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OFFICIAL REPORT
(HANSARD)

Tuesday, March 19, 2013

The Honourable NOËL A. KINSELLA
Speaker

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

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THE SENATE

Tuesday, March 19, 2013

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

Prayers.

SENATORS' STATEMENTS

HON. JOHN CARNELL CROSBIE, P.C., O.C.

Hon. Elizabeth (Beth) Marshall: Honourable senators, I rise today to pay tribute to an exceptional Newfoundlander and outstanding Canadian. Last Friday, March 15, the Honourable John Carnell Crosbie's term as Lieutenant Governor of Newfoundland and Labrador came to an end after five years of public service in that position. On this occasion, I pay tribute to John Crosbie's distinguished career in public life.

Born in pre-Confederation in St. John's on January 30, 1931, he graduated from Queen's University in political science and economics in 1953 and from Dalhousie Law School in 1956. He undertook postgraduate studies at the Institute of Advanced Legal Studies at the University of London and the London School of Economics in 1956 and 1957. He began his outstanding career in 1957 at the age of 26 after being admitted to the Newfoundland Bar.

John Crosbie's career in politics began when he was elected to the Newfoundland and Labrador House of Assembly in 1966. He joined the provincial cabinet of Liberal Premier Joseph Smallwood, holding the position of Minister of Municipal Affairs and Housing. He became Minister of Health in 1967 and was instrumental in creating the Newfoundland Medicare Commission and the framework for the Newfoundland Medicare Plan.

Shortly after — in 1968, to be exact — fundamental differences over economic policies with Newfoundland's Premier Smallwood resulted in Mr. Crosbie's resigning as Minister of Health. He saw the light and joined the opposition: the Progressive Conservative Party, which was seen as a viable alternative to the Liberal Party. Defeating Premier Smallwood in 1972, the Tories — who were led by Frank Moores — came to power, and Mr. Crosbie successively held the provincial portfolios of Minister of Finance; President of the Treasury Board; Minister of Economic Development; Minister of Fisheries; Minister of Intergovernmental Affairs; Minister of Mines and Energy; and Government House Leader.

Elected to the House of Commons in 1976, John Crosbie became Minister of Finance in 1979 for a brief time, during the minority government of Joe Clark. John Crosbie would famously describe this brief time as "long enough to conceive, just not long enough to deliver." Under the Mulroney administration, he was named Minister of Justice, Minister of Transport, and Minister of International Trade. Also under that administration, he served as Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency, two key portfolios to the economy of Atlantic Canada.

Having represented the people of Newfoundland and Labrador for many years, John Crosbie decided to leave public life in 1993. He joined the academic life as Chancellor of Memorial University of Newfoundland and Labrador from 1994 until 2008, when he was appointed Lieutenant Governor of Newfoundland and Labrador by Governor General Michaëlle Jean on the advice of Prime Minister Harper.

Mr. Crosbie has been awarded several honorary recognitions. Most notably, he was made an Officer of the Order of Canada in 1988. He has been awarded honorary Doctor of Laws degrees by Dalhousie University, Memorial University and Queen's University.

Behind every great man, there is a great woman, or a greater woman. This is so with John Crosbie. Jane Furneaux Crosbie has been an active and supporting partner with her husband throughout their life together. Where you saw one, you saw the other.

Honourable senators, please join me in recognizing the Honourable John Carnell Crosbie for the exceptional contributions he has made to the people of Newfoundland and Labrador and the people of Canada.

NORTHWEST TERRITORIES

DEVOLUTION AGREEMENT

Hon. Nick G. Sibbeston: Honourable senators, last week the Prime Minister travelled to Yellowknife to meet with Northwest Territories Premier Bob McLeod. Together they signed an agreement that will transfer some of the last federal powers to the territorial government. Control over Northwest Territories land and resources will finally move from Ottawa to Yellowknife, where it belongs.

The Government of NWT will also gain a share in the resource revenues from the vast mineral and petroleum wealth of the North. In turn, a portion of these revenues will be transferred to the Aboriginal governments in the North.

This agreement has been over a decade in the making and completes a process of federal transfers that began more than 40 years ago, when the Government of the Northwest Territories moved to Yellowknife in 1967. Over time, the GNWT has taken control over a wide range of responsibilities from highways to health, to name just a couple.

Devolution has been an important component in building responsible government in the North, gradually cutting the colonial ties that bound us to Ottawa. Senator Patterson and I,

who have both been premiers in the North, remember the struggles we faced in negotiating and managing these transfers. I believe the lessons learned then will make the current round of devolution smoother.

Devolution is necessary and good for the North. In every case, the Government of the Northwest Territories has done a better job of delivering services to local residents than the federal departments that preceded them. As an example, we used to say in the North that where the federal government could build one house, we could build two or three houses with the same money that the federal government spent in the North.

With this final transfer, the territorial government will have virtually all of the powers of provincial government, though not yet the full resource revenues that go with them. As well, jurisdiction over offshore resources in the Beaufort and other waters remains with the federal government.

I congratulate the federal and territorial governments and the five Aboriginal signatories to this agreement. There will now be an extensive consultation process with northern residents to finalize details of exactly how the transfers will be managed. During this time, it is my hope that the final two Aboriginal groups in the Dehcho and Akaitcho regions will also become full partners in these changes.

Although concern is still being expressed regarding the impact of this agreement on environmental regulation and land claims negotiations, I do believe it is a step forward and, with care, can provide the NWT with the tools to develop our vast natural resources while protecting our environment for future generations.

MRS. FLORA THIBODEAU

CONGRATULATIONS ON ONE-HUNDRED-AND-TWELFTH BIRTHDAY

Hon. Rose-May Poirier: Honourable senators, for the third year in a row, I have the pleasure of sharing with you a bit of information on the oldest living Canadian born in Canada. Madame Flora Thibodeau, of Rogersville, New Brunswick, will be 112 years old tomorrow. What remains so remarkable about this fantastic lady is that she still lives alone in her own home and receives only around 10 hours of in-home care per day.

[*Translation*]

Madame Thibodeau is in relatively good health despite her failing eyesight. Although she can no longer watch television, she still listens to the radio to stay informed about current events. She walks with the help of a walker, and nobody had better say anything about a home to her because she does not want to hear about it.

• (1410)

[*English*]

Madame Thibodeau still loves company and many people often drop in to chat with her. Speaking with her is like hearing a living history book. For those honourable senators who were not here last year, I will bring them up to date on some of the stories.

She remembers the first of many things becoming part of our lives, as well as many important events that occurred in the past 112 years. To name a few: the first automobile rumbling down the streets in Rogersville, the first toilet, the bathtub, refrigerator, telephone, TV, let alone computers and microwaves to enter our homes. She also remembers important events such as the First and Second World Wars and the sinking of the *Titanic* in the North Atlantic.

[*Translation*]

Madame Thibodeau had seven children, six of whom are still living, now aged 71 to 83. The one who lives closest to her is in Moncton. Last year, I had the honour of sharing a meal with her, members of her family and the Premier of New Brunswick, the Honourable David Alward, on the occasion of her birthday. Many media representatives were there too.

She was honoured and very surprised when the Prime Minister of Canada, the Right Honourable Stephen Harper, called her to chat and wish her a happy birthday.

[*English*]

Flora Thibodeau is an inspiration to us all. In the days when women had to struggle to find their place, she never gave up. She was a teacher from the age of 18 to 24; had a grocery store in her own home, then replaced it with a second-hand store when her husband died; and was the first woman to manage the local Caisse populaire branch. She also was a telephone operator and worked at the local co-op for many years.

[*Translation*]

Madame Thibodeau's husband died when he was 41. Alone, she raised her children, who were between one and three years of age, on just five dollars per child per month, which was the family allowance at the time. She was a very good mother and quite a career woman too.

[*English*]

Madame Thibodeau shared with me that she had no magic secret to having a long healthy life. She has always eaten what she wanted and tried to stay active. She is very independent and was not scared of working hard to make sure her family was well taken care of. Her abundance of knowledge, sharp wit, dry sense of humour and zest for life allow her to still be a contributing member of her community with the young and old alike who visit her.

[*Translation*]

Honourable senators, please join me in wishing this wonderful woman, Flora Thibodeau, all the best on her 112th birthday. Madame Thibodeau, I hope to be back next year to celebrate your 113th birthday with you.

[*English*]

UNIVERSITY OF NEW BRUNSWICK

VARSITY REDS MEN'S HOCKEY TEAM

Hon. Catherine S. Callbeck: Honourable senators, on Sunday evening, the University of New Brunswick's Varsity Reds men's hockey team won their fifth Canadian Interuniversity Sport championship. In fact, UNB won all their games during the tournament.

I am especially pleased to note that this stellar team is coached by a native of my home community of Bedeque, Prince Edward Island. The son of Evelyn and the late Charlie MacDougall, Coach Gardiner MacDougall has had an impressive career over more than a decade at UNB. He is the most winning coach in the history of the university and was assistant coach of the 2007 gold-winning Atlantic University Sport World University Games hockey team. He has been AUS Coach of the Year three times and was named CIS Coach of the Year in 2010.

Coach MacDougall's achievements extend beyond the hockey rink. He was awarded the 2009 UNB President's Medal, which is the most prestigious honour the university bestows. In 2010 he was recognized for his community service with the Paul Harris Fellowship, awarded by the Fredericton Rotary Club. Last June, he received the Queen Elizabeth II Diamond Jubilee Medal. During the presentation ceremony, MLA Jack Carr summed up Coach MacDougall's contributions when he said:

> The lives he has shaped in a positive way both professionally and personally probably could never be fully measured.

Honourable senators, please join with me in congratulating Coach MacDougall and the UNB Varsity Reds men's hockey team on winning the CIS University Cup.

POLAR BEAR TRADE

Hon. Dennis Glen Patterson: Honourable senators, today I wish to applaud the Convention on International Trade in Endangered Species of Wild Fauna and Flora, CITES, for voting against a U.S.-Russia sponsored proposition to uplist the polar bear from an Appendix II to an Appendix I species. Such an act would have unnecessarily negatively impacted the livelihoods of Canadian Inuit. I would like also to thank Minister Kent and the Ministry of the Environment for their support of this cause, the Inuit Tapiriit Kanatami, or ITK, for their continuing efforts on behalf of the Inuit they represent, and the World Wildlife Fund for their support in opposing this proposition.

On March 6, a CITES committee voted against this proposition due to the fact that assertions by the U.S., conservation groups and other states supporting the proposition are not in line with the scientific data available. After the decision was announced. Dan Ashe, director of the U.S. Fish and Wildlife Service, said that 800 polar bears are killed a year. Philip Mansbridge, CEO of Care for the Wild International, said:

> Prices for polar bear pelts have doubled over the last few years, and the signs are that trade is increasing. All the evidence says that it is simply unsustainable...

In truth, honourable senators, Canadian polar bears are harvested in subsistence hunts. Quotas are adjusted annually based on data from population monitoring systems implemented by the Canadian government and Inuit traditional knowledge, Inuit Qaujimajatuqangi or IQ. These quotas ensure that the total number of polar bears hunted is equal to 3.5 per cent of the Canadian population, or approximately 560 bears. Only 2 per cent are exported on the free market, or 300 per year.

The Inuit have long used the polar bear to feed their families. Banning the international trade of polar bear products would not affect the number of bears harvested, but would instead affect the ability of Inuit to use the monies from the sale of non-food products, such as pelts and teeth, to pay for clothing and other necessities.

A last-minute EU amendment proposed by Ireland to keep the polar bear on Appendix II but to have CITES impose quotas as opposed to the current Inuit-generated quotas was also rejected as it would have cast doubt on Canada's existing regulations and had severe repercussions on indigenous rights to self-determination and settled land claims agreements.

This is the second proposition made of this nature in the last three years. Misinformed outside agencies continue to draw direct correlations between Canada's subsistence harvesting and a perceived decline in the polar bear population, despite the fact that the Canadian polar bear population has steadily increased since the 1970s and the fact that the world's population has officially remained at 20,000 to 25,000 since 2005, according to the polar bear specialists groups.

Honourable senators, the authors of this misguided proposition are attempting to exploit the polar bear to further their political agendas with regard to global warming at the expense of Inuit food and economic security. I urge honourable senators to help protect and preserve the Inuit right to hunt and trade the polar bear, which is fundamental to their social, cultural and economic well-being.

GRADY GORDON HILL

BIRTH ANNOUNCEMENT

Hon. Richard Neufeld: Honourable senators, I rise today to share some very special news.

I am happy to announce that our daughter Kathryn and son-in-law Dustin Hill are the proud parents of Grady Gordon Hill. Grady was born March 16 at 6:50 a.m. and weighs in at 5 pounds, 13 ounces.

Baby and mother are doing great, as are Grandma Montana and Grandpa Richard.

Hon. Senators: Hear, hear.

[*Translation*]

ROUTINE PROCEEDINGS

STUDY ON POLITICAL AND ECONOMIC DEVELOPMENTS IN BRAZIL

FIFTH REPORT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE COMMITTEE—REVISED GOVERNMENT RESPONSE TABLED

Hon. Claude Carignan (Deputy Leader of the Government): Honourable senators, I have the honour to table, in both official languages, the revised version of the government's response to the fifth report of the Standing Senate Committee on Foreign Affairs and International Trade, entitled: *Intensifying Strategic Partnerships with the New Brazil*.

[*English*]

RULES, PROCEDURES AND THE RIGHTS OF PARLIAMENT

SEVENTH REPORT OF COMMITTEE PRESENTED

Hon. David Braley: Honourable senators, I have the honour to present the seventh report of the Standing Committee on Rules, Procedures and the Rights of Parliament, which deals with an amendment to the rules.

(*For text of report, see today's* Journals of the Senate*, Appendix, p. 2016*.)

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

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

• (1420)

[*Translation*]

OFFICIAL LANGUAGES COMMISSIONER

NOTICE OF MOTION TO APPROVE APPOINTMENT

Hon. Claude Carignan (Deputy Leader of the Government): Honourable senators, I give notice that at the next sitting of the Senate, I will move:

That, in accordance with Section 49 of the *Official Languages Act*, R.S.C., 1985, Chapter 31 (4th Supp.), the Senate approve the appointment of Graham Fraser as Commissioner of Official Languages.

THE SENATE

MOTION TO RESOLVE INTO COMMITTEE OF THE WHOLE TO RECEIVE MR. GRAHAM FRASER, COMMISSIONER OF OFFICIAL LANGUAGES, AND THAT THE COMMITTEE REPORT TO THE SENATE NO LATER THAN ONE HOUR AFTER IT BEGINS ADOPTED

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

That, on Wednesday, March 20, 2013, the Senate resolve itself into a Committee of the Whole in order to receive Mr. Graham Fraser respecting his appointment as Commissioner of Official Languages; and

That the Committee of the Whole report to the Senate no later than one hour after it begins.

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

Hon. Senators: Agreed.

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

Hon. Senators: Agreed.

(Motion agreed to.)

PARLAMERICAS

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

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

[*English*]

NATIONAL SECURITY AND DEFENCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY THE STATE OF OPERATIONAL READINESS OF CANADIAN FORCES BASES

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

That the Standing Senate Committee on National Security and Defence be authorized to examine and report on the state of operational readiness of Canadian Forces bases and their importance to the defence of Canada and

Canadian interests, and more specifically on the capacity of their infrastructure, personnel, and equipment; and

That the Committee present its final report to the Senate no later than December 31, 2014 and that the Committee retain, until March 31, 2015, all powers necessary to publicize its findings.

[*Translation*]

OFFICIAL LANGUAGES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY BEST PRACTICES FOR LANGUAGE POLICIES AND SECOND-LANGUAGE LEARNING IN A CONTEXT OF LINGUISTIC DUALITY OR PLURALITY

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

That the Standing Senate Committee on Official Languages be authorized to examine and report on best practices for language policies and second-language learning in a context of linguistic duality or plurality; and

That the committee report from time to time to the Senate but no later than December 31, 2014, and that the committee retain all powers necessary to publicize its findings until March 31, 2015.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY THE IMPACTS OF RECENT CHANGES TO THE IMMIGRATION SYSTEM ON OFFICIAL LANGUAGE MINORITY COMMUNITIES

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

That the Standing Senate Committee on Official Languages be authorized to study and to report on the impacts of recent changes to the immigration system on official language minority communities; and

That the committee report from time to time to the Senate but no later than March 31, 2014, and that the committee retain all powers necessary to publicize its findings until June 30, 2014.

[*English*]

SUSTAINABILITY OF HEALTH CARE SYSTEM

NOTICE OF INQUIRY

Hon. Catherine S. Callbeck: Honourable senators, I give notice that, two days hence:

I will call the attention of the Senate to the growing need for the federal government to collaborate with provincial and territorial governments and other stakeholders in order to ensure the sustainability of the Canadian health care system, and to lead in the negotiation of a new Health Accord to take effect at the expiration of the 2004 10-Year Plan to Strengthen Health Care.

QUESTION PERIOD

HEALTH

SALVIA—DECLARATION AS CONTROLLED SUBSTANCE

Hon. Catherine S. Callbeck: Honourable senators, my question is to the Leader of the Government in the Senate. In February 2011, the government announced with great fanfare that it was moving to have a dangerous drug called salvia added to the Controlled Drugs and Substances Act. Two cabinet ministers held a news conference. A call for comments went into the *Canada Gazette*. Then nothing happened. Salvia has not yet been made a controlled substance. More than two years later, this drug is still available at shops across the country.

Health Canada lists the drug's disturbing effects on its website as including hallucinations, out-of-body experiences and loss of consciousness.

A recent episode of "W5" contained an interview with a young B.C. woman who jumped from her third floor window after smoking salvia.

Why has this government not followed through on its commitment to make this potentially dangerous drug into a controlled substance?

Hon. Marjory LeBreton (Leader of the Government): Honourable senators, I actually watched the program the honourable senator referred to, "W5," on the dangers of the drug salvia. I also wondered about this question when I was watching the show. Honourable senators, I will take the question as notice and seek full information as to the status of this announcement.

Senator Callbeck: The fact is that Canada has seriously fallen behind in banning this drug. Salvia is already illegal in a number of countries around the world, including Australia, Belgium, Germany, Italy and Japan. It is illegal in more than 20 states in the United States. Norway, Finland and Iceland, among others, carefully regulate it, but not Canada.

When the leader gets the answer to my first question as to why this has not been done, will she also find out when the government might move to do this?

Senator LeBreton: I certainly will, honourable senators. I watched the "W5" program about the serious consequences of people taking this drug. I am always torn by being aware of the knowledge of the danger it does and at the same time being concerned about television shows such as this one further drawing

attention to a dangerous drug. I am very concerned, and I am quite sure my colleague the Minister of Health is. I would be happy to obtain as much information as possible.

HUMAN RESOURCES AND SKILLS DEVELOPMENT

EMPLOYMENT INSURANCE—FEMALE WORKERS

Hon Elizabeth Hubley: Honourable senators, my question is to the Leader of the Government in the Senate. Honourable senators, women's issues have suffered significantly under the Harper government. Funding has been cut for women's organizations. Regional Status of Women offices have been closed and Employment Insurance is being reformed, which will hurt women most of all.

Employment Insurance is important for women. They, more often than men, experience long periods of time without work. However, women often have a more difficult time qualifying for EI as they are more likely to hold part-time or temporary jobs, making it difficult to accumulate enough hours.

• (1430)

Unfortunately, Employment Insurance fails to recognize the difference in employment patterns between men and women. Female workers in particular stand to lose out with the new reforms as they are most vulnerable to long-term changes in the job market that will reduce eligibility for EI. Why did the government not take into consideration women's unique circumstances when making the recent changes to Employment Insurance?

Hon. Marjory LeBreton (Leader of the Government): Honourable senators, Senator Hubley and I have very different views of women in the workforce. I do not believe that women are any less capable of finding work than men. I think the honourable senator undermines women's ability to function.

We live in a time when many more opportunities are available for women. I do not think that women are always victims, so I disagree totally with the premise of the honourable senator's question.

With regard to the senator's opening preamble, she is entirely incorrect. We have increased the funding for women's programs to its highest level. Since 2007, we have approved more than 550 new projects from coast to coast to coast in support of women and girls. More groups are applying than ever before.

The honourable senator talks about advocacy groups. She is correct that we took funding away from advocacy groups. We put it into women's organizations that are making a difference for women at the community level.

With regard to Employment Insurance, our goal is the same for both women and men. Our goal is to ensure that people are connected to jobs that are available in their areas at their skill levels, but if no jobs are available for individuals in a particular area, be they women or men, Employment Insurance will always be there to assist them.

