? It's a thoughtful, wide-ranging discussion of what we are and what we do. I was again impressed by the work that had gone into that.

But then all of a sudden, boom, there's this recommendation for a mission and purpose statement. The committee did not actually explain in its report why the Senate would need a mission and purpose statement, so we are left to reach our own conclusions on the desirability of a mission and purpose statement. I confess that, at this point in my reading, I found myself in disagreement with the committee for a number of reasons.

First, I have never actually thought that mission statements have the positive impact that those who propose them hope to achieve. In my experience, mission statements have either no or little, or sometimes negative, impact for a number of reasons.

First of all, as John A. Macdonald once observed, no one can know what he called the futurity of this country, or indeed of its institutions. So no mission statement can actually face the future as knowledgeably as it should do if it's going to be a good mission statement. Things change. Public needs change. Public concerns change. Institutions themselves change. And what looks like a perfectly reasonable and rational mission statement today may not in fact be appropriate to the needs of the future. If it is taken to have authority, it may in fact end up hampering our work as we go forward, precisely because you cannot know, when you draft your mission statement, what the needs of tomorrow, or next year, or the next decade will be. Bitter experience has taught me, colleagues, that once something is approved in the Senate — a rule change or something like a mission statement — it is exceedingly difficult to get any change to that decision by the Senate adopted in the future, even if the needs seem glaringly apparent.

That's one reason for having reservations about the need for a mission statement.

Another is that, as is the nature of mission statements, this particular proposed one consists of a list — a list of activities and qualities that characterize the Senate:

> (i) Providing independent "sober second thought" to legislation, with particular respect to Canada's national interests, aboriginal peoples, regions, minorities and under-represented segments of Canada's populations;
>
> (ii) Undertaking policy studies, reports and inquiries on public policy issues relevant to Canadians; and
>
> (iii) Understanding, sharing and representing the views and concerns of different groups, based on a senator's unique perspective.

All of the elements in that list are in themselves acceptable, even admirable, but there are many that seem to me to be left out here. This is the problem with the devising of lists — you always end up leaving things out.

Just off the top of my mind, it occurs to me, for example, that we would be required to pay particular respect to regions — which is true; we are set up on a regional basis — but there's no reference to provinces here, and we are in fact within our regional groupings appointed from provinces. Why would we not have some reference to that?

There is danger in setting out a list of particular groups to whom one pays attention. Aboriginal peoples, minorities and under-represented segments of Canada's population are the ones listed here. Well, definitions can change, apart from anything else. "Minorities" can have all kinds of meanings, depending on who you consider to be a minority.

For the sake of argument, let me point out that most women would agree that in many, many ways, women constitute a minority in the sense that they do not enjoy the full rights, in too many cases, of all Canadian citizens, but statistically we're not a minority. So if I come to interpret this list, where do I put women?

The list does not mention our attention to human rights, and I find that, in particular, a serious omission. The Senate was always supposed to pay attention to human rights, although I must say that 150 years ago the definition of human rights was a little different from what it is now. Some of the authorities, for example, thought that one of our key roles was the defence of property rights. We haven't heard too much about the defence of property rights here in recent years. I'm not saying it could never arise, but it hasn't been our first preoccupation. But human rights, in general, have been very high on the list of criteria that we use as we examine proposals that come before us, whether in the form of legislation or in special studies. So I would have preferred, if we were going to adopt a mission statement, to have specific reference to human rights.

Lists are just dangerous; they are. They can be straitjackets rather than the liberating and focusing elements that we would hope to have. I do not believe that the adoption of any mission statement, however wonderfully devised, would actually do very much to improve our work or to improve the public's view of us, the public's understanding of us. The public will pay attention to the work we do and will pay much less attention to our internal navel gazing. Forgive me if that's not a very parliamentary expression.

The public has, for 150 years, assumed that we were useless fuddy-duddies. Once we get here, most of us conclude we are not all that useless, and as I look around this room and at the people sitting in it, there certainly aren't any fuddy-duddies. There are not many assemblies of Canadians that contain as many activists as this room does.

• (1520)

We have changed over the years; we will change over the years, and some of those changes will be derided. I was delighted last night, when I was doing some reading, to come across some words written by the eminent-for-his-time political scientist Robert MacGregor Dawson, who, in 1947, was writing about the Senate's attempts to become more diverse and to accommodate different groups. He said, once one woman had been appointed to the Senate:

> . . . the demand was made that the women of each province should have their own senators . . .

And he went on to say, in disapproving terms:

> . . . there are now seven ladies in the Senate, from six provinces. In short, the problem of balancing race, creed, sex, and province shows signs of getting out of hand.

That might be a little beside the point, but I thought it was so nice, you should all hear it.

The fact is that it goes to the point I was making: Social change occurs, and the Senate must reflect the social change, but we must do so without the constraints that can be imposed by a mission statement.

I would have been happier to confine our discussion to the actual discussion of our role and nature in the Modernization Committee's report, because there they have done excellent, positive, constructive, helpful work. But the mission statement, I'm sorry, I cannot support.

**Hon. Leo Housakos:** Would Senator Fraser take a question?

**Senator Fraser:** Yes.

**Senator Housakos:** Thank you, Senator Fraser, for sharing your views on this issue today. I was wondering if you can further share with us your views on the following: When an institution like the Senate develops or attempts to develop a mission statement, what are your thoughts on reaching out and consulting the stakeholders and those I consider shareholders of this institution, which are all the provincial and territorial governments? At the end of the day, this body has been created, as has Canada, by all its pieces across the country.