Senator Hubley: Honourable senators, I am in no way undermining women's ability to be productive in the workforce. I am saying that the reforms to the EI system make it more difficult for women to meet all the obligations that are on their plates.

In my home province of Prince Edward Island, women will be negatively impacted by the EI reforms. Our province's economy relies heavily on seasonal employment. If one visits any of our fish plants, golf courses or road crews in the spring, summer or fall, one will find many women working there. With the changes to EI, when these seasonal jobs are over it will be harder for women, who are often single parents, to support their families until their work starts up again. Moving out of their communities to take a lower-paying job is simply not an option. Public transportation may be limited and their obligation to be close to their families and home to provide needed family support is of utmost importance to them.

If the reforms the leader's government has put forward go ahead, it will likely mean that many women who work at seasonal jobs will be forced onto social assistance, making it even more difficult to support their families.

What measures will the government take to protect women working in seasonal industrials and ensure that they still receive full Employment Insurance benefits?

Senator LeBreton: Again, honourable senators, that is just not the case. As I pointed out a moment ago, we have taken many measures to connect people with jobs that are available in their areas. It has never been the intention of the government and never will be to withdraw assistance from people who, through no fault of their own, are not able to find employment. As has been the case in the past and will be the case in the future, the Employment Insurance program will be there to assist them.

ENVIRONMENT

PARKS CANADA—SABLE ISLAND

Hon. Terry Mercer: Honourable senators, we have seen evidence of the rampant communications control of the Prime Minister's Office before. As suspected, it continues.

Internal documents obtained by the Canadian Press under the access to information legislation show that an event proclaiming Sable Island's transformation into a national park reserve was completely taken over by the PMO and PCO.

Canada's park system is the envy of the world and the addition of Sable Island only makes it better. An event was planned by Parks Canada and its officials to coincide with the agency's one-hundredth anniversary. What a marvelous opportunity for us to celebrate that very important Canadian gem. The celebration was to include the Premier of Nova Scotia; the Minister of the Environment, Peter Kent; and the Minister responsible for Nova Scotia, Peter McKay. However, for a Monday morning event, approvals were still not given by the PMO or PCO as late as

Sunday afternoon. As a person who has organized many events over the years, I can imagine how much fun that must have been for the federal public servants working for Parks Canada in Halifax that weekend.

Everything from banners to media handouts to speakers was criticized, and in some cases rejected, by the PMO/PCO. In some instances Parks Canada was entirely removed from the communications material and, indeed, no Parks Canada officials were on the stage for the announcement.

Would the leader kindly explain why the PMO/PCO continues to treat its own federal public servants, its own departments and its own officials with such disrespect?

Hon. Marjory LeBreton (Leader of the Government): Honourable senators, I did see the story. I always take anything that the Canadian Press writes with a grain of salt.

The truth is that there is very good news here, honourable senators. We recently tabled Bill S-15 here in the Senate, sponsored by our colleague Senator MacDonald, to protect Sable Island's famous wild horses, beaches and wildlife. The government is extremely proud of our record on protecting and promoting national parks and marine protected areas. Since 2006 we have added almost 150,000 square kilometres to Parks Canada's network of protected areas. As a result, we have increased the total land and water that comes under our stewardship by more than half.

That is the good news. That is what the government is doing to support Parks Canada and to preserve our wildlife, and I urge the honourable senator to support the bill here in the Senate.

Senator Mercer: The minister says that she takes everything from the Canadian Press with a grain of salt. We also know that she takes everything from CBC with a grain of salt and everything from the *The Globe and Mail* with a grain of salt.

Senator Day: That is too much salt.

Senator Mercer: We know that salt intake is a real problem in this country. For your own health, Madam Minister, I would advise you against that.

Seriously, this is a little silly. It is good news that Sable Island has become part of the parks system. However, I am talking about disrespect for public servants. The leader talks about openness, transparency and fairness all the time. However, we still do not have a new Parliamentary Budget Officer and we await the budget through which it seems that this growing old government will go after public servants yet again. It also appears that while bragging about such transparency, the government is breaking its own rules about that very transparency.

According to the same article that I referred to about the Canadian Press access to information request in October of 2011, the agency did not meet the deadlines and delivered about 900 pages only last week when a complaint was received about lack of compliance.

• (1440)

The Leader of the Government in the Senate is saying that the government has every right to manage communications on behalf of the PMO and PCO; yet, they do not want anyone to find out just how much they are managing it until they are forced to do so. Would the leader kindly explain why, if everything is so above board, the government continues to hide?

Senator LeBreton: The honourable senator is right about the grain of salt; and I was thinking to myself, do not tell Senator Callbeck that.

This is a good news story. I am not aware of all the issues that the honourable senator referred to, but I do know that the government has vastly increased the area that falls under our national parks. We are very proud of our national parks, and we take the preservation of our lands seriously. As I mentioned in my first answer, we have increased incredibly the amount of park area.

The protection of Sable Island is a cause for celebration, even for the Honourable Senator Mercer, from Nova Scotia, and I would urge him to support Senator MacDonald's bill on Sable Island.

NATURAL RESOURCES

PROPOSED KEYSTONE XL PIPELINE PROJECT

Hon. Grant Mitchell: Honourable senators, Premier Redford and Premier Wall have gone to Washington, D.C., to make the case for the Keystone pipeline. However, one would think that the one person who would make the case for the pipeline, because it is possibly in some jeopardy, would be the Prime Minister of Canada. What kind of national leader would leave this important international task, messaging and presentation to two provincial premiers who, as good as they are, do not speak for Canada when the Prime Minister is the only one who does?

Hon. Marjory LeBreton (Leader of the Government): Honourable senators, I better sit down because the honourable senator is eliminating the whole cabinet.

Senator Day: There is an idea.

Senator LeBreton: I am answering Senator Mitchell.

The Honourable Senator Mitchell knows full well that the Prime Minister has been engaged fully in this matter. Many ministers have travelled to Washington. We have an excellent Ambassador to the United States in the person of Gary Doer. As well, some of our honourable senators have been in Washington. The Prime Minister is fully engaged in this file. Premier Redford and Premier Wall have done excellent work in Washington. There has been full effort on the part of the Government of Canada, the Prime Minister, the ministers and the premiers to responsibly promote the Keystone XL Pipeline Project, unlike certain members of the opposition who have been down there undermining Canada's interests.

Senator Day: Can you imagine?

Senator Mitchell: That is all the more reason for the Prime Minister to go to Washington. The Leader of the Opposition is there maligning and misrepresenting while the Prime Minister sits on his hands.

Could the minister give honourable senators some idea of what impact the Prime Minister of Canada might have if he gave a speech in the Washington, D.C., Chamber of Commerce in defence of the Keystone XL Pipeline Project? Do you think he might be able to sell it to them better than Mr. Mulcair and the premiers can do it? It is his job, for crying out loud. The guy is not a leader; he cannot lead.

Senator LeBreton: Did honourable senators hear that? He actually acknowledged that the Prime Minister is our leader.

Some Hon. Senators: Hear, hear!

Senator LeBreton: I will be very happy to provide the honourable senator with all the speeches delivered by the Prime Minister in the United States. From the beginning, he has been a huge promoter of Canada and Canada's interests not only in the United States but also around the world.

That the honourable senator would suggest for a moment that we are not fully engaged in this decision is flat out wrong. Many ministers, Canada's ambassador, many members of Parliament and interparliamentary delegations have all been in Washington. Each time the Prime Minister meets with President Obama, he makes clear the interests of Canada in this file as well as the interest that the United States should have in this file. Canada is their closest neighbour and friend and is a secure source of energy for the United States. The pipeline is overwhelmingly supported by the population in the United States, including both political parties, and it is hoped that senators on both sides of the house will fully support the Keystone XL Pipeline Project.

Senator Mitchell: Premier Redford made the point powerfully that the U.S. is linking Keystone's approval or non-approval to clear action on climate change and on the environment in Canada. What message does it send when the government's primary emissary on this file is Minister Oliver, who, when asked in the House of Commons whether he supported the science of climate change, refused to say that he did. What message does that send to the people of the United States who are asking whether Canada is credible on this issue?

Senator LeBreton: Honourable senators, it is clear that Canada is very credible on the whole issue of environmental protection and greenhouse gas emissions, and we have had many people point that out.

Senator Mercer: Just for laughs!

Senator LeBreton: There have been several articles over the last few days making that point. Our ambassador makes that point all the time. We have an excellent record on the environment. We are ahead of our targets on greenhouse gases. I know that the honourable senator refuses to believe that and I know that it is a great source of humour for Senator Fraser, but this government has done far more on this file than the previous government has ever done.

Senator Tkachuk: Absolutely.

Senator LeBreton: We take a back seat to no one on our commitment to the environment, to the support of our industries, and to creating good jobs for Canadians and economic growth and development for our country.

Senator Mitchell: How would we know whether we are making progress toward the 17 per cent objective? The one objective group, the National Round Table on the Environment and the Economy, said that we were not making progress, and the government shut them down. Was that a coincidence?

Some Hon. Senators: Oh, oh.

Senator Mitchell: Is it not the case that Mr. Harper does not want to stick his political neck out in Washington in a high profile way on behalf of jobs for 1.4 million unemployed Canadians and on behalf of this economy because he is afraid that if Keystone is turned down, it will not look good for him politically? Is he not putting his political neck ahead of the economy and jobs for Canadians?

Senator LeBreton: That is complete and utter nonsense —— typical of the nonsense we put up with from Senator Mitchell.

So that the honourable senator knows, Canada's emissions in 2010 were 6.5 per cent below 2005 levels, while Canada's economy grew by 6.3 per cent over the same period.

Senator Mitchell: No, it did not.

Senator LeBreton: I was there in the 1980s when we set it up. Many things have happened since then, and we do not need anybody to tell us that.

According to Canada's Emission Trends 2012 report, we are halfway to our 2020 target of reducing total greenhouse gas emissions by 17 per cent from 2005 levels; and we are still seven years away. At the same time, our economy has grown 6.3 per cent.

Honourable senators, we are making great progress. We are ahead of the commitments we made at Copenhagen. As much as the honourable senator likes to state otherwise, those are the facts and that is the message we continue to repeat to our friends in the United States.

We all know that there is a campaign against the oil sands. The Canadian government is doing everything possible, as are provincial governments and Canadian industries. Every person who knows the facts realizes the importance of our oil sands not only to Western Canada but also to all of Canada, including Ontario and Quebec. There was a report not long ago about how many jobs and what industries are connected to the development

of the oil sands. Therefore it is in the interests of all of us to do everything we can to support the Canadian economy and jobs by promoting Canada's interest and getting the Keystone XL passed.

• (1450)

Senator Mitchell: That is the point. It is in the interest of all Canadians and that is why it is not enough to have the Premier of Alberta and the Premier of Saskatchewan going down there to make the case. It is clearly a case that the Prime Minister of Canada — and any prime minister who was truly a national leader — should be on the plane doing as much as he can, as fast as he can and as hard as he can because the stakes are so high. Your Prime Minister is not a leader in that context whatsoever.

The final question that I have —

Senator Tkachuk: Are you done yet?

Senator Mitchell: In a recent interview, Premier Redford made the point that this government should be considering a national carbon levy like the carbon levy that now exists in Alberta.

Will this Prime Minister at least meet for once to talk to her about the possibility of bringing in a carbon levy that would send a message to the United States that we really do have the kind of credibility they are looking for in the context of Keystone?

Senator LeBreton: Again, Senator Mitchell is totally wrong. The Prime Minister has been, will be and will continue to be fully engaged in defending Canada's interests in the United States.

This is unusual because the honourable senator is usually downplaying the role of the cabinet and ministers. We have many ministers as part of our government, including the Prime Minister, the Minister of Finance, the Minister of Natural Resources, the Minister of the Environment, the Minister of Foreign Affairs, parliamentary delegations, our ambassador, premiers and —

Senator Mitchell: Notwithstanding the Prime Minister. What is the matter with him?

Senator LeBreton: The Prime Minister has been fully engaged in this all along.

Senator Mitchell: No, he has not.

Senator LeBreton: What does Senator Mitchell know about the Prime Minister's life that I do not know?

Senator Mitchell: Just go down to Washington and watch him. It is unbelievable.

Senator LeBreton: Then Senator Mitchell talked about Premier Redford and the story he obviously read in the *National Post* today about carbon tax. The honourable senator did not read enough.

Senator Mercer: We take that with a grain of salt.

Senator LeBreton: Premier Redford actually clarified the story in Postmedia by saying that she did not advocate for a national carbon tax, as today's Postmedia story implies.

> The Premier was clear that Alberta's climate change actions to date—including the creation of a fund for clean technology projects—have been successful and are driving innovation. Clean technology initiatives are worthy of consideration as the federal government develops new greenhouse gas emission regulations for the oil and gas industry.
>
> Alberta has a strong record of ensuring responsible oil sands development that creates jobs and long-term economic opportunity — not only for the people of Alberta, but for all Canadians, said Premier Redford. Those, like the federal and Alberta NDP who stand against important projects like Keystone XL, betray Alberta's and Canada's economic interests.

Ms. Redford is absolutely correct.

FOREIGN AFFAIRS

INAUGURATION MASS OF POPE FRANCIS— OFFICIAL GUEST LIST

Hon. Jim Munson: Honourable senators, the inauguration mass for Pope Francis was held today in St. Peter's Square and it marked the official start of his papacy. We know that the Governor General was there. Who was on the government guest list? Were there any opposition members? That used to happen in the past.

Hon. Marjory LeBreton (Leader of the Government): The honourable senator has a short memory.

Honourable senators, I do not know who was on the aircraft with the Governor General. I understand it was quite a large delegation. I saw a television interview with some individuals who were on the aircraft. However, I do not know. I will take the question as notice.

Honourable senators, I would like to take the opportunity to say how pleased everyone was with Pope Francis. I am not a Roman Catholic but I was quite taken with the solemnness of the ceremony. Canadians, whether or not they are Roman Catholic, are impressed with Pope Francis and we are impressed that there was a Canadian, Cardinal Ouellet, who was very much a part of the process of selecting the Pope. I believe he has acquitted himself extremely well and all Canadians should be proud.

Senator Munson: I thank the leader for her answer. She did not talk about any opposition members being on that list. As an honourable United Church minister's son, I share her wishes to the Pope, but his homily called on global leaders and all people of the world to protect the weak and the poor. Since Liberal senators and Liberal MPs always stand up for minority rights, and for the weak and the poor, one would have thought that this government would have invited some opposition members to go on this trip. This seems to be a pattern. We cannot even see the Queen anymore on these trips.

Senator LeBreton: Honourable senators, I have a long memory and if I were Senator Munson I would not go there.

Senator Munson: You sure do.

Senator LeBreton: In my little files that are pretty fat about the actions of Jean Chrétien, I could probably come up with some very interesting statistics.

Senator Tkachuk: Like South Africa.

Senator Munson: I am glad this is over because I have a long memory, too.

Senator Tkachuk: Go pay your own way.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Claude Carignan: Honourable senators, I would like to table the answer to oral questions asked by the Honourable Senator Callbeck on February 15 and November 1, 2012, concerning Employment Insurance.

[*Translation*]

I also have the honour to table the answer to the oral question asked by the Honourable Senator Callbeck on March 15, 2012, concerning Employment Insurance.

I would like to table the answer to the oral question asked by the Honourable Senator Callbeck on September 27, 2012, concerning passport services in Prince Edward Island.

[*English*]

Honourable senators, I have the honour to table the answer to an oral question asked by the Honourable Senator Callbeck on October 2, 2012, concerning the student loans program.

[*Translation*]

I also have the honour to table the answer to the oral question asked by the Honourable Senator Callbeck on June 26, 2012, concerning Employment Insurance.

[*English*]

Honourable senators, I have the honour to table the answer to the oral question asked by the Honourable Senator Chaput on October 3, 2012, concerning Employment Insurance.

Honourable senators, I have the honour to table the answer to the oral question asked by the Honourable Senator Tardif on October 3, 2012, concerning Employment Insurance.

[*Translation*]

I also have the honour to table the answer to the oral question asked by the Honourable Senator Hubley on October 3, 2012, concerning Employment Insurance.

[*English*]

Honourable senators, I have the honour to table the answer to the oral question asked by the Honourable Senator Munson on November 1, 2012, concerning Service Canada.

[*Translation*]

Lastly, I have the honour to table the answer to the oral question asked by the Honourable Senator Munson on December 12, 2012, concerning the Native Inter-Tribal Housing Co-operative.

[*English*]

HUMAN RESOURCES AND SKILLS DEVELOPMENT

CANADA EMPLOYMENT INSURANCE FINANCING BOARD

(Response to questions raised by Hon. Catherine S. Callbeck on February 15 and November 1, 2012)

In response to public consultations on Employment Insurance (EI) premium rate setting, through the Economic Action Plan (EAP) 2012, the Government announced changes to the rate setting mechanism to enhance the predictability and stability of the EI premium rate, including:

- Permanently limiting annual changes to the EI rate to 5 cents per $100 of insurable earnings;
- Premium rates will also be set earlier in the Fall — by September 14th rather than November 14th — providing more notice to employers and workers; and,
- In addition, once the EI Operating Account has achieved balance, premium rates will be set annually at a seven-year break-even rate to ensure that EI revenues and expenditures break even over that period.

In light of these changes, it was also announced that the size and structure of the Canada Employment Insurance Financing Board (CEIFB) would be reviewed to ensure that independent rate setting is done as cost-effectively as possible.

After careful consideration, the Government of Canada has decided to suspend the operations of the CEIFB until such time as the EI Operating Account returns to cumulative balance and the CEIFB is able to fulfill its full legislative mandate.

It was determined that the continued operation of the CEIFB is not considered cost-effective at this point in time given that the rate setting responsibilities of the CEIFB would be limited over the next few years and it would not have an investment role until the EI Operating Account returns to cumulative balance.

In the interim period, EI premium rates will be set by the Governor in Council according to the premium rate setting mechanism currently set out in the EI Act, including parameters announced in EAP 2012.

To ensure continued transparency and accountability in the premium rate setting process, the EI Commission and its actuary will prepare EI premium rate setting reports similar to those previously prepared by the CEIFB. The EI Commission and actuary reports will be tabled in Parliament by the Minister of Human Resources and Skills Development.

The CEIFB will be suspended until the EI Operating Account returns to cumulative balance, at which point, the EI premium rate will be set on the seven-year break even basis.

The necessary legislative amendments to suspend the operations of the CEIFB were included in Bill C-45, the second *Budget Implementation Act 2012*, which was passed by Parliament.

EMPLOYMENT INSURANCE—
FAMILY CAREGIVER BENEFITS

(Response to question raised by Hon. Catherine S. Callbeck on March 15, 2012)

In recognition of the vital role parents play in comforting and caring for their children, the Government kept its commitment to provide enhanced Employment Insurance benefits for parents of critically ill children made during the last general election.

Through the Helping Families in Need Act, the Government provided a new EI special benefit for parents who take time off work to care for their critically ill or injured child. This new measure is part of the Governments continued action to help parents balance work and family responsibilities.

The Government offers caregivers financial assistance through tax measures such as the Family Caregiver Tax Credit announced in Budget 2011. Since January 2012, this new 15 per cent non-refundable credit on an amount of $2,000 provides financial relief for caregivers of infirm dependent relatives, spouses, common-law partners and children. Budget 2011 also announced enhancements to the Medical Expenses Tax Credit, thereby removing the $10,000 limit that applies when claiming above-average medical and disability-related expenses in respect of a dependent relative.

The Government of Canada also offers caregivers a wide variety of supports, including the Disability Tax Credit Transfer, the Disability Tax Credit Supplement for Children, the Medical Expenses Tax Credit Transfer, the Child Care Expenses Deduction Amount and the Child Disability Benefit.

FOREIGN AFFAIRS

PASSPORT SERVICES IN PRINCE EDWARD ISLAND

(Response to question raised by Hon. Catherine S. Callbeck on September 27, 2012)

Passport Canada is a special operating agency reporting to Parliament through the Minister of Foreign Affairs (Department of Foreign Affairs and International Trade), mandated through the *Canadian Passport Order* to provide passport services to Canadians. The Agency operates on a cost-recovery basis, which means that it funds its daily operations using the fees paid by passport applicants.

Through the *Order* and Memoranda of Understanding, Passport Canada has partnered with Human Resources and Skills Development Canada/Service Canada and Canada Post, as Receiving Agents, to expand access to passport services to Canadians, especially those living in rural, remote and northern locations.

Passport Canada has conducted an analysis to examine alternatives for providing passport services in Prince Edward Island (PEI) through "hotelling", that is, through renting space from a partner to house Passport Canada personnel to perform passport services. A copy of the document is attached.

(*For text of document, see Appendix, p. 3486*.)

The conclusion of the analysis found that, based on the relatively small volume of demand for passport applications in PEI, the hotelling option was not cost justified. Further, the analysis concluded that, among three alternatives, a Receiving Agent-based "hub and spoke" solution could be offered most economically while at the same time enhancing services. The hub and spoke configuration would apply where the on-site Service Canada partner would ship application files to the Halifax Passport Canada Office for entitlement processing, rather than to Passport Canada processing centres in Gatineau, Quebec or Mississauga, Ontario, in order to provide PEI residents with a faster service standard.

Today, residents of PEI receive citizenship document validation services ("DEC Validation" — Declaration of Evidence of Citizenship Validation) at all five Service Canada locations in the province. This enables Canadians to apply for a passport in-person in PEI, without having to leave their documents at a Service Canada Centre. There are seven in-person walk-in service locations at present in PEI, with passport services provided to the public at five Service Canada Centres and two Canada Post outlets.

HUMAN RESOURCES AND SKILLS DEVELOPMENT

INTEREST RATE ON STUDENT LOANS

(Response to question raised by Hon. Catherine S. Callbeck on October 2, 2012)

The Government of Canada recognizes the importance of post-secondary education and provides student financial assistance, in partnership with provincial and territorial governments, to help students access and afford their post-secondary studies. The Canada Student Loans Program (CSLP) provides a suite of student financial aid measures including loans, grants and repayment assistance to students with demonstrated financial need. In the 2010-11 school year, over 500,000 students received support from the CSLP to pursue their post-secondary education.

The CSLP provides Canada Students Loans (CSLs) interest free while borrowers are in school. Upon completion of studies, interest begins to accrue on the CSL balance; however, borrowers are only required to begin payment after six months. Borrowers may choose either a floating rate of interest (prime plus 2.5 per cent) which varies as prime rate changes, or a fixed rate of interest (prime plus 5 per cent) which is set for the life of the loan. The vast majority of CSL borrowers (approximately 99 per cent) choose the floating rate of interest.

Students also receive a tax credit on the interest paid on their student loans. This credit may be claimed in any of the subsequent five years and reduces the effective interest rate by approximately 1 per cent (at current rates). Therefore, given the in-study interest subsidy and student loan interest tax credit, the actual interest rate a borrower pays on their CSL is effectively less than the posted rates.

In addition, as highlighted in the Government's response to the Senate Report, *Opening the Door: Reducing Barriers to Post-Secondary Education in Canada*, the Government of Canada has made significant improvements and investments in student financial assistance in recent years. Canada Student Grants (CSGs), introduced in August 2009, provide upfront, non-repayable assistance to students from lower and middle income families, as well as students with permanent disabilities and dependents. In the 2010-11 school year, more than 320,000 students received approximately $630 million in CSGs. As a result of increased non-repayable assistance, the average CSL debt has decreased to approximately $13,000 in 2010-11, 3 per cent lower than the year before.

For borrowers who experience difficulty repaying their CSL, a Repayment Assistance Program (RAP) was also introduced in August 2009 which limits a borrower's monthly payments to what they can reasonably afford based on family income and family. Under RAP, affordable monthly payments are limited to less than 20 per cent of a borrower's family income and no borrower will have a repayment period of more than 15 years. In 2010-11, approximately 165,000 borrowers with difficulty in repayment received RAP.

The Government of Canada remains committed to expanding PSE opportunities for all Canadians and will continue to ensure programs and services are modern, effective and responsive to the needs of students across the country.

CHANGES TO EMPLOYMENT INSURANCE

(Response to question raised by Hon. Catherine S. Callbeck on June 26, 2012)

This Government made use of numerous opportunities to consult with stakeholders and the Canadian public prior to introducing the proposed changes to the Employment Insurance (EI) program. These included the EI rate setting consultation, where more than 40 representatives from labour, business, academia, think tanks, finance and trade were invited to participate in round table discussions, as well as pre-budget consultations.

Throughout the year the Minister of Human Resources and Skills Development also consulted citizens during her visits across Canada and she took counsel from Caucus before introducing the EI measures in Economic Action Plan 2012. As part of their regular activities, departmental officials received and took into consideration opinions regarding the EI program from stakeholders and citizens through direct correspondence.

In January and February 2012, Minister Finley, Minister of State (Seniors), the Honourable Alice Wong and Parliamentary Secretary, the Honourable Kellie Leitch, held consultations with invited representatives from business, academia, industry, sectorial leaders and other organizations in several provinces (Ontario, Quebec, Manitoba, Alberta, British Columbia, Nova Scotia, Newfoundland) to discuss how best to ensure Canada's economy continues to produce jobs and growth in a difficult global economy. During these consultations, some stakeholders highlighted the importance of strengthening accountability for EI.

Following the release of Budget 2012 and the tabling of the *Budget Implementation Act,* departmental officials provided a detailed technical briefing to the media and Minister Finley announced details on the proposed "Connecting Canadians with Available Jobs" initiative. She also clarified that the "initial regulations will be developed by the Canada Employment Insurance Commission and that their recommendations would then have to be approved by the Governor-in-Council."

Following media briefing on May 24, 2012, Minister Finley spoke individually with several of her provincial and territorial counterparts, including those in Atlantic Canada, to provide them with further details and to hear their views on the proposed changes. In late June 2012, the Minister did a tour in the Atlantic region that included roundtables on EI and skills shortages. On July 5, 2012, Minister Finley held a similar roundtable in Simcoe, Ontario. Following the news conference held by the Atlantic premiers on July 6, 2012, Minister Finley stated her openness to hearing their concerns and taking them into consideration. Minister Finley continues to meet with stakeholders, provincial counterparts and workers on the progress of the EI clarifications.

Comments on the EI program are appreciated and will be taken into consideration in our ongoing efforts to ensure that the EI program remains flexible and responsive to the needs of Canadians.

EMPLOYMENT INSURANCE—WORKING WHILE ON CLAIM PILOT PROJECT

(Response to questions raised by Hon. Maria Chaput, Hon. Claudette Tardif and Hon. Elizabeth Hubley on October 3, 2012)

Under sections 109 and 110 of the Employment Insurance Act (EI Act), the Canada Employment Insurance Commission (CEIC) has the authority to make regulations to introduce pilot projects, for a period of up to

three years, to test possible amendments to the EI Act or the EI Regulations to make them more consistent with current industry employment practices, trends or patterns or to improve service to the public.

The Pilot Project to Encourage Claimant to Work More While Receiving Benefits (Pilot Project No. 18) was originally implemented on August 5, 2012 and is scheduled to conclude on August 1, 2015. Pilot Project No.18 tests whether allowing eligible claimants (excluding those who receive sickness or maternity benefits) to keep EI benefits equalling 50 per cent of every dollar earned while on claim, up to 90 per cent of the weekly insurable earnings used to calculate the EI benefit amount, encourages claimants to accept all available work while on claim. By reducing the clawback rate and applying it to earnings while on claim, the claimant will always increase their income (earnings from work and EI benefits) by accepting additional available work. Thus, the new Working While on Claim (WWC) pilot project is expected to further encourage claimants to work additional days while on claim.

Under this WWC new pilot project, some claimants indicated that they were receiving lower EI benefits for the same work effort as compared to benefits under the previous WWC pilot project (Pilot Project No. 17). More specifically, these claimants indicated that they cannot find additional work beyond approximately one day per week due to limited employment opportunities.

As a result, the Government of Canada announced its intention to amend the new WWC pilot project on October 5, 2012. Beginning January 6, 2013, EI claimants who were on claim and had earnings between August 7, 2011 and August 4, 2012, and were eligible to benefit from the WWC pilot project provisions are able to elect to revert to the previous WWC pilot project rules up to 30 days after their last EI benefit payment.

Under the previous WWC pilot project, if claimants earned less than $75 or 40 per cent of their weekly benefits, whichever was greater, their EI benefits were not reduced; however, any earnings above that exemption threshold reduced their benefits dollar for dollar. This amendment applies retrospectively to August 5, 2012 and, for claims that ended before January 6, 2013, claimants have 30 days from the introduction of this option to elect. The amended WWC pilot project will end on August 1, 2015, as previously scheduled.

Eligible claimants will be required to make this request for any subsequent claims for the duration of the current WWC pilot project. If eligible claimants make the decision to opt for the previous WWC pilot project rules, their decision will be irreversible. For those who do not elect to revert to the previous WWC pilot project rules, all future claims will be processed under the WWC pilot project rules introduced on August 5, 2012.

A summative evaluation covering Pilot Project No. 18 is targeted for fiscal year 2016-2017. The evaluations will assess the behavioral impacts of the pilot projects. Results will be made available in the EI Monitoring and Assessment Report, tabled annually in Parliament.

SERVICE CANADA

(Response to question raised by Hon. Jim Munson on November 1, 2012)

What will the government do to ensure that Canadians who have questions about their benefits will be answered in a timely fashion?

Service Canada is committed to meeting the service needs of Canadians in the most efficient and effective way.

A service improvement initiative has been designed to support the client focused vision of the department and is aimed at ensuring we:

- Support staff by providing accurate and efficient work tools with additional support through a national quality monitoring program.
- Develop business processes to support effective service delivery. Following changes in 2011-12 to call centre processes, we increased our rate of resolution on first contact from 83 per cent to 85 per cent.
- Implement technology that supports our service delivery strategies. We have successfully implemented changes to our Interactive Voice Response system to make it more user-friendly and intuitive for our clients. Additionally, we have recently implemented a new functionality where clients are provided with the estimated wait time to speak with an agent.

Service Canada monitors Employment Insurance claim volumes on an ongoing basis to ensure that we are providing the best possible service to Canadians who are in need of benefits.

We continue to move forward with our modernization agenda which aims to introduce new technologies and service delivery strategies as part of our on-going effort to improve client service, support staff and increase resolution on first contact.

With continuous improvements in our business model such as increased automation, improved electronic services, national workload management and document imaging, Service Canada is positioned to manage its workload in a more cost-effective manner, which will ensure that Canadians receive answers to their questions in a timely manner.

Why were these facilities moved? What will be done to improve client services at Service Canada?

The Government is committed to delivering programs and services that are efficient and effective, aligned with the priorities of Canadians and financially sustainable over the long term.

Canadians want to serve themselves and "self-service" is a key strategy now and for the future.

Service Canada is modernizing services provided to Canadians with continuous improvements to its business model such as increased automation, improved e-services, national workload management and document imaging.

Modernization is about maximizing people, process and technology to build a more flexible and responsive service delivery environment that allows the Department to quickly respond to citizen needs and expectations.

With growing automation, increased online services, and improved access to information and tools, operating efficiencies will be gained by consolidating and co-locating processing and administrative functions in the areas of:

- Integrity Services;
- Grants and Contributions delivery;
- Labour Market Information;
- Social Security Tribunal; and
- Continuing with EI Modernization.

These changes will mean fewer, but larger and more efficient regional hubs to improve performance and reduce overhead costs.

CANADA MORTGAGE AND HOUSING CORPORATION—NATIVE INTER-TRIBAL HOUSING COOPERATIVE

(Response to question raised by Hon. Jim Munson on December 12, 2012)

The Government is honouring its commitments to the Native Inter-Tribal Housing Co-operative and to other social housing providers across Canada. Annually, the federal government provides $1.7 billion in support of almost 605,000 individuals and families living in existing social housing under long-term agreements.

Funding is largely in the form of ongoing subsidies provided under agreements with the provinces and territories or directly with housing providers, as is the case with the Native Inter-Tribal Housing Co-operative. Under these agreements, funding is provided to housing projects for up to 50 years.

Funding for some of these projects is provided through the Urban Native Housing Program, an initiative of Canada Mortgage Housing Corporation (CMHC) to help native-sponsored organizations own and operate rental housing projects. For organizations like the Native Inter-Tribal Housing Co-operative, funding from CMHC bridges the gap between the rent paid by tenants and the project's actual operating costs.

The Native Inter-Tribal Housing Co-operative has benefitted from federal support over the past number of years and will continue to do so going forward. Operating agreements related to some units will expire over the next couple of years. However, other units in the 62-unit development will continue to be subsidized for years to come, in some cases, until 2029.

For its fiscal year ended June 30, 2012, CMHC provided over $500,000 in subsidy. In addition, more than $162,000 was provided through the stimulus phase of Canada's Economic Action Plan for the renovation of 33 of the 62 units.

The Government continues to work with the provinces and territories to reduce the number of Canadians in housing need through the Investment in Affordable Housing Framework. This Framework provides for combined spending of $1.4 billion over three years. Province and territories are responsible for program design, delivery and administration, and they have the flexibility to invest in a range of solutions, including funding for social housing projects that are no longer in receipt of federal subsidies under long-term social housing agreements.

ORDERS OF THE DAY

FIRST NATIONS FINANCIAL TRANSPARENCY BILL

THIRD READING—DEBATE ADJOURNED

Hon. Dennis Glen Patterson moved third reading of Bill C-27, An Act to enhance the financial accountability and transparency of First Nations.

He said: Honourable senators, it is an honour to stand here today to speak in support of Bill C-27, the proposed First Nations Financial Transparency Act.

[*Translation*]

In recent weeks we have heard powerful testimony from many witnesses at the Standing Senate Committee on Aboriginal Peoples. These witnesses strongly support Bill C-27.

• (1500)

[*English*]

They believe, as this government does, that those elected must be accountable to the citizens they represent. However, currently there is no legislated obligation under the Indian Act that compels First Nations elected leaders to make basic financial information publicly available. First Nations governments are currently the only governments in Canada that are not required to make the salaries and expenses of elected leaders publicly available. This must be corrected, and this is what this bill will do.

It has been suggested by my Liberal colleagues that this legislation is not necessary as it will not improve the current situation and will do nothing more than what is currently possible pursuant to funding agreements. Honourable senators, I could not disagree more. The fact is that Bill C-27 goes beyond the

status quo in a number of important ways. Bill C-27 will ensure that First Nations leaders are held to the same standards of accountability and transparency as other levels of government in Canada. It will also empower First Nations community members by providing them with access to the information they need to make informed decisions about their communities.

Even witnesses who do not support the bill acknowledge the difficulties some First Nation members have in accessing the most basic financial information. A representative from the Assembly of First Nations confirmed that the problem of band members being denied access to this basic information by their chiefs and councils is a reality. A representative from the Idle No More movement who appeared before the committee noted that there are "... people who are scared to come forward to address these issues."

[*Translation*]

In addition, one of my colleagues who serves on the Standing Senate Committee on Aboriginal Peoples spoke about difficulties in getting information from her band.

[*English*]

Putting this financial information on the Internet will enable people to access this information anonymously, which will help lessen the cases of intimidation that some First Nations have told us they have experienced as a result of trying to access this information from their leaders.

I also want to remind honourable senators that the minister can release this information to verified band members upon request. However, privacy legislation currently prohibits the minister from publishing the financial or salary information of bands. At present, approximately 40 per cent of bands control their own membership lists with no departmental involvement. Therefore, a band member seeking financial or salary information from a band that controls its membership list must have his or her identity verified by the band itself before the department can release this information to the requesting band member. This bill would eliminate this problem and ensure that First Nation members no longer have to go through the minister to access information, which should be coming to them directly from their local leaders. This is also important for off-reserve members.

Ron Swain, National Vice-Chief of the Congress of Aboriginal Peoples, an organization that speaks for off-reserve members, commended the government for taking the necessary steps to move forward with Bill C-27. He told members of the committee how the legislation will make it easier for off-reserve members to access information relating to their First Nation.

[*Translation*]

Bill C-27 also strengthens existing enforcement measures by allowing First Nations members to apply to a superior court to have their band's financial information published if the band refuses to release the requested information. Witnesses also noted that setting out the enforcement requirements in the legislation establishes real consequences for bands that do not comply.

[*English*]

I would also like to take this opportunity to respond briefly to some of the criticism — often misinformation — that this bill has faced at committee.

First, I would like to point out that concerns that this legislation will increase the reporting burden for First Nation governments are completely unfounded. Experts have said as much. When asked if the bill would increase the reporting burden, Alan Mak, a forensic accountant and principal of Rosen and Associates Limited, said that: "contrary to what has been claimed, I do not believe this bill creates unusual or onerous reporting obligations when compared to other reporting standards in Canada."

Several other experts echoed this opinion, including Harold Calla, Chairman of the First Nations Financial Management Board. It is also important to understand that, if passed, Bill C-27 would not demand that each individual business owned by the band publish detailed financial statements.

[*Translation*]

The legislative measures will not make First Nations less competitive, because revenues, expenses, assets and liabilities will be very highly aggregated and summarized, in accordance with generally accepted accounting principles.

Harold Calla said this when he appeared before the committee:

> Even in the private sector, in publicly traded companies, all of this information must be made available. I do not see that as being an infringement at all. I think it is being accountable; it is being transparent.

I do not believe that on a consolidated basis there is going to be a significant risk of being compromised commercially.

[*English*]

Finally, there is concern that there should be enforcement provisions in the bill. Honourable senators, the strength of this bill is that it will publicly shine the light of transparency on salaries, expenses and financial statements. It does not dictate or prescribe salaries. However, I am confident that the bill will have an impact in the exceptional cases where there are excesses, without the need for coercion. This will happen because the bill will give band members additional tools to demand accountability of their governments.

• (1510)

Honourable senators, this bill does have strong support from First Nation members, organizations and the general public. It reflects democratic principles. I urge my fellow senators to support this legislation, which will provide First Nations with the same level of transparency and accountability from their leadership as Canadians expect of their federal, provincial and municipal leaders.

Hon. Lillian Eva Dyck: Would the honourable senator take a question?

Senator Patterson: Yes.

Senator Dyck: Could the honourable senator give us an indication of how widespread the problem is with respect to how many First Nation bands there are across the country where band members cannot get information from their band? How many First Nation bands are not providing information to their members?

Senator Patterson: Honourable senators, we did have information from the Minister of Aboriginal Affairs and Northern Development. I am relying on my imperfect memory when I say that the minister received something like a couple dozen complaints from band members asking for information that they were unable to get from their own band leadership.

However, I think it is also important to note that there was significant evidence from members of First Nations, and I think of witness Phyllis Sutherland as one who has led an unsuccessful crusade within her band to get financial information. There has been evidence of intimidation and acts of reprisals against band members who sought that information. The fact that there are not a lot of band members standing up, speaking up and asking for this information does not mean that there is no concern or that people are not frustrated by not being able to get the information and feeling powerless to stand up and ask.

Senator Dyck: The bill itself does not actually say anything about coming into force. I believe that at one of the committee meetings the honourable senator said something about when the bill would come into force. Could Senator Patterson tell us again when he expects the bill to come into force, presuming it is passed within the next two weeks, before the end of the month?

Senator Patterson: The intention of the government is that a full year's notice will be given to bands to adjust their affairs and practices, beginning in the forthcoming fiscal year, April 1, 2013, before the bill is actually brought into force.

To be precise, the bill will not come into force upon passage before the end of this fiscal year, before the end of March, which is the government's intention. There will instead be a full year to allow bands to adjust to the new regime, and then it is expected that the bill will actually come into force and be implemented in the fiscal year 2014.

Senator Dyck: The reason I asked that question is because, as the honourable senator well knows, Aboriginal Affairs is going across the country right now and bands have to sign their new funding agreements. There is great concern that the new funding agreements may have reference to this bill. I think they are meeting with the department right now because they are concerned that the provisions of this bill might be imposed upon them starting April 1 of this year. However, in the honourable senator's answer, he indicated that is not the case. Is it true that it is not the case?

Senator Patterson: Honourable senators, the existing contribution agreements with bands and the Department of Aboriginal Affairs and Northern Development do require that information about salaries, expenses and financial statements be provided to the government. That will not change. That is the case now, and it will be the case following the passage of this legislation. Arrangements are continuing as usual, without change.

However, I would like to make it clear that what is different is that the provisions in the legislation will allow the minister to publish information on a departmental website when bands are not willing to do so on their own website or are not able to do so on their own website, and the requirement that information be otherwise disclosed publicly. The Privacy Act provisions that prevent the publication of that information will be changed by this legislation.

The reporting requirements themselves between the band and the department will substantially be the same.