I know we've made attempts in the last few years through the Modernization Committee, and the Prime Minister has unilaterally made attempts, as he points out, to make this place more independent, but don't we have an obligation, when we put forward changes as substantive as a mission statement, to go back to our provinces and talk to the provincial leaders?

**Senator Fraser:** Grist for my mill, Senator Housakos. First of all, we were created to represent regions and provinces, but in my view, that doesn't mean we were created to represent provincial governments. We were created to represent the people of the provinces from which we are appointed, so I would be all in favour of consulting them if they actually cared. I don't know how many would care about the Senate's mission statement.

A thorough consultation is a fairly massive undertaking. While I believe the Senate does wonderful work in consulting Canadians about things, since I'm not particularly in favour of a

mission statement anyway, I'm not sure I would be in favour of devoting the resources, both financial and human, it would take to do a proper, thorough consultation on this matter.

(On motion of Senator Housakos, debate adjourned.)

[*Translation*]

## BANKING, TRADE AND COMMERCE

TENTH REPORT OF NATIONAL SECURITY AND DEFENCE COMMITTEE—MOTION IN AMENDMENT—

DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Lang, seconded by the Honourable Senator Smith, for the adoption of the tenth report (interim) of the Standing Senate Committee on National Security and Defence, entitled *Military underfunded: The walk must match the talk*, deposited with the Clerk of the Senate on April 13, 2017.

And on the motion in amendment of the Honourable Senator Eggleton, P.C., seconded by the Honourable Senator Day:

That the tenth report of the Standing Senate Committee on National Security and Defence be not now adopted, but that it be amended by deleting the second recommendation.

**Hon. Jean-Guy Dagenais:** Honourable senators, I move that debate on this matter be adjourned in my name.

(On motion of Senator Dagenais, debate adjourned.)

ELEVENTH REPORT OF NATIONAL SECURITY AND DEFENCE COMMITTEE AND REQUEST FOR GOVERNMENT RESPONSE—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Lang, seconded by the Honourable Senator Martin:

That the eleventh report of the Standing Senate Committee on National Security and Defence, entitled *Reinvesting in the Canadian Armed Forces: A plan for the future*, deposited with the Clerk of the Senate on May 8, 2017, be adopted and that, pursuant to rule 12-24(1), the Senate request a complete and detailed response from the government, with the Minister of National Defence being identified as minister responsible for responding to the report.

And on the motion of the Honourable Senator Eggleton, P.C., seconded by the Honourable Senator Day:

That the eleventh report of the Standing Senate Committee on National Security and Defence be not now adopted, but that it be referred back to the Standing Senate Committee on National Security and Defence for consideration, particularly in light of the document entitled *Strong, Secure, Engaged: Canada's Defence Policy*, tabled in the Senate on June 7, 2017.

**Hon. Jean-Guy Dagenais:** Honourable senators, I move that debate on this matter be adjourned in my name.

(On motion of Senator Dagenais, debate adjourned.)

[*English*]

## BANKING, TRADE AND COMMERCE

SEVENTEENTH REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the seventeenth report (interim) of the Standing Senate Committee on Banking, Trade and Commerce, entitled *Credit unions and the use of the word banking*, tabled in the Senate on October 31, 2017.

**Hon. David Tkachuk** moved the adoption of the report.

He said: I just have a few remarks, honourable senators. This past summer, the Office of the Superintendent of Financial Institutions issued an advisory warning that it would strictly enforce section 983 of the Bank Act. That section governs the use of the terms "bank," "banker" and "banking" by institutions, limiting it to federally regulated financial institutions.

This caused tremendous concern among the credit unions in Canada, which are mostly provincially regulated and which have used the term not as a formal description of their business or in any official description of who they are, but colloquially, like the rest of us: "We're going to go and do our banking," for instance, or maybe using the term "banking" in an advertisement on television.

They estimated that it would cost them some $80 million to comply with the advisory.

At that time, I wrote a letter to the federal Minister of Finance and provincial ministers in the summer in my personal capacity as a senator from Saskatchewan, where credit unions play a vital role in our economy. I probably wasn't the only one expressing concern, because the advisory was put on hold for further consultation.

When the Senate returned from the summer break, the members of the Banking Committee agreed to conduct a couple of hearings on the issue with stakeholders and officials to get a sense of what was at stake and to see if some sort of compromise could be reached. Every senator on the committee agreed that the advisory went too far, and it seems to us from our discussion with them that the government agreed as well.

As a result of our hearings, officials agreed to further consultations with the affected institutions to reach some sort of compromise. In fact, we outlined one such compromise in this report, which would allow deposit-taking institutions regulated at the federal or provincial level to use the term in verb form.

We eagerly await the outcome of the consultations.

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

**Hon. Senators:** Question.

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

**Hon. Senators:** Agreed.

(Motion agreed to and report adopted.)

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FIRST REPORT OF COMMITTEE—
DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Massicotte, seconded by the Honourable Senator Tannas, for the adoption of the twenty-first report (interim) of the Standing Committee on Internal Economy, Budgets and Administration, entitled *Audit and Oversight*, presented in the Senate on November 28, 2017.

**Hon. Marilou McPhedran:** Honourable senators, I rise today to express appreciation to the Subcommittee on Senate Estimates of the Standing Committee on Internal Economy, Budgets and Administration for the fifth report, dated Thursday, October 26, 2017.

• (1530)

I think it would be fair to say that a primary theme of this report is the value and the necessity of transparency as a critical component of good governance. I would venture to say good governance anywhere, under any circumstances, in any organization.

I would like to address briefly some aspects of what I believe we should be considering in addition to or as refinements of the recommendations that were received in the fifth report.