Senator Dyck: I do not think the honourable senator answered the question clearly, and I will return to it. With regard to the information that bands are getting now, they have a funding agreement, which is something like 48 pages long, and an amending agreement, which is something like 31 pages long. As I understand it, in the National Funding Agreement, I believe, there is a clause that says that section 14.14.1 of the federal funding agreement presumes that all references to legislation and particular government publications that are in force or issued at the time of such an agreement and include any subsequent amendments or replacements thereof. It sounds, from this passage, that once this agreement is signed this year, whatever provisions were in place before are no longer in effect and one is bound by whatever we pass now. That is the concern.

Will this bill be in effect on April 1, 2013, or will it be in force in 2014, a year later?

Senator Patterson: My understanding is that the bill, even though passed, will not be proclaimed, nor will it become effective, until fiscal year 2014.

Senator Dyck: My next question would be why, then, are we pushing this bill through? Why did we not take more time to study it at committee? Why are we not taking more time and more sober second thought if there is no need to implement it by April 1, 2013?

Senator Fraser: Good question.

Senator Patterson: Honourable senators, the reason the bill needs to be passed before the end of this fiscal year is so that First Nations across Canada will be given notice of the new law that will apply to them in the new fiscal year beginning in 2014. If we delay the bill or set it aside, bands will not feel that they need to prepare to meet the new disclosure requirements. Therefore, it is necessary to pass the bill so that bands will know that the law is approved by Parliament — it has been approved by the House of Commons and will be approved by the Senate — and that they will have to meet those expectations.

Frankly, we are expecting there will be some bands — and I want to emphasize they are not the majority — that are paying excessive salaries and will reconsider whether those salaries are appropriate and will take the coming year to make the changes. In

this way, when they are required to fully disclose and publicly reveal their salaries and expenses and financial statements in 2014, we will not see as many or any of the excesses that have been the subject of concern.

Senator Dyck: I appreciate the honourable senator's comments about what he expects the bill to do. However, that is an expectation, and we disagree on whether or not that will actually happen.

• (1520)

The question I really want to get to is with regard to the funding agreement models. If you go to the AANDC website, you can find the First Nations and Tribal Councils National Funding Agreement Model for 2012-2013, which is 46 pages long. Under section 6, which is about two and a half pages long, there is a huge section on council's accountability to members: transparency and redress, disclosure to members of financial information, disclosure of personal information, disclosure of confidential information to band members. It is all covered in these national funding agreements.

Yet, those provisions, as I said, two and a half pages long, which direct the council to be responsible and accountable to their band members, are not in the bill. Those are the things that are not in the bill, and we are talking about the transparency and accountability to band members. Although they are in this 46-page document on funding agreements, they are not in this bill. Why are they not in the bill if we are trying to make council accountable to the band members? It seems to me a gross oversight.

Senator Patterson: Honourable senators, I think the point has been made in discussing the bill that it is not imposing onerous reporting requirements on First Nations because the reporting requirements they are presently required to meet will continue administratively, this year and next year, when this bill is in force. The level of accountability that is required to date between the band and the minister will not change. What will change, however, honourable senators, is that the minister will now have the authority to release information publicly upon request from band members without having to go back to the 40 per cent of bands that control their own membership lists to verify that a person asking for information is a member of that band. That process identifies that individual to the band, and in the cases where bands are reluctant to provide that information or, worse, will exert reprisals or intimidation against band members who ask those questions, the band members will now have an option to look on the departmental website or the band website and get that information without having to identify themselves and expose themselves to intimidation.

The transparency is the same, but the minister will now have authority to release the information publicly, authority that he does not presently have.

Senator Dyck: One other question for clarification: The honourable senator is talking about bands that control their own band membership list. There are actually five or six different categories of being Indian according to the Indian Act. There is the official registry here in Ottawa. There are also people like myself who were allowed to claim back their status, and my band membership may be controlled by the band.

When we talk about "band member" in the bill, are we talking about band member or someone who has Indian status? You could be a band member and have different categories of Indian status. Maybe we are confusing the whole issue by bringing up who controls the band membership list.

Senator Patterson: I would not want to confuse the issue, honourable senators. To me, it is very simple. Band members are defined clearly in the bill, and I think the definition of a band member is well understood by First Nations across the country.

In the interest of devolving authority to bands and encouraging self-government, the department has given the maintenance of and control over band membership lists to First Nations, as they should be, as self-governing entities. I am told that about 40 per cent of the bands do control their own membership lists with no departmental involvement whatsoever. I am not sure about the categories that the honourable senator has described. I am afraid that is outside my knowledge base.

However, clearly the band membership lists are controlled by a significant number of bands, and that can be an obstacle for regular band members seeking information from the department. They are concerned that they will be identified when the department goes to the band to verify that they are a member, and this bill gives them another avenue, additional tools, to get that information without having to go that route.

Hon. Wilfred P. Moore: I wonder if the honourable senator would take a question. I am not clear on the honourable senator's answer to Senator Dyck with regard to the funding agreement that she mentioned, and I think it was an appendix attached to it that said that pending legislation would be considered to be in effect. I think that is what she said. If this bill is to pass as it now is, does that mean that in the fiscal year beginning April 1, 2013, this bill would be deemed to be in effect, even though it is not proclaimed, and that the parties would be responsible to respond to it?

Senator Patterson: I thank the honourable senator for the question. Honourable senators, I am told that the government's and the department's clear intention is that the requirements of the proposed bill will not be imposed on bands in the coming fiscal year, April 1, 2013, to March 31, 2014. There will be a period where the requirements of the bill will not be imposed on those bands in order to allow them to prepare for the new regime, which will come into effect in the fiscal year April 1, 2014.

To answer the honourable senator's question: No. Whatever the agreement says, the department's intention is clearly not to impose the provisions of the bill on bands for a full year following its passage before the end of this fiscal year.

Senator Moore: I heard the honourable senator say that before in response to one of Senator Dyck's questions. However, I have to wonder why department officials are visiting bands and having them agree to something that is not consistent with what the

honourable senator just said. It sounds to me like these bands will be responsible to act and to perform in accord with this bill. If that is not so, why is that provision included in these documents that Senator Dyck referred to? There is inconsistency here, and I think it goes right to the heart of the bill.

I would like to know, on the record, that the provisions of this bill, if it is passed by the Senate, will not be deemed to be in effect and that the bands will not be responsible. I can see people in a band being quite, well, persuaded, intimidated by a visitor from the department who says, "This is a document; sign it." It is a lengthy document, 40-some pages, I think. I would like to know clearly that the contents of this bill will not be in effect — not the intent, but I want to know clearly, yes or no, so that the bands in Canada can rely on that answer.

• (1530)

Senator Patterson: Honourable senators, I think the answer is found in clause 12 of the bill, and I should try to make it crystal clear here. Perhaps I was in error when I spoke earlier.

The bill will come into force in 2013 after it is passed. However, the new requirements for publication, which is the essence of this bill, will not take place until 2014, once a full fiscal year has elapsed under the bill.

That is spelled out in clause 12 of the bill, which states:

> An application for an order in respect of documents... for the most recent financial year may only be made after the expiry of 120 days after the end of that financial year.

In fact, the publication requirements, which is what the bill is all about, will actually not come into force by the provisions in the bill until July 2014, but the bill will be in force. It is the publication requirements that will not be in force until a full fiscal year plus 120 days have elapsed. I hope that is clear.

Senator Moore: On a supplementary question, honourable senators, it sounds to me like the bill will be in force. I was hopeful the honourable senator would say that the bands did not have to respond to it and that they did not have to answer questions or give out information until beginning a year later when the bill would be proclaimed. However, it sounds to me like this bill will be in effect starting April 1, 2013 for that ensuing fiscal year.

What Senator Dyck was seeking an answer to her concern — and I think the honourable senator has answered it — that this bill indeed, if it is passed, will be in effect immediately and the bands will be required to respond to it immediately. Is that not so?

Senator Patterson: Honourable senators, the reporting requirements between the bands and the department are not changing; they will continue.

I refer to clause 12, but it is also referred to in clause 8. The bill says that the publication requirement will, by the action of the bill, be suspended until a full fiscal year plus 120 days have elapsed. That coming into law of the publication provisions is what will be delayed by the full fiscal year plus 120 days in order to give bands time to prepare for this information being released publicly in the transparent manner that this bill implies.

I misspoke when I suggested the bill was not coming into force. The bill is coming into force upon passage, but it is the publication requirement that is being delayed for a year and 120 days by virtue of the provisions of the bill itself.

Senator Moore: To clarify, honourable senators, the publication provision deals with the publication of the information that is received under the bill. However, it sounds to me like, effective April 1, 2013, that information must be given over pursuant to the bill. That was the concern.

The Honourable Senator Dyck can speak to this, but it seemed to me that was her main concern, and I think we finally have the answer in that the bands will have to give up that information and that information will not be made public until one year plus four months after the proclamation, I guess. Is that correct?

Senator Patterson: Yes, I think that is a correct summary of the provisions of the bill.

Hon. Elaine McCoy: Honourable senators, I just read clause 12, and there is no reference to a year. There is a generic reference to "that financial year." Perhaps the honourable senator can explain to me where he is getting this reference to 2013 or 2014.

Senator Patterson: Honourable senators, I am assuming the bill will be passed this fiscal year, and I realize that it is only on debate in third reading.

However, as the committee was told by departmental officials during its hearings, if the bill is passed prior to the end of this fiscal year, it is covered in clause 8, clause 12 and clause 4 which states:

> This Act applies in respect of every First Nation's financial year that begins after the day on which this Act comes into force.

The reference to the most recent financial year and the expiration of 120 days, as explained to us at the committee, applies to the end of each financial year, hence the publication requirement and a full year's notice so that First Nations can govern themselves accordingly in preparation for the publication of that information a year following the passage of the bill.

Senator Dyck: On a supplementary question, honourable senators, I am glad we have that clarified after a long, circuitous route. It sounds like the fears in the First Nations community about Bill C-27 being imposed on them this year are actually true. If we do pass this bill now, they will be required to come under its provisions. Yet, I am told that when departmental officials went out to different communities and were in my community, the regional official said to them, "No, no. There are no changes here. Nothing will change." However, the honourable senator is saying that, yes, it will change.

As Senator Moore more or less indicated, there is a disconnect between the bill and the administrative funding agreements. In fact, would the honourable senator not agree with me that the funding agreement has far more power than the little 5-page bill that we have here? If the First Nation does not sign this funding agreement with all the amending agreements, 30-some pages, they

do not get any money or they will be put under third-party management. Which is more effective, this funding agreement or our little 5-page bill? Would the honourable senator tell me?

Senator Patterson: Honourable senators, the funding arrangements between Canada and First Nations have been in place for decades. No First Nation receives money from the Government of Canada without signing a contribution agreement. They are not simple agreements. They cover many administrative matters and require the accounting for monies that are distributed to First Nations on behalf of the Government of Canada. That has not changed. It will not change in the coming year substantially and it has not changed for decades.

The administrative matters that are covered in the contribution agreement are not appropriate for legislation. Legislation sets out the broad parameters of a relationship, and regulations and policies define the administrative measures so that there can be flexibility to adjust to different circumstances.

I think the bill is the most important, to answer the honourable senator's question, because the bill sets out the requirements and the framework. However, without administrative measures, there would be no means of defining the relationships between some 600 bands and the department. That is also important as part of the accountability.

• (1540)

Senator Dyck: I am not sure if I can recall exactly what the honourable senator said at the beginning of his speech. He said something like "administrative matters are not the subject of the legislation." However, Bill C-27 would legislate all the administrative policies and procedures that we have right now in terms of the information that a band member is supposed to be able to get. The only difference is that now it will have to be posted on the Internet. In that case, it is okay to put administrative matters as a piece of legislation, but when it comes to legislating the accountability of band members, for some reason that is not okay. That just does not make any sense to me. I do not understand why we cannot have all of the administrative procedures as part of this bill. Does the honourable senator see what I am getting at?

Senator Patterson: I am not sure I see what the honourable senator is getting at. Just like any statute has a provision for regulations to define the specific and changing circumstances under the law, Bill C-27 does refer to administrative arrangements because they are in place and they will continue to be in place.

We would have a very long bill and we would always have to be here in the Senate amending it if we put in all the "administrivia" required to govern relations between organizations receiving contributions from the Government of Canada as circumstances change.

The bill sets out the broad parameters, and the administrative measures under the policies of the department allow for day-to-day flexibility to meet changing circumstances. That is how the government works.

Senator Dyck: I am sorry to prolong this intervention, but these things in the funding agreement are not "trivia." They are setting out quite clearly a council's accountability to members — transparency and redress. For example, section 6.1.1.a states:

> (i) an elected official or employee of the Council will not benefit from that position, beyond the agreed upon compensation as a result of the position they hold;...

In other words, if one is the chief or a council member, that person is not supposed to benefit from that position by getting salaries or expenses they are not supposed to get. That is what this bill is aimed at.

I would think this "trivia" is very important, and I am surprised that the government did not put important pieces like this within the bill. That is what I was trying to get at.

I am wondering if the honourable senator knows why the government chose not to put in these important pieces that would have provided real accountability to band members, rather than worrying about accountability to the general public by putting all this other information on the Internet.

Senator Patterson: Honourable senators, the way I see this bill is that it builds on the accountability already in place through the contribution agreements that have been in place for decades. What is additional in this bill is that it provides a mechanism for public access through the Internet of a band council, through the departmental website where a band does not have Internet, or through a court order to allow easier publication of this same information that has been the case up until now.

There is no need to replicate all the administrative measures that are in place, but rather give the minister statutory authority that he does not have right now to allow him to publish this information. Without this bill, such information would be in violation of privacy considerations. The bill is only five pages long because it is not making major changes except in this one respect of transparency and accountability.

The Hon. the Speaker: Honourable senators, Senator Patterson's allotted time of 45 minutes has been utilized.

(On motion of Senator Dyck, debate adjourned.)

TAX CONVENTIONS IMPLEMENTATION BILL, 2013

SECOND READING—DEBATE ADJOURNED

Hon. Stephen Greene moved second reading of Bill S-17, An Act to implement conventions, protocols, agreements and a supplementary convention, concluded between Canada and Namibia, Serbia, Poland, Hong Kong, Luxembourg and Switzerland, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes.

He said: Honourable senators, I appreciate the opportunity to speak today on Bill S-17, the tax conventions implementation act, 2013.

This bill implements Canada's recently concluded and already public tax treaties with Namibia, Serbia, Poland and Hong Kong, and tax agreements with Luxembourg and Switzerland.

While somewhat technical, Bill S-17 is nevertheless an important piece of legislation, as it relates to Canada's ongoing efforts to update and modernize its network of income tax treaties with others countries, which is one of the most extensive networks in the world. In fact, Canada has comprehensive tax treaties just like this one in place with 90 countries and is working on agreements with more jurisdictions.

Honourable senators, as I said earlier, this is somewhat of a technical bill, as Bill S-17 does not represent any new or significant change in policy. As such, it is mainly a standard, routine piece of legislation. Indeed, since 1976, governments, both Liberal and Conservative, have introduced over 30 such pieces of legislation. Furthermore, the tax treaties covered by this bill — like their predecessors — are patterned on the Organisation for Economic Co-operation and Development Model Tax Convention, which is accepted by most countries around the world.

As noted by respected international tax commentator Jeffrey Owens, currently Senior Policy Adviser at Ernst & Young and former Director for Tax Policy at the OECD: "Quite simply, the OECD model has established itself as the means of settling the most common problems that arise in the field of international taxation."

To be clear, the provisions in the treaties found in Bill S-17 all comply with the international norms applicable to such treaties. Like previous tax treaties, those included in this bill have been designed with three goals in mind: first, to prevent double taxation and provide a level of certainty about the tax rules that will apply to particular international transactions; second, to prevent tax avoidance and tax evasion on various forms of income flows between the treaty partners; and, third, to facilitate international trade and investment.

I will elaborate more on the importance of these objectives, but before discussing the specifics of Bill S-17, there are a couple of general points I would like to make on the nature of tax treaties and their role in contributing to combatting tax evasion and avoidance.

To put this legislation in context, our government is involved in expanding its network of tax agreements with other countries. Better information exchange for tax purposes is a key tool for ensuring that Canadian taxpayers report their income earned from all sources and pay their fair share of taxes.

Our Conservative government has shown a strong, ongoing commitment to combatting international tax evasion in many ways, including the negotiation of tax treaties and Tax Information Exchange Agreements, or TIEAs. Since 2007, our government has brought into force 16 of these and signed three others and is actively negotiating them with 11 other jurisdictions.

In addition, our government has given the Canada Revenue Agency additional resources for international tax audits and enforcement. Canada also continues to contribute actively to the efforts of the OECD Global Forum on Transparency and Exchange of Information, and the G20, in order to further foster the effective implementation of the OECD standard for all jurisdictions.

Let me now turn the attention of honourable senators to the specific measures in this bill and the importance of these treaties. As I mentioned earlier, tax treaties are a key part of our government's overall approach to expanding Canada's trading relationships abroad, which supports growth here at home. Tax treaties like those in Bill S-17 directly affect the cross-border trade in goods and services with our treaty partners, which in turn support Canada's domestic economic performance and job growth. As we all know, Canada is an open trading country, and we rely on robust exports to keep our economy strong. In other words, the tax treaties contained in Bill S-17 will benefit Canadian businesses and their employees by further solidifying export markets overseas.

• (1550)

Tax treaties foster an atmosphere of certainty and stability that can only serve to enhance Canada's economic relationships with other countries. As the Canadian Manufacturers & Exporters noted of the Hong Kong tax treaty included in Bill S-17:

> Hong Kong holds tremendous potential for Canadian businesses looking to establish a strong presence in China and indeed across all of Asia, and this Agreement will help fulfill this potential.... [It] reduces barriers to two-way trade and investment between Canada and Hong Kong.

Another important aspect of these treaties is that they include a mechanism to settle problems encountered by taxpayers, in particular where double taxation arises. Under this mechanism, taxpayers can bring to the attention of taxation authorities issues that arise from the interaction of our tax system with that of the other treaty partner and to seek a resolution of the issue. In short, these tax treaties will provide individuals and businesses in Canada and the other treaty partner countries with predictable and equitable tax results in their cross-border dealings. This can only have a favourable effect on the Canadian economy.

To that point, listen to the words of the Investment Industry Association of Canada, again in reference to the Hong Kong treaty. It said:

> ... expanding savings and capital flows between our two markets.... Moreover, the attraction of Canadian equities would benefit Canadian financial firms expanding their wealth management business in Hong Kong and, through Hong Kong, to a market of over one billion Chinese.

In my time remaining, honourable senators, I will briefly touch on a few topics, starting with double taxation.

Double taxation occurs due to the levying of taxes in two or more countries on the same taxable income, for the same period of time. This overlap can have obvious adverse and unfair consequence to taxpayers.

I would strongly suggest no Canadian wants their income taxed twice, and that is precisely what would occur without tax treaties such as those contained in Bill S-17. To avoid the potential for

double taxation, these tax treaties use two approaches to avoid that outcome. In certain instances, the exclusive right to tax particular income is granted to the country where the taxpayer resides. To illustrate that example, consider a Canadian resident who works for a Canadian company and has been sent on a temporary assignment of six months to one of the treaty countries in Bill S-17. In such a situation, Canada would have exclusive right to tax that person's employment income. On the other hand, if that temporary assignment is longer, for example a year, then the country where that person works can also tax their income.

That is where a tax treaty steps in, ensuring fairness for that person by shielding them from double taxation. Specifically, Canada will credit the tax paid in that other country on the tax owed here. This shows how having a clear division of taxing rights between countries through a tax treaty actually matters and benefits individual Canadians.

Withholding taxes, a common feature in international taxation, is another important way to help ensure that double taxation is reduced. They are levied by a country on income earned in that country but paid to residents of another country. This would include, for example, interest, dividends and royalties, as well as ordinary income. Without tax treaties, Canada usually taxes this income at a rate of 25 per cent, which is the rate set out under the Income Tax Act. To correct this situation, the long-standing practice has been to reduce rates of withholding taxes through tax treaties. The treaties in Bill S-17 with Namibia, Serbia, Poland and Hong Kong provide for a maximum withholding tax rate on dividends between affiliated companies at 5 per cent. In respect of all other dividends, those treaties provide for a rate of withholding tax set at 15 per cent. Reductions also apply in respect of interest and royalties.

Honourable senators, I would like to address one final issue of concern I am sure we all share — tax evasion and avoidance. As we all know, the loss of revenue resulting from tax avoidance and evasion has the potential to drain significant amounts of tax revenue needed to support key government programs like health care or skills training. Not only that, but tax evasion forces honest taxpayers to foot the bill for a select few Canadians who do not play by the rules — instead of allowing low taxes for all.