I also want to note that the mandate to the subcommittee included:

> That the study examine the Auditor General of Canada's oversight recommendations;
>
> That the study consider industry best practices in establishing an audit mechanism and be of an appropriate structure; . . . .

Let me very briefly review the Auditor General of Canada's recommendations.

In the June 2015*Report of the Auditor General of Canada to the Senate of Canada — Senators' Expenses*, there were 22 recommendations made, 7 of which dealt with auditing and oversight. The recommendations were primarily in paragraphs 51 to 57, and they primarily rolled up to recognize that it is important for the Senate to create an independent oversight body, with more details in recommendation 51, whose membership is composed of non-senators, including the chair — recommendation 52.

The position of internal auditor should also be created, who would report directly to the oversight body, which is recommendation 51 again.

Let me speak briefly in my remarks today to the concept of the committee being composed of all non-senators. The fifth report goes on to state that:

> The oversight body should be open to the public and all reports, minutes and decisions should be published on the Senate's website . . . . It should have direct access to internal and external audit plans . . . and have the power to request internal and external audits under its own authority . . . .

This references back to recommendation 56.

And the Auditor General recommended that the Auditor General be given the role of external auditor for the Senate in recommendation 57.

**Senator Mercer:** Not in this lifetime.

**Senator McPhedran:** Senator Mercer, for the record, "not in this lifetime."

What I would further quote from the subcommittee's report is that the subcommittee agreed that the oversight body, whatever it should be, should work in an "open and transparent way with the necessary powers to adequately execute its mandate." It then goes on to stress, once again, the need for greater transparency, stating:

> It is the opinion of the subcommittee that transparency is the greatest tool. It is the most effective method to ensure accountability by having expenditures disclosed to all Canadians.

I agree with this finding of the committee and would like now to reference very briefly what the subcommittee went on to identify as audit and oversight principles and best practices.

During the review of the subcommittee, it noted some basic principles for the establishment of an effective audit process: transparency, independence. After that, reporting, noting that "Any audit body should report directly to the highest governing authority in the organization."

Then it states:

> Scope: In an audit and oversight role, the reviewing body should have continuous access to the organization's governing authority, management and all auditors (internal and external).

The last two points that I'm about to reference from the fifth report are the two that I want to make particular comment upon — that is, accountability of auditors and management. The

fifth report states that an "audit body must have the ability to appoint its internal and external auditors and have an appropriate mechanism to hold management accountable for audit findings."

Let me pause for a moment and try to deconstruct some of what I think is woven into this fairly short statement. I believe that there is a great deal of trust and anticipatory reliability on an intrinsic independence upon the appointment of an auditor, be that auditor internal or external. Yet, if we look at much of the literature that's available from Stanford, from Harvard, from the Rotman School of Management, from the Schulich School of Business here in Canada, very real questions are raised about what needs to happen to ensure the independence of auditors. It doesn't stop with the appointment of an auditing firm.

One of the big concerns is that there has become a blurring, a merging of the role of auditors where they have gone beyond actually checking what has been done and have ended up acting as advisers. Often, that acting as adviser has come with additional payment because it is considered to be work in addition to the basic function of the auditor. Much of the literature that I've been able to review on this reaches a consensus fairly often that this is a very bad practice and that there needs to be specific reference to the fact that the auditors will only audit, and that there will be a clear division between that and getting any advice from the auditors that may or may not bring in additional fees.

To my main point, under the heading in the fifth report of "Proper Meeting Management," the subcommittee says:

> An audit body, of five members, should meet regularly and keep proper records of decisions. It should also have the ability to meet when needed without restrictions such as during an intersession.

It goes on. There's a recommendation from the Auditor General that the audit body should have five members. The Auditor General recommends that all five of those members be non-senators. In other words, it should exclusively be an oversight committee of non-senators.

With this knowledge that we cannot simply stop with the appointment of an auditor and assume that all is going to be well and it's truly going to be independent, let me speak for a moment about true auditor independence before I close by coming back to talk about the composition of the oversight committee.

In one of the research studies that I've reviewed, there are five key points that highlight the likelihood — not the guarantee — of auditor independence. Auditors should audit and perform no other services, with no additional charges for advice. That's number one.

Second, auditors should be hired for a fixed period, perhaps three to five years, and during this period of time, the client must not be able to fire the auditor. When it's time for the term to change, the auditor firm should also change.

Third, auditors should not be allowed to take jobs within the organization that they have been auditing, not to see a transition where one day we're meeting with someone who's working for the auditing firm and soon thereafter we're meeting with someone who has flowed into the management of our own organization.

Fourth, auditors should make a set of independent assessments rather than simply saying yes or no to what has been done. The auditors, in other words, should perform their job and that a simple ratification is not acceptable because it tends to lead, in terms of this one study, to a level of self-serving decision on its own.

Fifth, the selection of the auditor should be a decision of the audit committee of the board of directors, not of management. The value of an outside audit is to provide a reliable, independent assessment of the organization's finances.

Let me take those principles and the notion for needing to really scrutinize any assumptions about the independence of an auditor and go back to the question of the audit body itself.

• (1540)

What I would ask for consideration by honourable senators is that there is great value, and as has been mentioned by some other senators who have spoken to this, we see this particularly in public sector governing bodies.

For example, I have a great deal of familiarity with the regulated health professional bodies in Ontario, of which there are more than 25. The omnibus legislation in Ontario has created the requirement that there must be outside members on the governing body and there must be outside members — members of the public — appointed to represent the public interest in the auditing process.

So I would like to link this combination of the true independence of an auditor with the notion of the kind of audit body that we should be looking at. We have seen the effect of this, and now that Senator Lankin is with us, I'd like to specifically reference, with appreciation, the remarks that she made to us about public bodies and regulatory bodies —

**Senator Mercer:** Timing is everything.

**Senator McPhedran:** — and the great value of having governmental as well as non-governmental members on the committee.

My proposal, for your consideration, is that we look more closely at these mixed-membership audit bodies. Yes, the chair should be a non-senator, and of the five members, three should be non-senators and two should be senators.

Let me explain why I believe that the idea of all senators is wrong: It's too closed a loop. There's just not enough additional space to allow people to step outside their paradigms and their assumptions and ask important questions that are very much in the public interest.

But I think it's also problematic to look at an audit committee of entirely non-senators. That is because they do not know what it is to be a senator. They don't know what it is to actually work within this unique organization.

So in the true spirit of self-regulation in the public interest, if we looked at that five-person audit body, for example, three of them would be non-senators, one of those three would be the chair, and two would be senators. Needless to say, in keeping with the recommendations of the fifth report, there would be no crossover in membership between the main committee and the audit committee by the senators who hold those positions.

I offer this for your consideration. *Meegwetch*, thank you.

**Hon. Leo Housakos:** Would Senator McPhedran take a question?

**Senator McPhedran:** Yes.

**Senator Housakos:** Thank you for sharing your comments and your view on this issue. We've been debating this, of course, at Internal Economy and subcommittees for quite a while.

Can you explain to this chamber how your proposal compares to some of the other oversight bodies that currently exist in provincial legislatures, in the House of Commons or any other legislative body in the Commonwealth?

**Senator McPhedran:** I can't at this moment, because my research has been geared to the regulatory bodies where there have actually been mixed membership and the value of that, because that's something that I've observed over more than 20 years. So that's the basis on which I'm making the recommendation.

I think the numbers matter less than the principle that under no circumstances should those of us who are here for public service and who are being paid out of public monies have a closed loop of oversight where we're only looking at each other across the table.

**Senator Housakos:** Would the senator take another question?

**The Hon. the Speaker *pro tempore*:** Would you take another question, Senator McPhedran?

**Senator McPhedran:** Yes.

**Senator Housakos:** I think you will agree, Senator McPhedran, that we're not like any other body. We're certainly not a regulatory body, and we're like nobody in the private sector.

I think it's imperative that when we propose an oversight body and forfeit some of our parliamentary privileges, we have to have some comparables. If not, we have to take very special steps to make sure that whatever oversight body we put into place isn't overly bureaucratic or overly costly and doesn't infringe upon some parliamentary privileges.

To my knowledge, the only parliamentary body in the Commonwealth that has had an oversight body is the House of Lords. Over the last number of years that they've had it in place, they're now in the process of reviewing that because it became so bureaucratic, so cumbersome and so costly that it ended up having an adverse effect. It drew a lot of criticism from the public.

Would you agree that we would have to take measures with whatever oversight body we put in place so that it would be economically viable while trying to achieve the ultimate goal?

**The Hon. the Speaker *pro tempore*:** Senator McPhedran, your time is up. Are you requesting more time to answer a question? Are honourable senators agreeable to five minutes?

**Senator Mockler:** In the spirit of co-operation.

**Senator McPhedran:** Thank you, Senator Mockler. I heard much more of a comment than a question, Senator Housakos. Let me try to respond to what might have been a question.

I think that this is a unique body, yes. I think it is unique, actually, primarily because of the fact that we are public servants, that we are all paid out of public monies and that we have the independence of the option, if our lives continue long enough, to be able to serve here to the age of 75.

I think, therefore, that some of those unique aspects indicate that, as far as I can see, the objectives of good governance with transparency and accountability will not ever be trusted. A closed-circuit model, where we're only looking at each other and we're doing the hiring of the auditor, will never achieve such a level of credibility that it will actually be trusted by the public whom we serve.

**Hon. David M. Wells:** Would the senator take another question?

**Senator McPhedran:** Yes.

**Senator Wells:** Thank you. Senator, thank you for your presentation. I want to go back to the points you made regarding public sector or public sector-like organizations.

Were you aware that Mr. Andrew Newman, who is a partner and leader of the Public Sector Audit Practice at KPMG, and who happens to be our external auditor, spoke to our subcommittee when we were doing this study? Because I wanted to get the wording right, he reiterated to me again today that:

> As an audit partner with KPMG here in Ottawa, I lead public sector and audit practice from an audit committee perspective. I attend over 100 audit committees a year. All of that is public sector and all of them have a public accountability perspective, like the Senate. So that includes universities, hospitals, school boards and national associations.

His testimony continued:

> My comments today will be from that experience. I don't have any experience working with audit committees of publicly traded companies, for example, but I think the experience with the more publicly accountable organizations is probably the most relevant for the achievement of your objective.

I'll go directly, senator, to his comments regarding outside or independent members of an external audit committee. As he reiterated today:

I have seen that tried. Quite frankly, I haven't seen it work well. The fundamental issue is the external independent members coming to three, four, five or six meetings a year. They don't have the same level of information on what the entity is doing, so they really struggle. This is live and in-person, so they really struggle to keep up and understand what's going on, so the value of having them there is not maximized.

The other reason to do it is to add skill sets on the audit committee. That's why you would have independent people come — to add skill sets, because on a lot of boards, you would have 10 or12 members and maybe two or three, or less, with the skill sets required to be on an audit subcommittee. It is to add skill sets to the audit committee that you don't otherwise have. I have seen that work in a couple of places where just by the nature of the association, they don't have people with financial statement background or business financial-type background and they really need to add that skill set to the audit committee. With over 100 senators, I'm sure you can find this skill set here.

I believe we can.