Through Bill S-17 we are helping the fight against international tax avoidance and evasion with better and expanded ways for international cooperation and tax information sharing. To facilitate that goal, treaties like those found in Bill S-17 will encourage better cooperation between the Canada Revenue Agency and other revenue agencies following an internationally approved standard developed by the OECD to identify and prosecute cases of tax avoidance and evasion.

In conclusion, as I mentioned at the outset and as other senators have mentioned with respect to previous tax convention implementation legislation throughout the years, Bill S-17 is standard legislation that nevertheless achieves important objectives for Canadians, such as certainty, stability and a better business climate for taxpayers and other businesses in Canada and in these treaty countries, securing Canada's position in this increasingly competitive world of international trade and investment and ensuring tax fairness for Canadians by combatting tax avoidance and tax evasion.

With that, I ask this chamber to once again show its strong and timely support for tax convention implementation legislation.

(On motion of Senator Tardif, debate adjourned.)

CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Vernon White moved second reading of Bill S-16, An Act to amend the Criminal Code (trafficking in contraband tobacco).

He said: Honourable senators, I am pleased to speak in favour of Bill S-16, An Act to amend the Criminal Code (trafficking in contraband tobacco). This enactment proposes amendments to the Criminal Code to create a new offence of trafficking in contraband tobacco and to provide minimum penalties of imprisonment for persons who are convicted of this offence for a second or subsequent time.

To help reduce the problem of trafficking in contraband tobacco, the government committed, among other things, to establish mandatory jail time for repeat offenders of trafficking in contraband tobacco in its 2011 election policy platform. This bill represents the fulfillment of that commitment.

The bill prohibits the possession for the purpose of sale, sale, offer for sale, the transportation, delivery, or distribution of a tobacco product or raw leaf tobacco that is not packaged, unless it is stamped. The terms "tobacco product," "raw leaf tobacco," "packaged" and "stamped" have the same meaning as in section 2 of the Excise Act, 2001.

The penalty for a first offence would be up to six months imprisonment on summary conviction and up to five years imprisonment if prosecuted on indictment. Repeat offenders convicted of this new offence in cases involving 10,000 cigarettes or more, 10 kilograms or more of any other tobacco product or 10 kilograms or more of raw leaf tobacco would be sentenced to a minimum of 90 days on a second conviction, a minimum of 180 days on a third conviction, and a minimum of two years less a day on subsequent convictions.

Overall, the proposals represent a tailored approach to the imposition of mandatory minimum penalties for serious contraband tobacco activities. The bill proposes minimum penalties only in cases where certain aggravating factors are present.

Honourable senators, I think it is important to describe the serious problem of trafficking in contraband tobacco.

The contraband tobacco market first became a significant issue in Canada in the late 1980s and early 1990s when the taxes on cigarettes were increased sharply in order to raise government revenue and deter individuals from taking up or continuing smoking. During that period, more and more legally manufactured Canadian cigarettes destined for the duty-free

market began making their way back into the Canadian underground economy. The high retail price of legitimate cigarettes made the smuggling of cigarettes across the border a striving, thriving and lucrative illicit business.

The Royal Canadian Mounted Police and Canada Customs seized record quantities of contraband tobacco. The RCMP was also engaged in investigating this illegal activity at its source. These investigations eventually led to negotiated settlements involving Imperial Tobacco Canada Limited and Rothman's Benson & Hedges. It was a landmark agreement signed in July 2008 that set a combined total of $1.15 billion in criminal fines and civil restitution to be paid by the companies over 15 years. Also, two guilty pleas entered in April 2010 by JTI—Macdonald Corp. and Northern Brands International resulted in $550 million in criminal fines and civil restitution.

By the mid-1990s, this type of smuggling activity largely came to an end and there followed a period of relatively low levels of illegal activity related to contraband tobacco. However, the illicit tobacco market in Canada has rebounded in recent years, rising rapidly since 2004 to become an acute problem once again.

• (1600)

The current environment of illicit manufacturing, distributing and selling contraband tobacco products, however, is different from that of the 1980s and 1990s. Illegal tobacco activity in Canada today is primarily connected not to the diversion of legally manufactured products but to illegal manufacture, although it also includes, to a lesser degree, the illegal importation of counterfeit cigarettes and other forms of illicit tobacco from abroad.

The central role played by organized crime in the contraband tobacco trade in Canada means that this illegal activity is linked with other types of crime. Most of the organized crime groups across the country involved in the illicit tobacco market are also active in other forms of criminality.

The problem is further complicated by the international aspects of the illicit tobacco trade. For example, some of the illegal manufacturers that supply the Canadian market are on the U.S. side of the Akwesasne Mohawk Territory, which spans the border between Quebec, Ontario and New York State.

As an aside, I would like to point out that transnational crime of the type found in contraband tobacco smuggling is considered a threat to public safety and national security and has a direct impact on individual Canadians, businesses and the economy. It also has implications for relationships with our international partners, in particular the United States.

On this issue I would like to point out that Canada and the United States share a long history of law enforcement cooperation across the border. Recent and ongoing threat assessments have identified organized crime as the most prevalent threat encountered at the shared border. This includes significant levels of contraband trafficking, ranging from illicit drugs and tobacco to firearms, notably handguns, and human smuggling.

Recognizing our mutual interest in the security of our shared waters on the coasts and in the Great Lakes and St. Lawrence Seaway, Canada and the United States explored the concept of integrated cross-border maritime law enforcement operations. Commonly referred to as the Shiprider concept, it permits marine law enforcement vessels to be jointly crewed by specially trained and designated Canadian and United States law enforcement officers who are authorized to enforce the law on both sides of the international boundary line in the course of integrated cross-border operations. Designated law enforcement officers from the RCMP and the United States Coast Guard, and other law enforcement agencies from Canada and the U.S., would now be able to conduct seamless policing operations to disrupt organized criminal activity at the border.

To test the concept, Canada and the United States authorized two integrated cross-border maritime law enforcement pilot projects between the RCMP and the U.S. Coast Guard in 2005 and 2007. The Shiprider pilot projects had a measureable impact on cross-border criminal activity and removed the border as an impediment to effective border policing. For example, during the 2007 pilot project, RCMP and U.S. Coast Guard officers participated in more than 187 boardings resulting in the seizure of 1,420,000 contraband cigarettes.

A framework agreement to govern the deployment of regularized Shiprider operations was signed in May 2009 following the successful pilot projects. Legislation seeking to implement the agreement was enacted in 2012.

Honourable senators, the contraband tobacco market is driven largely by illegal operations in both Canada and the U.S. The provinces of Ontario and Quebec have the highest concentration of contraband tobacco manufacturing operations, the majority of the high-volume smuggling points and the largest number of consumers of contraband tobacco.

The RCMP estimates that there are approximately 50 contraband manufacturers operating on First Nations territories in Quebec and Ontario. There are an additional 10 manufacturers on the American side of the Akwesasne Mohawk territory, which is uniquely located at the confluence of borders between Ontario, Quebec and New York State, giving rise to jurisdictional and legal challenges between federal, provincial and state laws.

Organized crime networks are exploiting First Nations communities and taking advantage of the jurisdictional and politically sensitive relationship between those communities, governments and enforcement agencies.

The 2012 National Threat Assessment on Organized and Serious Crime prepared by the Criminal Intelligence Service Canada has identified 58 organized crime groups that are involved in the contraband tobacco trade throughout Canada, 35 of which are currently operating in Central Canada. These criminal networks re-invest profits from the manufacture and distribution of contraband tobacco into other forms of criminality, including the trafficking of illicit drugs, firearms and human smuggling. Furthermore, the RCMP reports that violence and intimidation tactics continue to be associated with the contraband tobacco trade.

Recognizing the need for additional enforcement measures, the Government of Canada launched the RCMP's Contraband Tobacco Enforcement Strategy in 2008. The strategy focuses on reducing the availability of and demand for contraband tobacco and the involvement of organized crime. In addition to the enforcement measures of this strategy, the Task Force on Illicit Tobacco Products was formed to identify concrete measures to disrupt and reduce the trade in contraband tobacco. Based on the recommendations of the task force, the Government of Canada announced in May 2010 an investment of $20 million for a series of measures to disrupt the supply and demand for contraband tobacco.

Since the inception of the Contraband Tobacco Enforcement Strategy in 2008 and up to May 2012, the RCMP has laid approximately 4,925 charges under the Excise Act and disrupted approximately 66 organized crime groups involved in the contraband tobacco trade throughout Canada. During that time period, approximately 3.5 million cartons of cigarettes were seized nationally by the RCMP, along with numerous vehicles, vessels and properties. Taken together, these initiatives are having a measureable and positive impact on reducing the contraband tobacco market.

It is clear that the illicit tobacco market is dominated by criminal organizations motivated by the lure of significant profits and relatively low risks. Enforcement actions are therefore directed at increasing the risks associated with contraband tobacco activities: dismantling illegal manufacturing facilities, disrupting distribution supply lines, apprehending key figures, confiscating conveyances such as trucks and boats and seizing the proceeds of crime. These actions have the dual goals of disrupting the illicit flow of tobacco and weakening the organized crime groups involved in the production, distribution, smuggling and trafficking of contraband tobacco.

To achieve these goals, the RCMP has engaged in joint targeted initiatives with law enforcement partners and other stakeholders across Canada and, as mentioned earlier, internationally. These initiatives, varying in their degree of complexity, include short- and long-term joint investigations, outreach and awareness campaigns and active participation in inter-agency contraband tobacco task forces and groups.

Since 2009, the RCMP reports that seizures of contraband tobacco have decreased by 41 per cent from almost 1 million cartons and resealable bags of cigarettes to 580,000 cartons in 2011. During this same period, there has been a 19 per cent increase in federal tobacco excise revenues and a 15 per cent increase in legitimate cigarette sales. All the while, smoking rates have remained stable at approximately 18 per cent.

The Statistics Canada *Production and Disposition of Tobacco Products Survey* reports that the production of tobacco goods in Canada by Canadian manufacturers has been on the rise since January 2011 while reported consumption has remained relatively constant. Federal tax revenues on legal tobacco products have increased, as have provincial tax revenues in certain provinces, in particular Ontario and Quebec. This shift to the legal market can be partly attributed to enhanced enforcement efforts at the federal and provincial levels.

Despite these gains, contraband tobacco remains a serious threat to our communities; and, if left unchecked, organized crime will continue to profit at the expense of government tax revenues and the health and safety of Canadians. Recent intelligence indicates a rise in counterfeit tobacco products entering the Canadian market as well as the diversion of some raw leaf tobacco grown in southwestern Ontario to illegal manufacturers in and around certain territories in Ontario and Quebec. These illegal products are then transported through nation-wide networks for sale to consumers as a cheaper alternative to legitimate tobacco products, thereby making them more accessible to youth.

The Government of Canada recognizes that contraband tobacco smuggling has become a serious problem in the last several years. Certainly, Canadians want to be protected from offenders involved in these contraband tobacco smuggling operations, which threaten their safety and that of their families as well as the health of our youth. They also want to be protected from the organized crime that is associated with contraband tobacco activities and, as previously mentioned, other activities.

Protecting society from criminals is a responsibility this government takes seriously. Accordingly, this bill is part of the government's continued commitment to take steps to protect Canadians and make our streets and communities safer.

Canadians want a justice system that has clear and strong laws that denounce and deter serious crimes, including illicit activities involving contraband tobacco. They want laws that impose penalties that adequately reflect the serious nature of these crimes. I believe this bill achieves that.

Hon. Jane Cordy: Would the honourable senator accept a question?

Senator White: Certainly.

Senator Cordy: I was listening very closely to the honourable senator and would like some clarification. Senator White did an excellent job talking about the threats of contraband tobacco. On the health issue, we do not even know what is in these cigarettes in addition to the tobacco. The RCMP officers who investigate sometimes say that the dirt and the conditions of some of these places are outrageous. We also know about the loss of revenue, which hurts all Canadians; and we look at the fact that we are funding criminal activity. The honourable senator mentioned most or all of those things.

• (1610)

I believe that the honourable senator said that the trafficking of a controlled activity, contraband tobacco, was high in the late 1980s and early 1990s; that in the late 1990s it leveled off; and that it has become high again in recent years. Is that what I heard?

Senator White: Yes, honourable senators. Around 2004, we started to see an increase in the amount of illegal and illicit trafficking of contraband tobacco in Canada. We saw it as well in the late 1980s and early 1990s, in particular, to be fair, on the East Coast initially.

The honourable senator is absolutely right: To refer to this as tobacco is sometimes a misnomer. I would suggest that often it is not a tobacco product at all, or it is a mixture of tobacco product. From a health perspective, as much as I am against smoking, what is being sold illegally as tobacco is even worse than what is being sold legally.

Senator Cordy: I am allergic to cigarette smoke, so we share the same passion. It is a probably good thing that I am the critic for the bill.

The government tends to bring in punitive measures. For a second offence, we are going back to the mandatory minimums, although not for the first offence. We know that mandatory minimums do not work, or that is what the researchers will tell us.

Did the government look at why the activity leveled off in the late 1990s? Was something going on that the government was doing or did it just happen? Is there something that the government could do, other than punitive measures which seem to be the solution in many government bills coming to this place? Did something happen in the late 1990s to reduce the trafficking that the government could look at?

Senator White: Honourable senators, the tobacco trafficked in the late 1980s and into the 1990s was actually legal tobacco funneled through illegal shipments. From 2004 to the present, we have seen the growth of illegal tobacco being sold illegally. In this case, there are two different issues.

If I may, when I was a police officer in the late 1980s, the issues on the East Coast of Canada were tobacco products produced by lawful companies being sold and brought back into Canada without collecting the duty. Our challenge today is that typically we are not seeing lawful tobacco on the streets. It is being manufactured illegally in the first place, so it is a different issue we face today.

The solution in the late 1990s worked for the problem then, but the solution needs to be different today, and we have seen some success. I talked about a 41-per-cent reduction in trafficking. However, I believe that the Canadian public expects us to hold people to account. Allowing one offence without a minimum sentence is exactly that: one opportunity they have to do the right thing the next time.

Hon. Yonah Martin: Will the honourable senator take another question?

Senator White: Yes.

Senator Martin: Honourable senators, I rise in support of the bill, which is absolutely essential to support the small businesses that are suffering. Their profits are being eaten away by over 60 per cent. For them, it is the difference between staying alive or closing down. I know hundreds of businesses have been impacted as a result. I have heard from business owners about the kinds of illegal activity they see outside their stores and the enforcement tools needed.

I believe I heard the honourable senator talk about some of the partners and regional police versus the RCMP. Would the honourable senator talk about how this will look on the ground in terms of greater enforcement for these store owners?

Senator White: Honourable senators, in two pilot projects we have seen regional police agencies, municipal police services and provincial police services participate in joint operations between U.S. authorities, Canadian federal authorities — the RCMP and the Canada Border Services Agency — and local police agencies. On the ground in those cities where one sees those businesses impacted, one will see that local police agencies now have a tool they can use more greatly from a criminal perspective to try to combat the illicit trade going on in these communities.

(On motion of Senator Cordy, debate adjourned.)

ROYAL CANADIAN MOUNTED POLICE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel Lang moved second reading of Bill C-42, An Act to amend the Royal Canadian Mounted Police Act and to make related and consequential amendments to other Acts.

He said: Honourable senators, I am pleased to rise to begin debate on Bill C-42, the "Enhancing Royal Canadian Mounted Police Accountability Bill. " The Royal Canadian Mounted Police is one of the pillars of Canada's justice system. Over the past number of years, this important pillar has come under intense scrutiny from the public, the media and legislators. When its values are questioned or tarnished, it not only undermines the functioning of the RCMP, but also affects the very heart of how others see us and how we see ourselves. At such a time, parliamentarians have a responsibility to respond with clear legislative direction to assist the RCMP in re-establishing its credibility and to give it the tools needed to meet the challenges it faces.

For that reason, Bill C-42 seeks to modernize the RCMP to meet the challenges of the 21st century. As honourable senators may know, the Royal Canadian Mounted Police Act was last amended substantially in 1988, 25 years ago. The existing legislation needs to be updated. There are structural deficiencies that must be fixed, management challenges that must be faced, and issues of trust and confidence that must be resolved. Bill C-42 sets the framework to deal with these questions head-on.

Honourable senators, I will review the key components of the bill that were discussed and passed in the other place.

Canadians want to know that public complaints against RCMP officers are handled with thoroughness and impartiality. They want greater transparency so that justice is not only done, but also seen to be done. We recognize the need to strengthen external oversight of the RCMP. For that reason, Bill C-42 proposes to replace the Commission for Public Complaints with an arms'-length body known as the civilian review and complaints commission for the RCMP. This new body will have enhanced

authority and autonomy. The new civilian review and complaints commission will continue to focus on reviewing public complaints, but will have enhanced access to all RCMP information required to do the investigation of a complaint. It will also have the power to summon witnesses to testify at a hearing.

In addition, the new commission will be able to review RCMP activities more broadly in a particular area of interest and report on its findings. The new commission will also be empowered to share information or conduct joint complaint investigations with counterparts in other jurisdictions.

The commission will produce customized reports on public complaints from each jurisdiction that holds contracts with the RCMP. These reports will be analyzed for the number and nature of complaints in any given period. It will also identify any trends in the complaints. In this way, the new commission will deliver a tailor-made report that meets the needs and expectations of the contract jurisdictions.

These new measures have become the standard tools for modern review bodies and, like the current Commission for Public Complaints, it will publish on its website information about ongoing investigations and completed reports so that the public is informed about its activities.

Honourable senators, one of the most sensitive areas of RCMP conduct involves what are known as "serious incidences," cases where the RCMP's contact with the Canadian public results in serious injury or death. This concern was shared recently in this chamber by our honourable colleague from British Columbia. I would like to assure the honourable senator that, in these high-profile events, it is vital that investigations of these cases are carried out independently, transparently and impartially.

• (1620)

It is important to the integrity of these investigations and the reputation of the RCMP that this impartiality is apparent from the start. That is why the proposed bill would require the RCMP to refer all cases of serious incidents to a civilian investigative body in the relevant province or territory. This body would ensure that the investigation is conducted in an impartial manner.

Not every province has a civilian investigative body that can handle cases of this nature. If a provincial civilian oversight body does not exist, the case would be referred to another regional police force. However, there might be jurisdictions where there is no civilian body or other police agency available to conduct these investigations, for instance, at some remote RCMP posts. The legislation provides for this possibility, and, in the absence of an external body, the RCMP would be then called upon to investigate the incident itself. This would justifiably raise all the old concerns about independence, transparency and conflict of interest.

In circumstances where the RCMP or even another police force is in charge of investigating a serious incident, the proposed legislation allows the jurisdiction in question or the new commission to appoint an independent observer to assess the impartiality of these investigations.

Honourable senators, this legislation is designed to promote the accountability and transparency demanded by serious incidents. The provinces and territories have been consulted, and we are confident that these changes are in line with their expectations.

Up to now, I have concentrated my remarks on how the bill would enhance accountability of the RCMP to Canadians, but accountability is also a concern within the RCMP itself. Over the past year, incidents relating to alleged misconduct and sexual harassment in the RCMP have been documented by the media. The current human resource management framework clearly does not allow for the commissioner to deal with these internal issues effectively and efficiently. To address these challenges, a large portion of Bill C-42 is devoted to revamping the RCMP's human resource management framework, particularly in terms of discipline and grievance processes.

I would like to take a few minutes to explain the issues. The chief concern with disciplinary action is the requirement to turn over serious cases to an adjudication board. The current policy that is embedded in existing legislation accomplishes two things. First, it sets in motion a process that can stretch on for years and that has created animosities and even poisoned workplaces as issues are allowed to fester. Second, taking power away from the front-line managers means that they have lost the ability to correct behaviours and to return the member to work quickly, with the incident behind them, or to demonstrate to others in the workplace that inappropriate behaviour is not acceptable.

Bill C-42 will modify this process substantially. Most significantly, it will empower front-line managers to manage and be accountable. Under the bill's provisions, these managers could impose consequences or measures for most contraventions of the code of conduct. For example, managers could impose remedial training or corrective action or could even dock the officer's pay.

Managers would only hand over the case to a conduct board if the review could lead to the dismissal of an officer.

Honourable senators, the grievance process is just as troubling as the process for discipline under the present legislation. Under the current legislation, there are as many processes as there are issues. For example, a member with a problem with terms and conditions of employment goes one route. A member appealing a discharge goes another route. Another member appealing a disciplinary sanction takes yet another route. There are also different administrators for each process. Through it all, the front-line managers are often kept in the dark.