**The Hon. the Speaker *pro tempore*:** Your time is running out.

**Senator Wells:** Thank you, Your Honour. My apologies.

I would be supportive of not having non-senators on it.

Were you aware that the Senate's current external auditor from KPMG, a company that prides itself on its independent action, independent thought and, obviously, auditing would have that opinion and you would not?

**Senator McPhedran:** Your Honour, is there any time for me to answer?

• (1550)

**The Hon. the Speaker *pro tempore*:** You have 52 seconds.

**Senator McPhedran:** Let me be very brief.

Again, I heard much more comment and opinion than I heard question. I would go back to my earlier reference to the importance of the independence of the auditor and not the assumption of independence. I would also say that I would not necessarily assume that one opinion is going to counter a fair bit of research out there about the need for there not to be closed-circuit decision making for the oversight of an organization. That in fact is the proposal that is before us, and it will not gain a sufficient measure of public trust and credibility to serve this institution well.

(On motion of Senator Omidvar, debate adjourned.)

## THE SENATE

### MOTION TO URGE THE GOVERNMENT TO TAKE THE STEPS NECESSARY TO DE-ESCALATE TENSIONS AND RESTORE PEACE AND STABILITY IN THE SOUTH CHINA SEA— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Ngo, seconded by the Honourable Senator Cowan:

That the Senate note with concern the escalating and hostile behaviour exhibited by the People's Republic of China in the South China Sea and consequently urge the Government of Canada to encourage all parties involved, and in particular the People's Republic of China, to:

(*a*) recognize and uphold the rights of freedom of navigation and overflight as enshrined in customary international law and in the United Nations Convention on the Law of the Sea;

(*b*) cease all activities that would complicate or escalate the disputes, such as the construction of artificial islands, land reclamation, and further militarization of the region;

(*c*) abide by all previous multilateral efforts to resolve the disputes and commit to the successful implementation of a binding Code of Conduct in the South China Sea;

(*d*) commit to finding a peaceful and diplomatic solution to the disputes in line with the provisions of the UN Convention on the Law of the Sea and respect the settlements reached through international arbitration; and

(*e*) strengthen efforts to significantly reduce the environmental impacts of the disputes upon the fragile ecosystem of the South China Sea;

That the Senate also urge the Government of Canada to support its regional partners and allies and to take additional steps necessary to de-escalate tensions and restore the peace and stability of the region; and

That a message be sent to the House of Commons to acquaint it with the foregoing.

**Hon. Terry M. Mercer (Deputy Leader of the Senate Liberals):** Honourable colleagues, in the scroll today you'll see that Senator Day is scheduled to speak on this item. He has just had a call that his flight has been changed. He had to leave to catch the flight or he wouldn't make an important appointment that he has tomorrow in New Brunswick. So I move the adjournment of the debate.

**The Hon. the Speaker *pro tempore*:** Are you asking for leave to move it in the name of Senator Day?

**Senator Mercer:** Yes, I am.

(On motion of Senator Mercer, for Senator Day, debate adjourned.)

## BANKING, TRADE AND COMMERCE

### MOTION TO AUTHORIZE THE COMMITTEE TO STUDY THE OPERATIONS OF THE FINANCIAL CONSUMER AGENCY OF CANADA, THE OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS AND THE CHAMBERS BANKING OMBUDS OFFICE—DEBATE CONTINUED

On the Order:

Resuming debate on the motion, as amended, of the Honourable Senator Ringuette, seconded by the Honourable Senator Lankin, P.C.:

That the Standing Senate Committee on Banking, Trade, and Commerce be authorized to:

(*a*) Review the operations of the Financial Consumer Agency of Canada (FCAC), the Ombudsman for Banking Services and Investments (OBSI), and ADR Chambers Banking Ombuds Office (ADRBO);

(*b*) Review the agencies' interaction with and respect for provincial jurisdictions;

(*c*) Review and determine best practices from similar agencies in other jurisdictions;

(*d*) Provide recommendations to ensure that the FCAC, OBSI, and ADRBO can better protect consumers and respect provincial jurisdiction; and

That the Committee submit its final report no later than March 18, 2018, and retain all powers necessary to publicize its findings until 180 days after the tabling of the final report.

**Hon. Marc Gold:** I move the adjournment in my name.

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

**Hon. Senators:** Agreed.

(On motion of Senator Gold, debate adjourned.)

## THE SENATE

### MOTION TO URGE THE GOVERNMENT TO TAKE INTO CONSIDERATION THE FUNDING OF LITERACY PROGRAMS IN ATLANTIC CANADA—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Griffin, seconded by the Honourable Senator Martin:

That the Senate affirm that literacy is a core component to active citizenship, a determinant for healthy outcomes, and, at its core, key to building an innovative economy with good, sustainable jobs;

That the Senate urge the Government to take into consideration the particular regional circumstances of Atlantic Canada based on smaller populations, many of which are in rural areas, when determining whether to implement programs using project-based funding compared to core funding;

That the Senate further urge the Minister of Employment, Workforce Development and Labour to make an exception to the present terms and conditions of the Office of Literacy and Essential Skills project-based funding programs in order to request an emergency submission to the Treasury Board for $600,000 of core funding for the Atlantic Partnership for Literacy and Essential Skills based on their 2017 pre-budget consultation submission to Parliament; and

That a message be sent to the House of Commons to acquaint that house with the foregoing.