It is time to shed some light on the problem. Under Bill C-42, a single process will be put in place for both grievances and appeals by members. The same set of administrators would deal with them, and the same decision makers would review the results. In this way, the system will be much simpler and more consistent and will operate with greater efficiency.

Complementing this formal approach, front-line managers will deal with minor problems informally and at the first occurrence before they become official grievances and before they undermine a positive workplace culture.

Honourable senators, these improvements to RCMP management would not be complete without also considering the role of the Commissioner of the RCMP. Presently, the commissioner lacks authority for decisions that should be part of any senior manager's toolkit, including those provided presently to deputy heads in the public service and to senior police leaders. To rectify these shortcomings, the proposed legislation will give the commissioner new authorities. These include, for example, the power to demote and discharge members, to appoint commissioned officers and to investigate disputes involving workplace harassment.

Under the proposed legislation, these powers will not rest exclusively with the commissioner. He or she will be able to delegate these authorities to commanding officers and others within the force to more effectively manage the workplace and members of the force.

Honourable senators, I have highlighted the major provisions of Bill C-42 for your consideration. I would now like to note some key amendments that were adopted in the other place.

Several amendments were passed that addressed some translation and grammatical errors. These changes brought clarity and consistency to the bill.

Additionally, three substantive amendments were adopted, and I would like to draw your attention to them now. These amendments were put forward by the government in response to issues raised by witnesses before the committee. With the first amendment, the bill now supports the establishment of a strengthened reserve program, which employs retired RCMP and other police officers. This program provides RCMP commanding officers with human resource options to better address vacancies, transfer corporate knowledge and fill vacant positions. Currently, reservists are limited in how long they can serve. The bill removes this time constraint. This change is important because it gives managers much-needed staffing flexibility and helps to ensure a healthy and strong workplace by reducing the amount of overtime worked by regular members.

The second amendment provides clarity for the chairperson regarding immunity. As originally drafted, the bill provided immunity to every member, officer and employee performing the duties, powers and functions of the commission. While this immunity was always intended to extend to the chairperson, it was not explicitly mentioned. As such, it was agreed to spell out the chairperson's immunity clearly in the text of the bill.

The final substantive amendment clarifies that the RCMP commissioner cannot refuse to investigate a complaint initiated by the chairperson. This was always the intent of the bill and is now clearly worded as such.

Honourable senators, the proposed legislation, now strengthened by the technical and substantive amendments, brings the law governing the RCMP into the 21st century. It gives the institution flexibility where it is needed. At the same time, by addressing structural problems, it enhances accountability and transparency. In so doing, Bill C-42 will go a long way towards helping to restore the trust and confidence of Canadians and the members themselves in the RCMP.

[Senator Lang]

Hon. Wilfred P. Moore: Would the honourable senator take a question?

Senator Lang: Agreed.

Senator Moore: In his speech, I think the honourable senator said a hearing would be held. I forget the name of the body that would hear the particular situation. However, it could be appealed. I think the honourable senator said the appeal would go to the same people. Is that right? Did I hear that incorrectly?

• (1630)

Senator Lang: No, not at all. One of the major principles behind the bill is to streamline the process and make it one process. The appeals are very clear and unequivocal. The decisions are made at one level and then, depending on what the issue is and the degree of the issue, if it goes through an appeal procedure, the final decision maker would be the commissioner.

Senator Moore: So the body hearing the appeal is different than the body that heard the case in the first instance?

Senator Lang: Yes.

Hon. Colin Kenny: The Honourable Senator Lang described a number of enhanced powers for the commissioner in Bill C-42. Could the honourable senator describe for us what the provisions are for decisions made by the commissioner?

Senator Lang: I am trying to think in the context of the question being asked. Depending on the question being put and the decision that has to be made, the commissioner would be the final decision maker in respect to the issue at hand. He would be the final one to make the decision.

Senator Kenny: That is the point of the question. It would appear that there is a review for decisions made throughout the force, with the exception of the commissioner. It seems to be missing some element of natural justice if the commissioner's word is final on his own decisions. Where does someone go if they take issue with a decision by the commissioner?

Senator Lang: There is a procedure in place. An adjudication board can be put in place. If a decision is rendered and it is not favourable to the complainant, he or she can appeal to the commissioner. If the commissioner at that stage stays with the decision that was made by the board, any individual, any member of the force, has the right, and so they should, to go through the judicial process if they disagree with that decision.

This is one of the problems with the existing legislation. At the end of the day, someone has to be in charge of making a final decision. One of the problems we have right now is that we have two pieces of legislation in place governing the RCMP vis-à-vis the Treasury Board guidelines and the RCMP Act. That is one of the reasons we are in a situation where a complaint can be put forward through the process and it can take up to three to five years to get a decision. That is one of the reasons for the situation that we have seen fester and grow over the past number of years where the workplace at some times and in some detachments has become untenable.

The way the legislation has been crafted and drafted, the delegation of the authority can go down to the regional level so that the regional managers, the regional commanders, can deal with very human issues on a day-to-day basis. Previous to this bill, there has been no question that there has been a difficult situation for the managers. The purpose of this bill is to clarify that and make it very clear to members and to management that there is a responsibility and a process in place, and it will be dealt with expeditiously.

Senator Kenny: Honourable senators, what we have here is a description of going down. My question is about an appeal when someone does not agree with the commissioner's decision. The answer was, "Sue us," which means it will be put off for a number of years before it will be dealt with in the court system.

What other police services in Canada have a model of that sort, how many were considered when this legislation was being drafted, and how many police services in Canada have provision for an appeal to a civilian body associated with that police service?

Senator Lang: Honourable senators, as I said earlier, at the end of the day, there has to be a final decision maker. That is what has been lacking in respect to this whole process. When I spoke of the system and the way it works, the whole idea of this legislation is to bring accountability to the managers in the regions to deal with the very real problems they face. Presently, that is not the case. I am saying that, at the end of the day, the commissioner makes the decision.

Senator Kenny: I appreciate and understand the desirability to bring accountability to the commissioner and to the leadership in the RCMP, but who is looking after the rights of members of the RCMP who are finding that they are being punished, without any recourse and without any place where they can reasonably appeal other than to the same person who issued the judgment on them in the first place?

Senator Lang: All I can do to give comfort to the honourable senator across the floor is to tell him this: The legislation being put in place will have accompanying regulations. These are being worked on in conjunction with the membership of the force. A combination of management and members in various committees is looking at formulating the regulations that will accompany this piece of legislation. Subsequently, at the end of this exercise, when regulations are put into place, the various authorities and whatever will be clearly clarified in respect to how these decisions are taken.

I want to make it clear that they are trying to find a balance between the question of natural justice that the honourable senator referred to and the responsibility to manage at the same time. There is no question from management or from the members, for that matter, that we are trying through this legislation to take anything away from that.

At the end of the day, someone has to make a decision. I am saying to the honourable senator opposite that the commissioner is vested with that responsibility when he or she is appointed to that position.

Senator Moore: In response to Senator Kenny's question, I think the honourable senator said that if a member or a member of the public is not satisfied or pleased with the decision in the final instance made by the commissioner, that person must then go to court. Is there no body or review process whereby that decision by the commissioner can be looked into and adjudicated without going to a court of law and investing the time and incurring the expense involved in doing so? Is that the situation that will exist if this bill goes through?

Senator Lang: My understanding is that, at the end of the day, the commissioner is the final decision maker. If one wishes to carry that decision further, then they have the judicial process.

Senator Moore: Their only recourse is to go to court?

Senator Lang: Yes.

Senator Moore: There is no civilian oversight body or other tribunal set up for this purpose? It is a matter of then going to court and incurring the expense of doing that?

Senator Lang: That is right, once it has gone to the commissioner.

(On motion of Senator Tardif, debate adjourned.)

• (1640)

[*Translation*]

PAYMENT CARD NETWORKS ACT

BILL TO AMEND—SECOND READING—
DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Ringuette, seconded by the Honourable Senator Jaffer, for the second reading of Bill S-215, An Act to amend the Payment Card Networks Act (credit card acceptance fees).

Hon. Ghislain Maltais: Honourable senators, I am pleased to speak about this public bill, which was introduced by Senator Ringuette.

We recognize that this bill seeks to protect merchants from rising credit card company fees. However, our government is of the opinion that it is not necessary to pass such a law at this time.

We are waiting for a decision from the Competition Tribunal on the rules that credit card networks impose on merchants. This decision will have an impact on credit card fees. The government has taken and will continue to take many steps, which I will talk about in a few moments, to protect merchants and consumers.

Furthermore, we oppose this bill because these measures would duplicate the roles of the Minister of Finance and because of the economic model based on supply and demand, which determines price setting on the credit card market.

On December 15, 2010, the Competition Bureau applied to the Competition Tribunal to strike down the restrictive and anti-competitive rules that Visa and MasterCard impose on merchants. These include the no surcharge rule and the honour all cards rule. The Competition Tribunal's decision will affect all industry stakeholders. If the Competition Tribunal rules in favour of striking down either of these rules, the decision could encourage networks and card issuers to reduce acceptance fees. We believe that it is important to wait for the Competition Tribunal's decision since the bill would limit the development of balanced and targeted options following the ruling.

The Government of Canada has taken and continues to take measures in this area through the Code of Conduct for the Credit and Debit Card Industry that came into force on August 16, 2010. It promotes fair business practices and ensures that merchants and consumers are fully informed of the costs and benefits associated with credit cards. I refer you to the legislation passed by the Senate concerning financial literacy, which consumers will be informed of. Clear information about fees and rates, notification of any fee increases or new fees, the option of cancelling their contract without penalty when notified of fee increases or new fees, and the ability to choose to accept either credit card or debit card payments from a network without having to accept both are other items in the code.

Under the code, merchants are allowed to provide differential discounts among payment card networks and provide discounts for different methods of payment. Moreover, stakeholders have provided very positive feedback since the code was implemented.

I would like to talk about the study of the payments system and the consultative committee. I would like to point out that representatives of the Department of Finance have been actively involved in discussions with stakeholders, including merchant and consumer groups, credit and debit card networks, issuers and acquirers, on various issues related to monitoring industry practices for credit and debit cards. For example, in October 2012 the Department of Finance established a consultative committee consisting of stakeholders who represent the payments system. This committee, known as FinPay, will help the department keep abreast of changes in the market and will discuss methods of managing emerging issues that affect the payments system.

I would now like to talk about two aspects of demand. There are two aspects to demand in the credit card market. Card networks rely on consumers to use their products and they rely on merchants to accept their card. Merchants will not accept a credit card if there are not enough cardholders who use it. Consumers will not use a credit card if there are not enough merchants who accept it. Accordingly, credit card networks have to meet the demands of both consumers and merchants alike if they want to compete.

According to economic theory, a properly functioning market results in appropriate price setting, based on supply and demand. The fee limits and ceilings set out in Bill S-215 could distort markets. For instance, reducing the fees paid by merchants could bring about an increase in costs to consumers through higher credit card fees. These include annual fees, interest rates and late payment fees, but this could also translate into fewer perks, such as rewards programs, grace periods and travel insurance, as we have seen in other countries around the world.

In addition, it would be difficult for a third party to set fee limits or ceilings that would be conducive to maintaining an effective and fair market, given the complexity of a market where there are two aspects to demand and the fact that the terms governing the supply of products and credit cards stem from proprietary information. In these circumstances, we believe that the best thing for the government to do is to help ensure that the market system works fairly and effectively, through things like transparency and the disclosure of rates set by payment card networks, while facilitating the options available to merchants and consumers on the market. The government has been committed to such efforts for some time.

Now I would like to talk about the power of designation. Honourable senators, Bill S-215 would unnecessarily duplicate roles. Under the bill, the Minister of Finance would be responsible for supervising designated payment card networks to determine whether they are in compliance with the tariff of credit card acceptance fees. As a federal regulator of market conduct, the Financial Consumer Agency of Canada has a mandate to supervise payment card network operators to determine whether they are in compliance with the Payment Card Networks Act.

The Minister of Finance is responsible for the agency. Adding oversight responsibilities would substantially increase his workload, requiring additional resources and expertise as well as the development of a compliance framework. This is a costly proposal that would lead to unnecessary overlap.

The honourable senator mentioned that governments in different countries, the majority of which are in the eurozone, set limits a long time ago. However, the problems that persist in those countries should motivate us to look for a solution closer to home — and we already have a solution here in Canada. Our country has solid economic foundations that make us the envy of many countries. The International Monetary Fund and the OECD expect Canada to have one of the strongest rates of economic growth among G7 countries this year and next.

• (1650)

In addition, *Forbes* magazine ranked Canada as the top G20 country for business in its 2012 annual review.

Our country's financial health is garnering worldwide accolades for its stability. For the fifth year in a row, the World Economic Forum has rated Canada's banking system as the soundest in the world.

If I had the time, I could continue, but I believe that I have demonstrated why Bill S-215 does not need our support right now. A number of issues need to be addressed before we revisit it.

(On motion of Senator Tardif, debate adjourned.)

[*English*]

HUMAN RIGHTS

BUDGET—STUDY ON ISSUE OF CYBERBULLYING—TENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the tenth report of the Standing Senate Committee on Human Rights (Supplementary budget—study on cyberbullying in Canada), presented in the Senate on March 7, 2013.

Hon. Vernon White moved the adoption of the report.

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

Some Hon. Senators: Agreed.

(Motion agreed to and report adopted.)

RULES, PROCEDURES AND THE RIGHTS OF PARLIAMENT

MOTION TO AUTHORIZE COMMITTEE TO STUDY CASE OF PRIVILEGE RELATING TO THE ACTIONS OF THE PARLIAMENTARY BUDGET OFFICER—MOTION TO REFER TO COMMITTEE OF THE WHOLE—DEBATE

On the Order:

> Resuming debate on the motion, as amended, of the Honourable Senator Cools, seconded by the Honourable Senator Comeau:
>
> That this case of privilege, relating to the actions of the Parliamentary Budget Officer, be referred to the Standing Committee on Rules, Procedures and the Rights of Parliament for consideration, in particular with respect to the consequences for the Senate, for the Senate Speaker, for the Parliament of Canada and for the country's international relations;
>
> And on the motion of the Honourable Senator Tardif, seconded by the Honourable Senator Cowan, that the question be referred to a Committee of the Whole for consideration.

Hon. Joan Fraser: Honourable senators, we find ourselves with this question in a situation that is awkward, surprising, extremely unusual and, in many ways, troubling.

The case before us, which is to refer a case of privilege to committee, raises a host of complex questions. I certainly will not have time to address them all, but I would like to give some examples of the profoundly complex and extremely delicate implications of this case.

First, this case concerns a matter that is now before the courts. In his ruling, His Honour pointed out, quoting Beauchesne, that the *sub judice* convention, that is the convention by which we do not ——

Hon. Anne C. Cools: Your Honour, could I have some clarification about which motion the honourable senator is speaking to? There are two motions on the floor.

Senator Fraser: Your Honour, I am speaking to Item No. 144 on the Order Paper, which is found on page 9, dating from February 28, 2013.

POINT OF ORDER

SPEAKER'S RULING RESERVED

Hon. Anne C. Cools: Your Honour, there are two motions under No. 144. This is most unusual and, I would submit, most improper. I rise on a point of order.

There are two motions here. We are on one or the other, but we cannot be debating both simultaneously.

Some Hon. Senators: Order!

The Hon. the Speaker: My understanding of motion No. 144 is that it is superseding. The superseding motion is the third paragraph under No. 144. However, Senator Cools has risen on a point of order and we will hear her point of order.

Senator Cools: Honourable senators, I am very interested in whether or not it is a superseding motion, but I have combed Beauchesne and other books of authorities and I cannot find that it is a superseding motion. It seems to be entirely unique. However, I leave it in His Honour's hands to decide. However, perhaps so that senators can understand, under Item No. 144 there are two distinct motions.

The Hon. the Speaker: Honourable Senator Cools, I apologize but I am advised that before Senator Fraser rose we had one hour and 41 minutes left in the debate on the question of privilege. A point of order has been raised. The clock has stopped. When this matter is dealt with, we will still have one hour and 41 minutes of debate.

Senator Cowan: What is the point of order?

The Hon. the Speaker: The point of order is not to keep the clock running.

Senator Cowan: I understand that, but what is the point of order?

The Hon. the Speaker: We will hear from Senator Cools.

Senator Cools: Honourable senators, if we look at the Order Paper, it says No. 144 motions, but when we look at the Order Paper we will see there are two distinct motions on the paper. One was moved by Senator Cools, seconded by the

Honourable Senator Comeau and pursuant to rule 13-7(1). It says:

> That this case of privilege, relating to the actions of the Parliamentary Budget Officer, be referred to the Standing Committee on Rules, Procedures and the Rights of Parliament for consideration, in particular with respect to the consequences for the Senate, for the Senate Speaker, for the Parliament of Canada and for the country's international relations;

There is then a second one and obviously the reporters seem to have difficulty recording it. It says:

> And on the motion of the Honourable Senator Tardif, seconded by the Honourable Senator Cowan, that the question be referred to a Committee of the Whole for consideration."

However, if one looks at the debates of March 7 one sees that Senator Tardif's motion is moved pursuant to rules 5-7(b) and 6-8(b). The record of *Debates of the Senate* for March 7 states:

> That this motion be not now adopted but that it be referred to a Committee of the Whole for consideration.

It is pretty clear that the first motion is to refer it to Senate committee and the second one is not. Perhaps I could be convinced, but I do not see how this is a superseding motion.

Honourable senators, I rise on a point of order in respect of Chapter Thirteen of our rules.

• (1700)

Last year, by one motion moved by the Honourable Deputy Leader of the Government, Senator Carignan, and seconded by the Honourable Deputy Leader of the Opposition, Senator Tardif, the Senate adopted a comprehensive and total revision of our rules. These came into force last fall as the *Rules of the Senate of Canada*. My point of order is on the duet of motions now before us, of which the first is the motion that I moved and of which the house is in possession. As we know, honourable senators, such possession is not easily dispossessed. My motion would refer this case, as I said before, to our Standing Committee on Rules, Procedures and the Rights of Parliament, and it is in debate.

Honourable senators, I assert that the second motion, moved without notice on March 7 by the Deputy Leader of the Opposition, "that this motion be not now adopted but that it be referred to a Committee of the Whole for consideration" is irregular and out of order. It is inconsistent with and offends and repudiates our rules.

Our new Chapter Thirteen, entitled "Questions of Privilege," is fresh off the press. Chapter Thirteen was presented and adopted here as the self-contained "complete code" to govern all proceedings, from beginning to end, on questions of privilege raised by the prima facie route.

Honourable senators, it is an undoubted and established practice that there be only one question, one motion, before the house at any time. *Erskine May's Treatise on The Law, Privileges,* Proceedings and Usage of Parliament, twenty-fourth edition, at page 401, informs that:

> When the question has been proposed by the Speaker, and, if necessary, read to the House, the House is in possession of the question, debate begins and the House must dispose of the question in one way or another before it can proceed with any other business.

Beauchesne's Parliamentary Rules and Forms, sixth edition, at paragraph 552, names the options available to the house for the question's disposition:

> Then it may be debated, amended, superseded, adopted, negatived or withdrawn, as the House may decide. There can be but one question pending at the same time...

Honourable senators, the second motion does none of the above. It does not supersede; it does not amend; it does none of those things.

There are two separate and distinct motions before us when there should be one single amendable motion. Our books of authorities and rules are clear that there should be only one. The first and the main motion was moved by myself pursuant to the Senate rules Chapter Thirteen, mainly rule 13-7(1). Rule 13-7 and its 11 subsections govern the procedure once the Speaker rules that a prima facie case of privilege has been established. As the mover of that motion, I asked the Senate to refer this case of privilege to the Standing Committee on Rules, Procedures and the Rights of Parliament. I repeat, a rule 13-7(1) proceeding remains a 13-7(1) proceeding in its entirety, from inception by motion of the senator who raised the matter to its disposition by vote on that question as amended. That motion may be amended, but it may not be supplanted as the second motion proposes. That which is happening is out of order.

I note that the second motion is not pursuant to rule 13-7 and its subsections, as it should be. It is a parasitic motion whose existence depends on the life of the first motion while blocking it from coming to a vote directly. This is out of order. In the house's possession, the first motion is to refer a case of privilege to the Rules Committee as ordered by rule 13-7(1). There is no option. It cannot be superseded. Rule 13-7(1) is the sole rule by which the motion to refer the case of privilege to committee moves. There is no other option. There is not another motion that can be used.

Beauchesne's identifies the different types of motions, but it is difficult to identify what this is. The irregular second motion might have been proper had it been moved as an amendment, but it was moved as a motion not available under rule 13-7. It was moved pretending to be pursuant to rules 5-7(b) and 6-8(b), both of which are inapplicable to rule 13-7(1), which is not easily set aside by those two rules.

Honourable senators, faithful to Chapter Thirteen, on February 28, I moved the motion as ordered by rule 13-7(1). It reads:

> When a prima facie question has been established, the senator who raised the matter may immediately move a motion to seek a remedy or to refer the case of privilege to

> the Standing Committee on Rules, Procedures and the Rights of Parliament for investigation.

This rule is clear. It is the only rule under which we can proceed, and it grants two choices only: a remedial motion or an investigative, inquisitorial motion with reference only to the Standing Committee on Rules, Procedures and the Rights of Parliament. Rule 13-7(1) does not permit a Committee of the Whole to investigate a case of privilege. The rule is pretty clear: two choices — a remedy or reference to that committee. It designates one Senate committee to such purpose. I chose the investigation route to afford the Parliamentary Budget Officer fair and ample opportunity to answer, but there are only the two choices.

Perhaps Senator Tardif has other choices because she moved pursuant to a different rule, but the first motion can proceed only pursuant to Chapter Thirteen.

Honourable senators, the irregular second motion of the Deputy Leader of the Opposition would refer my motion to a Committee of the Whole, ignoring the fact that, like the "complete code" in Chapter Thirteen of our rules for questions of privilege, Committee of the Whole also has its own "complete code" by rules 12-32 and 12-33, which are quite different from Chapter Thirteen. The Deputy Leader of the Opposition does not accept or understand that this entire prima facie process was created to put to rest the routine use of Committee of the Whole for questions of privilege, preferring instead, and enacting in the rules of the past, that the committee to be used be the standing Senate committee as named.

Chapter Thirteen's "complete code" is largely 1991 Senate rules 43 and 44, which created and formalized the then new prima facie process that was designed to prevent what the Deputy Leader of the Opposition is doing. Those rules expressly ended the pre-Confederation Senate practices extant here for questions of privilege. This practice was the ancient Senate Privileges Committee composed of all senators, constituted and appointed after the Throne Speech. This was a unique committee of the whole of senators, each of whom held the ancient privilege to move a motion without notice for a question privilege by rule 59(10), which rule was recently repealed by this "complete code."

I believe that the last time a Senate committee of all senators was constituted was on May 13, 1991. All of this was brought on by the GST debate. The Honourable Senator William Doody, Deputy Leader of the Government, moved:

> That all the senators present during this Session be appointed a Committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said Committee have leave to meet in the Senate Chamber when and as often as they please.

• (1710)

Honourable senators, let us understand clearly that that whole prima facie process and rules 43 and 44 were intended to defeat senators' freewheeling access to Committee of the Whole for questions of privilege. If you want to get someone going, get former Senator Lowell Murray going on this.

Honourable senators, the Deputy Leader of the Opposition rightly said that every Canadian citizen has a right to seek justice in the courts, but the Parliamentary Budget Officer is not acting as a private citizen in his Federal Court proceeding. He is acting as the Parliamentary Budget Officer. I made it quite clear that every single citizen has access to Her Majesty's courts, but I have also made it quite clear that this individual is not acting as a private citizen and is not an ordinary citizen. He is a library officer, commissioned in a particular way, and he has chosen to step outside of all the rules and the entire process that he should be observing and upholding. It is nice to have a lot of cant about his access to justice, but he, in point of fact, is the person who is violating the central notion of the sovereignty of Parliament.

Honourable senators, I would like to quote from a 1989 Supreme Court ruling in *Canada (Auditor General) v. Canada (Minister of Energy, Mines and Resources)* that emphasized the court's lack of jurisdiction regarding certain officers, saying at page 36:

> The *grundnorm* with which the courts must work in this context is that of the sovereignty of Parliament.... Where Parliament has indicated... that it wishes its own servant to report to it on denials of access to information needed to carry out his functions on Parliament's behalf, it would not be appropriate for this Court to consider....

[*Translation*]

Hon. Fernand Robichaud: Honourable senators, I get the impression that the honourable senator is raising a point of order on a point of order. In fact, I do not believe that the honourable senator has presented an argument that supports her point of order.

[*English*]

The Hon. the Speaker: Honourable senators, it is important as we learn the arguments on the point of order that has been raised by the Honourable Senator Cools that we all remain very focused on that specific question and not get into further debate. Let us remain focused.

Senator Cools: I did not hear the last words.

Therefore, this irregular second motion is not needed to ensure that the Parliamentary Budget Officer has justice, since he could be heard at the designated Senate committee.

Honourable senators, I assert that this irregular second motion by its contrived and misguided application of rules 5-7(b) and 6-8(b) to rule 13-7(1) is a gross distortion of rule 13-7(1), its proceedings and its motion. It is also repudiation of the main motion and of the *Rules of the Senate*, Chapter Thirteen. I assert that this second motion is irregular, incorrigible and inadmissible for debate. Beauchesne, at paragraph 566(5), states:

> Any irregularity of any portion of a motion shall render the whole motion irregular.

I ask His Honour, in this point of order, to rule on the admissibility of the second irregular motion for these reasons.

Honourable senators, the new Chapter Thirteen is more restrictive than the old rules 43 and 44 that it replaced. I had opposed those changes last June. However, that is past and now we must be dutiful to them. The Deputy Leader of the Opposition simply cannot convert my rule 13-7(1) proceeding into another proceeding. Simply, it is forbidden by Chapter Thirteen. She chose not to appeal the Senate Speaker's prima facie ruling when it was given. She moved not to adopt my motion and to refer it to another committee.

Honourable senators, all this repudiates Chapter Thirteen. This is not trivial. Just months ago, during the 2012 rule changes, the Deputy Leader of the Opposition and Senator Fraser were the main champions of Chapter Thirteen, the Senate's whole and "complete code" for complete proceedings in their entirety on questions of privilege by the prima facie process. I questioned it in 1991 and have questioned it in every proposed rule change since. Last year I said that this regime was more restrictive than the 1991 rules it replaced. Now facing this unwanted restriction, the mover of the motion and her supporters have chosen to set it aside. It is always interesting to watch these phenomena from outside and to watch as the individuals who were championing the rule so strongly are the first ones to step outside of the rule and to abandon it.

Honourable senators, this newly minted cluster of rules ——

The Hon. the Speaker: Honourable senators, the *Rules of the Senate* are also equally very clear when the Speaker has heard enough, but before I have heard enough, I would like to hear comments from a couple of other honourable senators.

Hon. Claudette Tardif (Deputy Leader of the Opposition): Honourable senators, debate on this amendment has already begun. Senator Jaffer gave a very thoughtful speech on this amendment on March 7, and Senator Cools even rose to ask questions of Senator Jaffer at that time. Senator Cools has participated in debate on this matter and at that time did not raise a point of order. It is a startling revelation indeed to hear that the honourable senator now feels the debate she participated in is out of order.

Honourable senators, before us is a motion in amendment. Appendix 1 of the *Rules of the Senate* defines "amendment," and if you care to check, it is on page 109, as:

> An alteration proposed to a motion, a clause of a bill or a committee report. It may attempt to modify the proposition under consideration or to provide an alternative to it.

The alternative I have proposed in this case is the referral to Committee of the Whole. Rule 5-7(b) of the *Rules of the Senate* states that:

> Notice is not required for a motion:
>
> (b) to refer a question under debate to a committee;

If we look at what our Rules say on page 120 as to the definition of a question, we define a question as:

> The matter before the Senate or a committee for consideration and decision. A question is put by the Speaker or by the chair in the form of a motion for

We have before us a motion that was under consideration. I moved a motion in amendment to it. Is Senator Cools suggesting that her motion was not a question? I guess so.

If anyone has any doubt that the motion of Senator Cools is a question, I would refer them to the decision of Speaker Allister Grosart on November 22, 1979, where he distinguished between an inquiry, which is never put to the Senate for decision, and a motion, which, because it is a proposal that is before the Senate for consideration and disposal, is a question that can be referred to committee without notice.

Honourable senators, I will give further examples.

On June 15, 1998, Bill C-6 was being debated at third reading. Senator Kinsella moved an amendment that the bill be not now read a third time but that it be referred to a Committee of the Whole for further consideration. No objection was raised to Senator Kinsella's motion because it was in order to refer the question thus before the Senate, which was third reading of Bill C-6, to a Committee of the Whole for further consideration.

Another motion in amendment for a bill at third reading took place on April 27, 2004, when Senator Andreychuk moved that Bill C-7 be referred to our Standing Senate Committee on Legal and Constitutional Affairs for analysis on the constitutionality of Bill C-7. Again, we had a question before the Senate, which was being amended by referring it to a committee.

There are numerous examples over the years of senators moving motions to make changes to our Rules. These motions have almost always been amended to refer them to our Rules Committee for consideration.

Honourable senators, an interesting example of a question being referred to committee took place on November 7, 2002, on a motion moved by Senator Day to give the Standing Senate Committee on National Security and Defence authority "to adjourn from place to place within and outside Canada for the purposes of pursuing its study."

• (1720)

Senator Carstairs, the Leader of the Government at the time, moved that the question be referred to the Standing Committee on Rules, Procedures and the Rights of Parliament. Her amendment was further amended by Senator Kinsella to give the committee a reporting date. All of that was in order.

Rule 5-7(b) of the *Rules of the Senate of Canada* states:

> Notice is not required for a motion:
>
> (b) to refer a question under debate to a committee;

The rule provides for no exceptions. It does not say that any question can be referred to a committee without notice except a question that already proposes to refer a matter to committee. That is not what it says.

It says "a question under debate." The motion moved by Senator Cools was a question under debate. I moved a motion in amendment to her question.

There may be no precedent for such a motion, but there is no prohibition against moving any such motion.

If we do not like this result, we should ask the Rules Committee to modify rule 5-7(b) to provide such exclusion. However, for the time being, there is no such exception in the *Rules of the Senate of Canada*.

Honourable senators, my motion in amendment is in order, and it is already properly before us and in the process of being debated. The motion was moved to allow all senators to hear the Parliamentary Budget Officer before the question of privilege was referred to the Rules Committee.

[*Translation*]

Hon. Claude Carignan (Deputy Leader of the Government): Honourable senators, I agree with both senators with regard to the point of order, something that is fairly rare.

The way the whole thing was presented, it seems as though we are dealing with a second motion. If that is in fact the case, then I think that this motion would be out of order. However, it seems fairly clear to me that Senator Tardif's intention was to propose an amendment so that this question could be dealt with by a Committee of the Whole rather than by the Standing Senate Committee on Rules, Procedures and the Rights of Parliament. The wording of the motion in amendment may be causing confusion because it could be interpreted as being a second motion rather than a motion in amendment. However, I leave this matter to your discretion. When I listened to Senator Tardif's presentation, it seemed clear to me that she was talking about a motion in amendment.

[*English*]

The Hon. the Speaker: Honourable senators, I will take the matter under advisement.

Senator Cools: I would like to withdraw. If this is an amendment, it is a different matter.

The Hon. the Speaker: Honourable senators, a very interesting question has been raised. It is my responsibility to study these matters, and I intend to do so. I shall take it under advisement and report back to the chamber. Those in the chamber who do not agree with me have the exercise to say, "We do not agree with the Speaker."

I will take the matter under advisement.

Senator Fraser: Is the debate suspended until His Honour comes back?

The Hon. the Speaker: Yes.

MULTIPLE SCLEROSIS AND CHRONIC CEREBROSPINAL VENOUS INSUFFICIENCY

INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming debate on the inquiry of the Honourable Senator Cordy, calling the attention of the Senate to those Canadians living with multiple sclerosis (MS) and chronic cerebrospinal venous insufficiency (CCSVI), who lack access to the "liberation" procedure.

Hon. Mac Harb: Honourable senators, I intend to speak to Senator Cordy's inquiry, which is so important to Canadians living with multiple sclerosis. I have drafted most of my notes, but I am still waiting for a couple of documents. I therefore move the adjournment for the remainder of my time.

(On motion of Senator Harb, debate adjourned.)

SCIENCE OF CLIMATE CHANGE

INQUIRY—DEBATE ADJOURNED

Hon. Bert Brown rose pursuant to notice of February 26, 2013:

> That he will call the attention of the Senate to more of the physical science and less of the meta-physics of climate change.

He said: Honourable senators, I will provide some information today. I hope that everyone will receive the seven pages that were part of *Forbes* magazine on February 13, 2013. The article by Larry Bell, *In Their Own Words: Climate Alarmists Debunk Their 'Science'* stated:

> In 1988, former Canadian Minister of the Environment, told editors and reporters of the *Calgary Herald*: "No matter if the science of global warming is all phony...climate change [provides] the greatest opportunity to bring about justice and equality in the world."
>
> In 1996, former Soviet Union President Mikhail Gorbachev emphasized the importance of using climate alarmism to advance socialist Marxist objectives: "The threat of environmental crisis will be the international disaster key to unlock the New World Order."...
>
> Another scientist worries: "...clearly, some tuning or very good luck [is] involved. I doubt the modeling world will be able to get away with this much longer."
>
> Still another observed: "It is inconceivable that policymakers will be willing to make billion-and trillion-dollar decisions for adaptation to the projected regional climate change based on models that do not even describe and simulate the processes that are the building blocks of climate variability."...
>
> As Greenpeace co-founder Peter Moore observed on *Fox Business News* in January 2011: "We do not have any scientific proof that we are the cause of the global warming that has occurred in the last 200 years...The alarmism is driving us through scare tactics to adopt energy policies that are going to create a huge amount of energy poverty among the poor people. It's not good for people and it's not good for the environment...In a warmer world we can produce more food."
>
> When Moore was asked who is responsible for promoting unwarranted climate fear and what their motives were, he said: "A powerful convergence of interests. Scientists seeking grant money, media seeking headlines, universities

> seeking huge grants from major institutions, foundations, environmental groups, politicians wanting to make it look like they are saving future generations. And all of these people have converged on this issue."

• (1730)

Another author said:

> Everyone is scared... but they don't know what to do.

The article continues:

> Yes, and it should, because consequences of subordinating climate science to ideology, however well intentioned, have proven to be incredibly costly.
>
> The U.S. Government Accountability Office (GAO) reports that federal climate spending has increased from $4.6 billion in 2003 to $8.8 billion in 2010 (a total of $106.7 billion over that period). This doesn't include $79 billion more spent for climate change technology research, tax breaks for "green energy", foreign aid to help other countries address "climate problems"; another $16.1 billion since 1993 in federal revenue losses due to green energy subsidies; or still around $26 billion earmarked for climate change programs and related activities in the 2009 "Stimulus Bill."

The article concludes:

> It is way past time to realize that none of this is really about protecting the planet from man-made climate change. It never was.

These are the words of the scientists. My own words are that trillions of dollars have been spent on wind farms and solar panels. No doubt they produce electricity, but the amounts are infinitesimal compared to petroleum products. There are 6,000 products that our society makes from petroleum products. I have a list of 144 products made from petroleum products, oil and natural gas.

I have come across so many scientific people who, for one reason or another, jumped on the bandwagon of climate change. It started with the idea that man was entirely responsible for changes in the environment. The supporters of this idea went too far and claimed that the climate we are living in was going to warm dramatically, causing oceans to rise and flood the coastlines where millions of people were living. When neither happened the way they claimed, they changed the idea that the entire climate would change because of man-made emissions. That is not changing, with the exception of cities and transportation of goods by trains and trucks.

The cities of Alberta cover 3.25 per cent of Alberta's ground. The cities of Quebec cover one third of 1 per cent of the ground of Quebec. The truth is, climate change on our planet goes on every day, sometimes good and sometimes scary, but it has gone on since the planet was formed.

I have a partial list of the 6,000 items made from oil and gas that are products of our countries and our societies. I will read only a sample of a few of them. Some of them are: food preservatives, antihistamines, car battery cases, plastic wood, football helmets, CDs and DVDs, artificial turf, golf bags, tool boxes, antiseptics, transparent tape, refrigeration, eyeglasses, trash bags, artificial limbs, folding doors and soft contact lenses.

The truth is that climate change on our planet goes on every single day. It is sometimes good and sometimes scary, but it has gone on since the planet was formed.

Hon. John D. Wallace: Honourable senators, I am pleased to rise before you today to contribute to this discussion on climate change and the importance of ensuring that we have a clean, healthy and prosperous country today and for all future generations.

In confronting both the present and future realities of climate change and its impact upon our lives and natural environment, failure cannot be an option. As Canadians, we have a responsibility, both here at home and abroad, to be both initiators and supporters of decisive environmental protection action.

Some Hon. Senators: Hear, hear!

Senator Wallace: Honourable senators, at this time I would also like to take the opportunity to personally acknowledge and thank Senator Bert Brown —

Some Hon. Senators: Hear, hear!

Senator Wallace: — first, for bringing this important inquiry forward and, second, for all of the outstanding contributions he has made over the years to this chamber and to our Senate institution. I must say that, when I think back over the past four years-plus that I have been a member of this chamber, I have seen few others, if any, who can match Senator Brown's unrelenting determination and commitment when it comes to championing, with unrelenting perseverance, any cause or result that he believes to be right.

I hope you will forgive me for saying this, Bert, but you are indeed our very own proverbial Energizer Bunny, the dog with the bone who never, ever quits, turns back or hangs his head, no matter how difficult or bumpy the road ahead becomes.

Some Hon. Senators: Hear, hear!

Senator Wallace: For that, Senator Brown, I know that you will always remain an inspiring example for each of us. But I digress, and now to return to the topic at hand.

The effects of climate change are becoming increasingly visible and obvious to all of us. We have, for example, witnessed the loss of large areas of our boreal forest as a direct consequence of hotter and drier summers which have created conditions that have resulted in devastating forest fires.

Scientific evidence is well established and, at this point, the world is finally beginning to take the issues of climate change seriously. We understand that climate change is a serious challenge that the federal government must continue to address.

The key questions that remain for many are: What are we capable of doing about it, and what will we actually do? This is where the debate becomes complex, highly opinionated and contentious.

Honourable senators, as we are all well aware, there are many different elements of this debate. If there is one thing that is certain, there has never been any shortage of opinion, criticism and advice on this topic, nor should there be. The debate is extremely important to all Canadians and, as members of this chamber, I believe it is crucial that we discuss as many of these elements as possible and do all that we can to help shape our country's environmental path going forward.

Honourable senators, climate change is a critically important piece of the puzzle when it comes to protecting our natural environment and today I want to draw your attention to some of the progress that is continuing to occur within our country in this regard.

Canada is continuing to work toward lowering our country's greenhouse gas emissions. Canada's regulations to date have focused particularly on reducing emissions from automobiles and light trucks, heavy duty vehicles and coal-fired electrical generation.

Actions have been taken by the federal government to reduce our greenhouse gas emissions by 17 per cent by the year 2020. At this point in time, more than 50 per cent of that targeted goal has been achieved and, in doing so, Canada continues to honour its United Nations commitments under the Copenhagen Accord.

Honourable senators, I am sure that you will be very interested to learn of the following encouraging information contained in Environment Canada reports that were issued in the spring of 2012.

Between 2009 and 2010, Canada's emissions remained steady, notwithstanding the fact that our country experienced national economic growth of 3.2 per cent. Since 2005, annual greenhouse gas emissions have been reduced by 48 megatonnes. Also since 2005, Canada's emission levels have been reduced in almost every sector, including oil and gas and electrical generation.

• (1740)

Our country's per capita emissions remain at 20.3 tonnes of carbon dioxide per person. This is the lowest level since the federal government began tracking these emissions back in 1990, and, since the tracking of these emissions began, they have increased by 17.5 per cent, while during the same period our economy has grown significantly at 60.5 per cent.

There can be no doubt that significant progress is being made on our home front, while at the same time Canada is actively negotiating with our global partners for a new, legally-binding global agreement on climate change that would apply to the operations of all major emitters. To this point, our Canadian government has also contributed $1.2 billion to assist in financing the reduction of emissions in developing countries, thereby enabling each of them to also adapt to and lessen their impact on climate change.

Two of our country's largest greenhouse gas contributors result from our use of transportation vehicles and our generation of electricity. The anticipated impact of Canada's environmental regulations on the automotive industry over the next few years is very encouraging. It is anticipated that new vehicle designs and engineering will reduce by at least one half the amount of greenhouse gas presently being emitted by today's vehicles.

With regard to Canada's electricity generation needs, the federal government announced new regulations last summer that would apply to the coal-fired electricity sector. The consequence of these regulations is that strict greenhouse gas performance standards will be enforced on new coal-fired electrical generation units, as well as on existing units that have reached the end of their economic life. The obvious intent of these regulations is to encourage a major shift in this country toward either lower- or non-emitting types of generation and to make Canada a world leader in clean electricity supply.