**Hon. Michael Duffy:** Honourable colleagues, I rise today to speak on Motion No. 245, which is critically important not only to our region of Atlantic Canada but frankly to all of the country. I think it might be helpful if I were to remind you of what Motion No. 245, as proposed by Senator Griffin and seconded by Senator Martin back on October 17, says:

That the Senate affirm that literacy is a core component to active citizenship, a determinant for healthy outcomes, and, at its core, key to building an innovative economy with good, sustainable jobs;

The motion goes on:

That the Senate urge the Government to take into consideration the particular regional circumstances of Atlantic Canada based on smaller populations, many of which are in rural areas, when determining whether to implement programs using project-based funding compared to core funding;

That the Senate further urge the Minister of Employment, Workforce Development and Labour to make an exception to the present terms and conditions of the Office of Literacy and Essential Skills project-based funding programs in order to request an emergency submission to the Treasury Board for $600,000 of core funding for the Atlantic Partnership for Literacy and Essential Skills based on their 2017 pre-budget consultation submission to Parliament;

In rising today, I hope to build on the interventions already made in this chamber by Senator Cordy, and by P.E.I. Senator Griffin and former Senator Hubley and Senator Callbeck, as well as Senator McIntyre, who spoke on this issue a while back. They spoke passionately about the educational disaster befalling the people of our region at a time when education is the most vital key to a secure and prosperous future.

As I mentioned in my statement in this chamber on September 28, the federal government cut core funding for literacy projects in the Atlantic region. That further aggravates the staggering statistics.

Literacy experts tell us that as many as half of the people in Atlantic Canada are functionally illiterate. Fortunately for us on P.E.I., Premier Wade MacLauchlan stepped up with interim funding for the PEI Literacy Alliance for the next two years. But a permanent solution is urgently needed.

This problem is not confined to our region, nor is it confined to reading. It's found in every province and territory. Now the warning signs are up for math. Half of Ontario's Grade 6 students failed to meet provincial math standards this year. I won't repeat all of the statistics which have already been put on the record by previous speakers. Suffice it to say the results all over Canada are nothing short of alarming.

Literacy and numeracy skills are key to the future success of our young people and to our country's future. Senator Dawson and the Transport Committee have been looking at this, and some of the testimony that the committee has heard has been amazing. We'll soon be in a world of driverless transport trucks and driverless cars, a world where all workers will have to know how to read the technical manuals which explain how to operate the computers that are operating these vehicles and heavy machinery. That's not a far-off dream; it's happening now. As I say, trucking is just one industry where jobs will be performed by robots with the assistance and guidance of humans, but the humans will have to be able to read in order to do the job. It's already happening in other industries beyond trucking.

We must think about what this means for young people who are coming out of the education system without literacy and computer skills. I'm not talking about computer skills like actually writing code. I'm talking about keyboarding skills and how to use the extraordinary power of programs like Excel and the rest of the MS Office suite of products which are everywhere in our business world today. Every kid coming out of school should know how to operate these programs.

Every job requires the ability to operate these basic applications, but you can't do it without literacy and numeracy skills. If we don't change course, we're going to continue to have chronic underemployment among our young people. And chronic underemployment leads to lower wages, and that leads to reduced lifestyles and increased alienation among those who find themselves on the outside as the new world passes them by. Who knows where all of this could lead in terms of social unrest.

Journalist Lisa Van Dusen recently wrote a column in *The Hill Times* entitled "I'm okay, you're screwed: the inequality time bomb."

She writes:

> As if the anecdotal evidence wasn't overwhelming enough, a study published November 15 in the research journal *Nature* warned that record levels of income inequality, particularly in the United States, could produce social instability.

We've already seen the warning signs. As in Canada, millions of Americans have been hurt by the pace of technological change. In turn, that has led them to distrust traditional democratic government to protect them from the free market. Sadly, these people are turning to people who promise simple but unworkable solutions to complex problems.

The answer is not to brand these disenchanted people deplorable and forget about them. The answer is to ensure they have the skills to compete and meet the wave of change in the modern world.

There are ideas for improving education that work. The *Washington Post* recently reported on the Nova Scotia Early Childhood Education approach — American Professor Nancy Carlsson-Paige, who is incidentally the mother of actor Matt Damon. She told *The Washington Post* that the Nova Scotia Early Childhood approach should be the learning format for America and the rest of the world.

• (1600)

Last Thursday, while speaking on Bill C-61, our colleague Senator Christmas described the success that the Nova Scotia Mi'kmaq people achieved with their innovative program to improve high school graduation rates. It is great to see that as a result of Bill C-61, the Anishinabek people plan to do the same thing for their young people through the provisions of the Anishinabek Nation education agreement bill.

So there is hope. There are new, innovative programs that do work.

We all know that, according to our Constitution, education is a provincial responsibility, and the provinces may be resisting, but the fact of the matter is that after young people go through the provincial education systems, they learn the ugly truth that a high school education just isn't good enough.

They need literacy and numeracy skills in order to learn a trade or to go on to university. These are fundamental keys to finding a decent job. To its credit, the federal government spends millions on job training and skills development. But think how much more effective that could be if federal efforts to help began earlier, in full collaboration with our provinces. The potential damage to the future of our young people is so great that concerted national action led by the feds, working with the provinces, is an urgent priority.

Some of Canada's most important social developments have come to pass because of federal leadership in areas of shared jurisdiction. It was the St-Laurent government that brought in our national hospitalization program. Later, the Pearson Liberals built on what was started in Saskatchewan and brought medicare to the whole nation. Remember, there were long and difficult negotiations with the provinces about medicare, but one by one they joined. The last provincial hold-out was Ontario, and they signed on in 1967.

The negotiations with the provinces to allow the federal government to work cooperatively with them on health were led by two of our former Senate colleagues then-Ministers of Health Paul Martin, Sr., and Allan J. MacEachen. They saw a pressing national need, and they didn't allow the Constitution to stop them in their determination to make medicare national.

Today we have a federal government that is undertaking big things: Reconciliation with our indigenous peoples, revitalizing and expanding the national housing program, rebuilding transit and national infrastructure.

Literacy is nation-building in the 21st century. We must ensure, in our nation-building, that our young people have the skills to be part of this exciting new Canada. The federal government can and should play a significant role, beginning with permanently restoring the literacy fund as was so eloquently advocated by Senator Cordy when she spoke on this topic earlier this fall.

As with medicare, our federal government must lead the provinces into a new partnership, an educational partnership, so that our young people have the skills to thrive in the rapidly developing new world order. Getting this right is essential, not just for young people, but for Canadian society as a whole.

(On motion of Senator Hartling, debate adjourned.)

[*Translation*]

## OFFICIAL LANGUAGES

COMMITTEE AUTHORIZED TO STUDY THE APPLICATION OF OFFICIAL LANGUAGES ACT AND RELEVANT REGULATIONS, DIRECTIVES AND REPORTS AND REFER PAPERS AND EVIDENCE SINCE THE BEGINNING OF THE FIRST SESSION OF FORTY-SECOND PARLIAMENT

**Hon. René Cormier,** pursuant to notice of December 11, 2017, moved:

> That the Standing Senate Committee on Official Languages be authorized to study and to report on the application of the *Official Languages Act* and of the regulations and directives made under it, within those institutions subject to the Act;
>
> That the committee also be authorized to study the reports and documents published by the Minister of Canadian Heritage and Official Languages, the President of the Treasury Board, and the Commissioner of Official Languages, and any other subject concerning official languages;
>
> That the papers and evidence received and taken and work already accomplished by the committee on this subject since the beginning of the First Session of the Forty-second Parliament, as authorized by the Senate on February 3, 2016, be referred back to the committee; and
>
> That the committee submit its final report no later than June 30, 2019, and that the committee retain all powers necessary to publicize its findings for 180 days after the tabling of the final report.

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

**Hon. Senators:** Agreed.

(Motion agreed to.)

[*English*]

## GOVERNMENT'S LEGAL OBLIGATION TO PROTECT AND MAINTAIN A VOLUNTARY BLOOD SYSTEM

INQUIRY—DEBATE ADJOURNED

**Hon. Pamela Wallin** rose pursuant to notice of December 7, 2017:

> That she will call the attention of the Senate to the federal government's legal obligation to protect and maintain Canada's voluntary blood system and to examine the issues surrounding commercial, cash- for- blood operations.

She said: This past November, we marked the twentieth anniversary of the Krever commission. Judge Horace Krever investigated Canada's tainted blood scandal after as many as 30,000 Canadians were infected with HIV and hepatitis C through blood transfusions during the 1980s. Families were devastated, children were orphaned and men and women were widowed. It was this country's most tragic health crisis. It was also preventable.

One of the key recommendations of Judge Krever was to ". . . ensure that blood components and blood products used in Canada are made from the blood and plasma collected from unpaid donors." Yet today, just two decades later, Canada is once again allowing cash-for-blood, private collection sites.

It's a problem on so many levels. Who is selling their blood and why? Are we allowing these cash-for-blood operations to set up where they will attract drug users or people whose health may already be compromised? How short is our collective attention span that we have forgotten the deaths, the dire warnings and the promises it would never happen again?

Mike McCarthy, a survivor of the tainted blood crisis — he was infected by U.S. prison blood from Arkansas — says he is just ashamed we are back talking about this, risking it all for no benefit. "I am appalled," he said, "that we may end up eroding the public system."

Krever, too, believed that blood should be considered a public resource. Donors should not be paid because paying people to sell their blood introduces risk into our blood supply. Perhaps most concerning is that it makes it very difficult for a country to react if, or when, a new blood-borne crisis breaks out. There is no public accountability for private operators.

In Canada, we have long collected all the blood and plasma we needed through voluntary donations.

But as Michael Decter, an adviser to the Krever commission, a former Deputy Minister of Health in Ontario and an economist, says that allowing plasma "donations" will undercut the volunteer sector. Why give your blood for free if a person next to you is getting paid? Even calling it a donation when you are paid is a misnomer.

The practice of paying people to sell their blood is controversial and allowed in only five countries: The U.S., Germany, the Czech Republic, Austria and Hungary.

Now, the private blood brokers are gaining ground in Canada, even though all major international health organizations, such as the World Health Organization and the International Federation of Red Cross believe that all blood and plasma should be donated voluntarily. In fact, the WHO says countries should aspire to 100 per cent voluntary blood and plasma donation by 2020, and they remain firm in that view today.

And even though we have always been able to collect enough supply from volunteers, we don't process the needed products in Canada, and so we still purchase virtually all our blood plasma products from the U.S., sourced by individuals who are paid for their blood.

Why do we do that? In the wake of and in response to the Krever inquiry, Canada set up something called Canada Blood Services — a national blood authority. The CBS was supposed to protect and ensure a safe blood supply, a dedicated agency to do what had become not only a life-and-death process but a highly sophisticated one — a responsibility that a locally run Red Cross could no longer manage.

The track record of CBS was a little troubling. CBS seemed at first to support the private, pay-for-blood model, but of late the agency has finally come around, or come back to its original purpose, to ensure a safe blood supply.

A year ago, CBS warned the federal government that voluntary blood donation systems could be at risk if for-profit plasma collection is allowed to expand, and they asked Health Canada to stop licensing the private clinics. Yet despite the warnings, Health Canada continued to give the go-ahead for private, cash-for-blood clinics.