In 2012, Canada was instrumental in launching the Climate and Clean Air Coalition along with Bangladesh, Ghana, Mexico, Sweden, the United States and the United Nations Environment Programme. This coalition is a new international initiative to reduce short-lived climate pollutants, or SLCPs. These pollutants include black carbon, methane, tropospheric ozone and some hydrofluorocarbons. Even though they are short-lived pollutants, they are harmful global warmers that most certainly do contribute to climate change.

It is estimated that if left unchecked over the next couple of decades, these SLCPs would contribute nearly one half of the climate-warming elements from current emissions that are created throughout the world. The federal government's existing and forthcoming measures to address air pollution emissions resulting from SLCPs include air emission standards for new heavy-duty diesel vehicle engines and off-road diesel engines.

With the express goal of creating a healthy and cleaner environment, both now and forever into the future, the government introduced the Chemicals Management Plan in December 2006. As a result of this plan, urgent action was taken to regulate chemicals that are harmful to our health and to our environment.

This plan has been highly effective in managing chemicals that could negatively impact our lives, and in doing so it has made Canada a world-renowned regulator in this regard, as has been recognized and applauded by the Organisation for Economic Co-operation and Development, the OECD. This plan continues to produce results that reduce risks to Canadians and our environment by encouraging close and effective working relationships with health, environmental and consumer groups as well as the industrial sector.

With regard to water resources in Canada, the federal government maintains continual monitoring of this precious resource. Collaboration with the United States has led to an enhanced and renewed Great Lakes Water Quality Agreement. New provisions to this agreement will also address issues dealing with aquatic invasive species, habitat degradation and the effects of climate change in our waterways.

The need to safeguard, preserve and enhance our country's water resources is obvious to each of us, and the role and responsibilities of the federal government in this regard are undoubtedly of critical importance to all Canadians, including those of future generations.

In responding to these responsibilities, the government has participated extensively in a number of highly significant initiatives, including the Great Lakes Nutrient Initiative,which addresses the re-emergence of algae caused by excessive phosphorus discharges into the Great Lakes; the environmental cleanup of Randle Reef in Hamilton Harbour; the restoration of the ecological health of Lake Simcoe and southeastern Georgian Bay; the commencement of the second phase of the Lake Winnipeg Basin Initiative; and the renewal of the St. Lawrence Action Plan 2011-2026.

At the most recent conference of parties that was held this past December in Doha, Qatar, regarding the United Nations Framework Convention for Climate Change, Canada continued its support of initiatives that were established by the Durban Platform for Enhanced Action. This platform provides a comprehensive path for its member countries to achieve predetermined environmental objectives. One of the key commitments of this platform for the year 2020 and beyond is to limit the rise in the global average temperatures to below 7 degrees Celsius above pre-industrial levels.

Canada has continually reinforced with its member countries at the G8 and G20 meetings, the Major Economies Forum on Energy and Climate, and the Climate and Clean Air Coalition the critical importance of compliance with the standards and commitments of the Durban Platform.

Since the Doha meeting, the federal government has also supported developing countries in their efforts to address climate change by providing rapid-start financing to the most vulnerable countries through strategic investments that support and encourage their participation in climate-friendly growth.

There are also a number of key initiatives that have resulted directly from the third phase of funding from the $1.2-billion fund that was provided by Canada under the Copenhagen Accord. These initiatives include $75 million in support of the Climate Catalyst Fund investing in venture capital and private equity in developing countries, with a particular focus on sectors that include renewable energy, energy efficiency, water, agriculture and forestry; $76 million to the Asian Development Bank for the express purpose of establishing a Canadian climate fund to benefit and support private-sector climate change projects in 33 low- and lower-middle-income countries in Asia that focus on renewable energy, energy efficiency, sustainable transportation and infrastructure, and climate resilience; and $16.5 million to the United Nations Development Programme for adaptation projects in the least developed countries.

In conclusion, honourable senators, I have attempted to outline many of the initiatives taking place in this country that are in direct response to the legitimate concerns that Canadians have regarding climate change and its impact on our lives and natural environment.

While the focus of my comments has been on the environment, I am certain that each of us is well aware of the undeniable link that exists between our country's economy, the economic well-being of all Canadians and our natural environment. Undoubtedly, whatever plans and strategies may be developed and implemented on a go-forward basis, they must always seek to strike the right balance between economic renewal and sustainable development — not an easy task for anyone.

• (1750)

The stakes are obviously high, and finding ways to successfully balance our country's environmental responsibilities and objectives with the economic needs and expectations of Canadian citizens must be a joint effort. In this regard, the federal government continues to work closely with provinces and territories, industry leaders, environmental groups and individual Canadians.

No one alone has all of the answers. We all have a critically important role to play.

Honourable senators, I do look forward to hearing personal thoughts and contributions to this important debate, and in particular any ideas on how we can continue to make real progress to ensure that Canada remains a clean, healthy and prosperous country for generations to come.

Hon. Grant Mitchell: Honourable senators, I want to make a couple of comments about this in response, in particular, to Senator Wallace's eloquent defence of his government's efforts on climate change. He has captured very well the problem, the issue, the challenge of finding that balance between economic development, climate change and other environmental initiatives. I applaud him on that part of his speech, for sure. I would disagree with his government's record, although I am sure there is no one who could present that record more eloquently than Senator Wallace has today. It would be nice to see the Prime Minister in Washington trying to do it as eloquently as Senator Wallace because we need the Prime Minister of this nation to lead us in a national energy strategy and speaking for Canada abroad.

As good as they might be, the international community and certainly the Americans know that premiers of provinces do not speak for Canada. It is almost incomprehensible at a time when something as important — and the Prime Minister has said it so many times — to our economy as getting Keystone, getting a pipeline. He has had seven years to do it and cannot do it. He would be down there fighting tooth and nail on behalf of Canadians, their jobs and their economy to do that.

One of the points on which my thoughts and those of Senator Wallace can converge is that this balance between the environment and the economy may be less difficult to achieve than he would propose. That is because we will not get to do our economic development, our big projects and energy developments, I believe, unless we can prove to the world that we are very good on the environment.

I note that today we heard yet another blow, a clear indication of our diminishing reputation internationally. We all know what consequences that will have for trade and for our ability to function in many ways around the world with the influence that

will help make a better world and a better Canadian economy. German scientists with the Helmholtz—Alberta Initiative — and it is the largest scientific organization in Germany — have been participating with Alberta in research in how to better upgrade bitumen from the oil sands. Alberta put up $25 million to facilitate that research. This group announced yesterday that they are pulling out because of the way they view our bitumen.

The government may want to stand up and drink its own bathwater or meet itself going the other way by going over this supposed record of environmental "achievement," but it is not true. They are not doing it. The world knows it. The government can say that message harder, faster and longer, but all it is doing is assuming people have not got the message because it has not communicated it. However, they get it. The government has communicated it well enough. Our record is not good enough.

Keystone is in jeopardy after seven years and the government has not taken a role in establishing what could be done to properly present the real credibility and results to people; not make up, drink your own bathwater results, but real results. One cannot spin the President of the United States. He is above that. He will not be spun by some political message. No. One has to give him real results.

We are in jeopardy, I believe, and we know it. Listen to Premier Redford and she will say we are in jeopardy of not getting Keystone. The President of the United States has linked real strong climate change initiatives that one can believe and depend on to Keystone approval. It all comes together.

The forestry industry went through the same thing. They kept saying the same thing — louder, faster, stronger — over and over: "We are not clear-cutting or polluting." The world did not believe them. When a major catalogue-type organization in Europe said that they were not buying Canadian paper for their catalogues, bang — the forestry industry got it and they got it right. They did a complete turnaround and are now the poster industry for reducing environmental impact, for using every last shred of a piece of wood and for reducing their climate change impact. The last time I checked, that industry is 44 per cent below 1990 levels.

That will happen in the oil industry. This Government of Canada at some point will say, "Whoops, we give. We have to do this differently because the world is sending us a message." We got that message loud and clear today from Helmholtz. This is not nothing. This is a significant, scientific body in the world and it is sending this government and that industry a message. At some point this industry will fold — not fold in the sense of collapsing but they will fold in that presentation — and this government will too. It will say, "Whoops, we have to do this differently. We have to get really good at this and do this differently." It will happen sooner or later, and the sooner it happens, the better.

Why do we keep hearing over and over again that everything is fine when we know in our heart of hearts it is not? Why not just get to the point the forestry industry got to much quicker? Why not do it tomorrow? Then we will develop real credibility, develop our industry and begin to develop some wealth that we can use to make Canada and Canadians even better and to create a different energy future that is sustainable in the world. It will sustain and recreate our reputation — because we have lost our reputation — allowing us to have influence, both economic and otherwise, in the world.

Senator Wallace: The honourable senator has covered so much. It is hard to know where to begin. However, I want to respond to one thing he said, namely, a comment that more speeches are needed. He referred to the fact that the Prime Minister should be out making more speeches.

He knows as well as I do, as do all of us in this chamber, that reading these speeches is the easy part. It is not the speech; it is what is in it, the content. It is the action taken by our government that is important.

I have no problem whatsoever standing behind the issues that I have raised today that our government is taking. More could have been included, but time would not permit it. However, that is the point. There are those who enjoy the limelight and want the attention it brings, but there are others who are concerned about the results. They are concerned about what is put on the table, and that is exactly what our government is doing.

Senator Mitchell: Perhaps I could answer the question with a question. Is the honourable senator saying that there is so little content in what he is doing that the Prime Minister is afraid to go down there and talk about it? One, he is not doing it, and two, maybe it is that Minister Oliver — I do not know. This is the guy who stands and fights everyone else. He is fighting all the time; why will he not fight for Alberta? He has delegated it to Minister Oliver. Minister Oliver does not believe in the science of climate change. He is the one that is down in the States trying to build our credibility.

It is almost incomprehensible that, given the choice, the Prime Minister would say, "I have to go down there and do this myself." There comes a time when a Prime Minister's political career is far less important than what he has to do for Canadian jobs and the economy. I do not think there is much substance in that and maybe he knows it. That is maybe why he is afraid to go down and talk about it. He has nothing to sell.

• (1800)

Hon. Gerald J. Comeau (The Hon. the Acting Speaker): Before I recognize Senator Neufeld, I must advise honourable senators that we are now at six o'clock. Unless the house agrees to not see the clock, we will have to come back at 8 p.m.

I presume the house agrees not to see the clock?

Hon. Senators: Agreed.

(On motion of Senator Neufeld, debate adjourned.)

(The Senate adjourned until Wednesday, March 20, 2013, at 1:30 p.m.)

Appendix

(*See page 3459.*)

Passport Canada Passeport Canada

PEI Hotelling
Business Case Recommendation

Canada

Forecasts – PEI

	Forecast			
	2009-2010	2010-2011	2011-2012	2012-2013
	21446	19820	13459	13459
Walk-in (38%)	8149	7532	5114	5114
Busiest month (14%)	1141	1054	716	716

Canada

Base Case

Full entitlement with IRIS

- **Point of service within PEI**
- **IRIS access to PPTC staff**
- **Two PM-01s completing the entire application (Productivity of 4.5 applications / hour)**
- **Validation of payment done by credit card, debit card, certified cheque and money order. No cash payment will be accepted.**

Canada

Alternative 1

Pre-screen and DEC validation with no IRIS:

- **Point of service within PEI**
- **No IRIS (Access to GroupWise and Intranet only)**
- **Two CR-04s conducting pre-examination (Productivity of 9 applications / hour)**
- **Validation of payment done by credit card, debit card, certified cheque and money order. No cash payment will be accepted.**
- **Data entry and entitlement done in Halifax PPTC office**

Canada

Alternative 2

Pre-screen and DEC validation with IRIS:

- **Point of service within PEI**
- **IRIS access to PPTC staff**
- **Two CR-04s completing application in skeleton mode (Productivity of 6 applications / hour) and full entitlement for renewal application (21%).**
- **Validation of payment done by credit card, debit card, certified cheque and money order. No cash payment will be accepted.**

Canada

Alternative 3 (not in hotelling scope)

RA-based hub and spoke model:

- Leverage existing Charlottetown DEC Validation site (Service Canada) for pre-screening
- Files shipped to Halifax instead of Varennes/Mississauga for processing
- Charlottetown site currently allowed to accept ~75% of all files (others referred; unknown how many are for date of travel < 20 days)
- Next stage of enhanced service to PEI:
  - Ability to retain original citizenship documents (DONE)
  - Same service standard as walk-in office, could also provide Express service (PROPOSED)
  - Feasibility of having RAs accept more files (FUTURE POTENTIAL)

Canada

Financial Consideration

Analysis Item	Base Case	Alternative 1	Alternative 2	Alternative 3
Initial Start-Up Cash Investment (Year 0)	**$171,613**	**$76,733**	**$171,613**	**$0**
First Year of Operations				
Total Revenue	$463,449	$463,449	$463,449	$370,741
PEI Costs	$256,041	$211,212	$217,549	$167,482
Halifax Costs	$230,472	$230,472	$230,472	$191,148
Print Center Costs	$114,838	$114,838	$114,838	$91,866
Corporate Costs	$176,973	$176,973	$176,973	$141,571
Business Sustaining Costs	$44,495	$44,495	$44,495	$44,495
Total Costs	$822,819	$777,990	$784,327	$636,562
Net Surplus/(Deficit) (Year 1)	($359,370)	($314,541)	($320,878)	($265,821)
Unit Revenue	$56.87	$56.87	$56.87	$56.87
Unit Cost	**$100.97**	**$95.47**	**$96.24**	**$97.64**
Unit Surplus/(Deficit) (Year 1)	($44.10)	($38.60)	($39.37)	($40.78)
7 Years Cumulative				
Net Surplus/(Deficit) (7 years cumulative)	**($2,611,620)**	**($2,336,407)**	**($2,465,339)**	**($1,867,258)**
Average Unit Revenue	$56.87	$56.87	$56.87	$56.87
Average Unit Cost	**$120.18**	**$113.51**	**$116.64**	**$107.46**
Average Unit Surplus/(Deficit) (7 years cumulative)	**($63.31)**	**($56.64)**	**($59.76)**	**($50.59)**

Canada

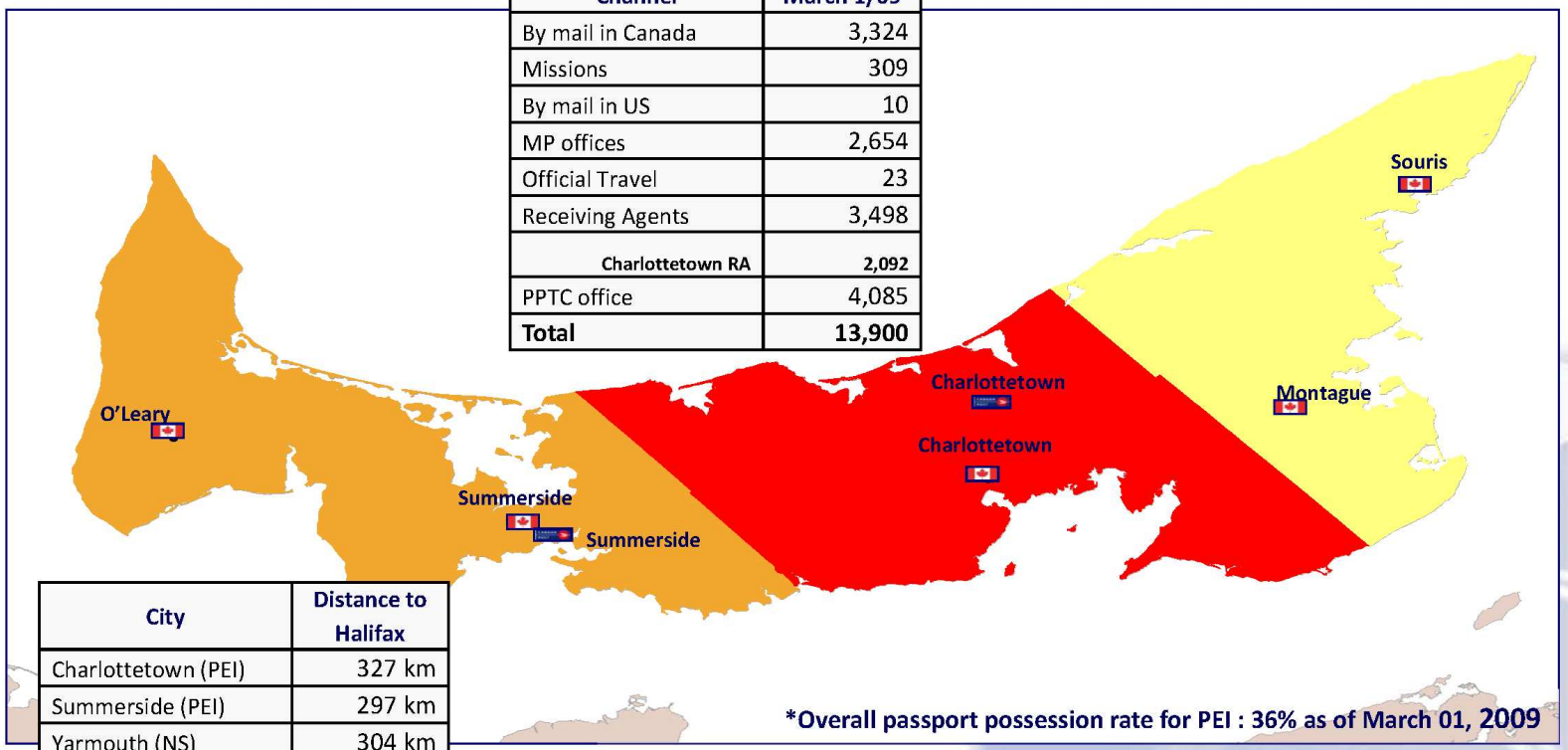
Analysis

	Base (PM01s full)	**Alt 1** (CR04s no IRIS)	**Alt 2** (CR04s w/ IRIS)	**Alt 3** (RA w/ DEC val)
Enhancement of service to PEI residents				
Time to deployment				
Level of effort for implementation				
Ease of ongoing management				
Ease of creating partnerships to support				

Canada

Other Options – PEI

PEI Volume by Channel	April 1/08 to March 1/09
By mail in Canada	3,324
Missions	309
By mail in US	10
MP offices	2,654
Official Travel	23
Receiving Agents	3,498
Charlottetown RA	2,092
PPTC office	4,085
Total	**13,900**



City	Distance to Halifax
Charlottetown (PEI)	327 km
Summerside (PEI)	297 km
Yarmouth (NS)	304 km
Sydney (NS)	401 km
New Glasgow (NS)	157 km

*Overall passport possession rate for PEI : 36% as of March 01, 2009

Canada

Recommendation

- **That EC implement Alternative 3: RA hub and spoke model in Service Canada Charlottetown**
- **That PPTC initiate discussions with Service Canada to assess interest and potential timing of deployment**
- **Risk Assessment:**

Risk	Assessment/Mitigation
Cost of working with Service Canada	Low – Success of DEC Val, low volumes
Lack of interest at Service Canada due to EI volume crisis	Low – No additional process change at SC; this would give SC significant passport presence in PEI

Canada

Key Messages – PEI RA Hub and Spoke

- Passport Canada is continuously looking at ways to improve client services. Passport Canada has launched a pilot project in collaboration with the Service Canada centre in Charlottetown to improve client services in PEI.
- Through this pilot project, applications submitted at the Service Canada center in Charlottetown will be processed as quickly as if they were submitted at Passport Canada's office in Halifax. Also, during this pilot project, applicants will have access to express services (processing time between 2-9 working days – extra fee of 30$) but will have to go to Halifax to pick-up their passport. Applicants will also be able to retain their proof of Canadian citizenship (e.g. birth certificate, citizenship card…)
- There are now 230 passport service points in Canada, compared to just 30 in 2003. Seven Receiving Agents are located in Prince Edward Island: Charlottetown, Montague, O'Leary, Souris and Summerside.
- Passport Canada is a self-sustaining organization that must achieve sufficient earnings to cover its expenses. It does not receive an annual appropriation from Parliament. It finances its operations entirely from the fees charged for passports and other travel documents and must generate sufficient revenues to meet expenditures. Passport fee is $87, which includes $25 for consular fees.
- In this context, Passport Canada's service strategy is articulated around partnerships with Service Canada and Canada Post where passport demand cannot sustain a full passport office.

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