Health Canada and the federal government are signatories to the memorandum of understanding that created CBS. As the regulator of the Canadian blood system they have a legal obligation to protect and maintain our voluntary system.

• (1610)

Health Canada is also authorized by the government to issue the licences for private paid plasma clinics. But they can also say no.

So why did they instead agree to license private collectors when it contravened every fundamental recommendation in the Krever commission?

As a journalist, I have interviewed people over the years who received tainted blood. Many are now dead. So when my home province and Health Canada approved a private clinic run by CPR — Canadian Plasma Resources — in 2016 in Saskatoon, I was troubled and raised questions here in the chamber. The clinic hands out $25 Visa gift cards or people can donate that for a tax receipt. Frequent donors are eligible for bonuses, monthly draws and door prizes; $25 worth of blood and plasma yield products worth $300. But as Kat Lanteigne, co-founder of BloodWatch, says:

> Canadian donors are not meant to be a revenue stream for private corporations looking to make a profit.

The company —CPR — was in the news in 2013 when they were set to open three sites in Ontario: one beside a men's mission in Toronto and another next to a methadone clinic in Hamilton. But in December of 2014, Ontario passed legislation banning cash for blood clinics. Alberta followed suit. Quebec made private collection illegal back in 1994. So the blood brokers moved on to Saskatchewan, New Brunswick and tried in B.C. as well.

Health Canada was informed on numerous occasions that paid-plasma systems harmed voluntary ones, and yet the government continued to say "there was no evidence" of this in other countries.

Well, there is evidence, in Hungary, one of the countries that allows this system. It has lost 20 per cent of its donor base due to private-paid plasma operations.

Health Canada has absolutely no Canadian data on our blood system, so no evidence exists to justify its support for the private blood collection system. All that Health Canada offers up is a three-page position paper, funded by the trade association that lobbies regulators to change the rules so they can open up the clinics, in a document called "The Dublin Consensus." This is not a recognized academic or research document. It is puzzling why the federal government and some provincial governments choose to abandon Krever's recommendations and support commercial operators based on such meagre evidence.

Health Canada is not heeding the warnings of CBS and needs to. The "Expert Panel" that Health Canada has convened is made up of at least half Americans, one of whom has shares in the paid plasma industry.

Moreover, there are no recommendations attached to this panel, so its usefulness is in doubt. Will it be used merely to defend the existing position of Health Canada? A report is due in March or April, and that is when Health Canada issues new licences or renews old ones.

The plasma collected by CPR — Canadian Plasma Resources — will not be used for Canadian patients, nor be bought by Canadian Blood Services, so why does Health Canada continue to license a facility that may actually be shrinking our supply?

So what could happen or what should happen? Health Canada should take a pause and rescind licences granted to CPR and agree that no new licences be issued at this time. Health Canada should add the phrase "security of supply" to their regulatory standards, which would mean they cannot approve private clinics in the future as it would undermine our supply. And they could pass a federal version of the Ontario Voluntary Blood Donations Act in order to uphold Krever and protect our voluntary system on a national level.

Those who defend the paid plasma clinics say the Krever recommendations are out of date today, that we can create needed blood products in labs and that safety can now be assured because screening is more rigorous and testing is more accurate. But we can never predict when the next unknown and untested virus will taint blood and kill again.

As Michael Decter put it:

> Blood is inherently dirty. We didn't know what HIV was when it turned up. We didn't know what Hep-C was when it turned up. I'm a skeptic when they tell me it's all safe now . . . and that's not the history of blood where we keep finding new things that cause harm . . . better safe than sorry.

I agree with him. It's just too big a gamble.

(On motion of Senator Omidvar, debate adjourned.)

## BUSINESS OF THE SENATE

**The Hon. the Speaker:** Is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to await the arrival of Her Excellency the Governor General?

**Hon. Senators:** Agreed.

(The Senate adjourned during pleasure.)

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• (1720)

[*Translation*]

## ROYAL ASSENT

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

> An Act to amend the Criminal Code (mischief) (*Bill C-305, Chapter 23, 2017*)
>
> An Act respecting National Sickle Cell Awareness Day (*Bill S-211, Chapter 24, 2017*)
>
> An Act to amend the Indian Act (elimination of sex-based inequities in registration) (*Bill S-3, Chapter 25, 2017*)
>
> An Act to correct certain anomalies, inconsistencies and errors and to deal with other matters of a non-controversial and uncomplicated nature in the Statutes of Canada and to repeal certain Acts and provisions that have expired, lapsed or otherwise ceased to have effect (*Bill C-60, Chapter 26, 2017*)
>
> An Act respecting the preclearance of persons and goods in Canada and the United States (*Bill C-23, Chapter 27, 2017*)
>
> An Act providing for the development of a framework on palliative care in Canada (*Bill C-277, Chapter 28, 2017*)
>
> An Act to recognize Charlottetown as the birthplace of Confederation (*Bill S-236, Chapter 30, 2017*)
>
> An Act to amend the Statistics Act (*Bill C-36, Chapter 31, 2017*)

The Honourable Geoff Regan, P.C., M.P., Speaker of the House of Commons then addressed Her Excellency the Governor General as follows:

> "May it Please Your Excellency:
>
> The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.
>
> In the name of the Commons, I present to Your Excellency the following bill:
>
> An Act for granting to Her Majesty certain sums of money for the federal public administration for the fiscal year ending March 31, 2018 (*Bill C-67, Chapter 29, 2017*)
>
> To which bill I humbly request Your Excellency's assent."

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

The Commons withdrew.

Her Excellency the Governor General was pleased to retire.

(The sitting of the Senate was resumed.)

(*At 5:31 p.m., the Senate was continued until tomorrow at 2 p.m.*)