



DEBATES OF THE SENATE

1st SESSION • 42nd PARLIAMENT • VOLUME 150 • NUMBER 58

OFFICIAL REPORT
(HANSARD)

Thursday, September 29, 2016

The Honourable GEORGE J. FUREY
Speaker

CONTENTS

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

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Published by the Senate
Available on the Internet: <http://www.parl.gc.ca>

THE SENATE

Thursday, September 29, 2016.

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

Prayers.

SENATORS' STATEMENTS

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, I wish to draw your attention to the presence in the gallery of His Excellency Dr. Nikolay Milkov, Ambassador of the Republic of Bulgaria, and Mr. Ron Suh, President of Bisco Canada. They are the guests of the Honourable Senator Martin.

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

Hon. Senators: Hear, hear!

BULGARIA

Hon. Yonah Martin (Acting Leader of the Opposition): Honourable senators, I have the honour to rise today as the founding co-chair of the Canada-Bulgaria Inter-Parliamentary Friendship Group to recognize the fiftieth anniversary of Canada-Bulgaria diplomatic relations, this year.

The parliamentary group was established during the last Parliament on November 26, 2014, and co-founded by former Member of Parliament Corneliu Chisu.

The establishment of the first Canada-Bulgaria Inter-Parliamentary Friendship Group marked a milestone in our long history, dating back more than 100 years. Over the century, Bulgarian immigrants have landed on Canadian shores, motivated by their love of freedom and democracy. In fact, it was under Prime Minister Robert Borden when 6,388 immigrants from the Kingdom of Bulgaria first set foot on Canadian soil. Notably, in 1924, the first Bulgarian school in the Americas was established in Toronto, funded by the Bulgarian Orthodox community, an act of self-reliance that has become the hallmark of the Bulgarian community in Canada.

Today, more than 30,000 Canadians can trace their roots back to Bulgaria. With them, they have brought values of hard work, appreciation of higher education and respect of their religion and tradition.

Not only do Canada and Bulgaria share strong people-to-people ties, but we also enjoy a healthy bilateral trade with Bulgaria making up one of Canada's largest merchandise trading partners in southeastern Europe. Canadian exports have been increasing with potential for greater trade in investment across a variety of sectors.

On September 11, 2016, I attended the fifteenth Bulgarian Annual BBQ in New Westminster, B.C., organized by the Bulgarian-Canadian Society of British Columbia. Members of the Bulgarian community in Metro Vancouver are the second largest Bulgarian population group in Canada. They gathered at the annual barbeque to celebrate their dynamic culture with food, books and cultural performances. The students who danced in colourful traditional costumes did so with great energy and pride, admired and applauded by rows of toddlers and primary school students, too young to be on the stage but eagerly waiting their turn.

I commend the organization and all national community organizations for aiming to preserve and share the Bulgarian language, culture, arts and traditions that strengthen the multicultural tapestry of Canada.

Honourable senators, please join me in applauding the national Bulgarian community for their contributions to Canada. May our strong people-to-people ties and potential opportunities for trade bring to the fore stronger Canada-Bulgaria bilateral relations in the years ahead.

Thank you. Merci. *Blagodarya*.

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, I wish to draw your attention to the presence in the gallery of President Lanre Tunji-Ajayi and representatives of the Sickle Cell Disease Association of Canada. They are the guests of the Honourable Senator Cordy.

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

Hon. Senators: Hear, hear!

SICKLE CELL AWARENESS MONTH

Hon. Jane Cordy: Thank you, Your Honour.

Honourable senators, we know that almost 1 in every 2,500 children in Canada will be born with sickle cell disease. Sickle cell is one of the most common genetic diseases in Canada. However, awareness of sickle cell and diagnosis and screening of the condition varies across the country from province to province and territory to territory. The good news, honourable senators, is that this is starting to change through the hard work of the Sickle Cell Disease Association of Canada, members of the medical community and advocates living with sickle cell.

Honourable senators, September is Sickle Cell Awareness Month, and today the Sickle Cell Disease Association of Canada is on Parliament Hill meeting with senators and

members of Parliament advocating on behalf of those Canadians living with sickle cell.

Established in 2012, the Sickle Cell Disease Association of Canada provides a national voice to advocate for comprehensive health care for those with sickle cell disease. They work with governments, researchers, clinicians and industry to promote identification, diagnosis, research and advanced care and treatment for Canadians with sickle cell disease.

I would like to acknowledge Lanre Tunji-Ajay, President of the Sickle Cell Disease Association of Canada, and her fellow board members for the wonderful work they continue to do in aid of those living with sickle cell. They are passionate about making things better for those with sickle cell disease.

For those senators who have met with the members who are on the Hill today, I am sure their stories will have touched your heart.

I was fortunate to meet earlier today with Dr. Hatoon Ezzat from St. Paul's Hospital at the University of British Columbia, and Storma McDonald, the chair of the board of directors of the Sickle Cell Association of BC and of course Storma's mother Thelma. It was my pleasure to meet with them and hear their sickle cell disease concerns and suggestions.

This year the Sickle Cell Disease Association will be holding its annual conference in Ottawa on September 30 and October 1. They will also be hosting their advocacy day on the Hill reception this evening down the hall in room 256. On behalf of the Sickle Cell Disease Association, I would like to invite you all to drop by to meet these wonderful people. Thank you.

• (1340)

BABYN YAR

SEVENTY-FIFTH ANNIVERSARY

Hon. A. Raynell Andreychuk: Honourable senators, on this day 75 years ago within a 48-hour period, from September 29 to September 30, 1941, 33,771 men, women and children were executed only a few miles outside of Kiev in Nazi-occupied Ukraine. The site of this horrific massacre was a ravine known as Babyn Yar.

While many died instantaneously from bullet wounds to the head, others suffocated under mounds of lifeless bodies, buried alive. The atrocities that transpired at Babyn Yar have become widely recognized as one of the largest mass executions of the Holocaust by Bullets. By the time Kiev was liberated in November 1943, a further 100,000 were executed at Babyn Yar.

In honour of the seventy-fifth anniversary of Babyn Yar, a major commemorative project was undertaken in Kiev this week. I am grateful to the Ukrainian Jewish Encounter, a Canadian-based multinational undertaking, in partnership with the World Jewish Congress and the Ukrainian government, who all hosted a number of events in an effort to raise awareness, promote dialogue, and honour the victims of Babyn Yar.

Honourable senators, as we commemorate this anniversary, let us continue to remember, understand and reflect.

I wish to conclude today by sharing a short excerpt from a poem, *Babi Yar*, by Ukrainian poet Yevgeni Yevtushenko.

Wild grasses rustle over Babi Yar,
The trees look sternly, as if passing judgement.
Here, silently, all screams, and, hat in hand,
I feel my hair changing shade to gray.
And I myself, like one long soundless scream
Above the thousands of thousands interred,
I'm every old man executed here,
As I am every child murdered here.
No fiber of my body will forget this.

Thank you, honourable senators.

[Translation]

PARALYMPIC GAMES 2016

Hon. Chantal Petitclerc: Honourable senators, the Rio Olympic Games have wrapped up, and today I would like to honour the amazing Canadian team that did us so proud at the Games.

Hon. Senators: Hear, hear!

Senator Petitclerc: Exactly one week ago, I completed my two-year mandate as chef de mission for a team of more than 300 people, including our 162 athletes.

Those athletes, who are from all across Canada, won 29 medals, including 8 gold medals. One of those athletes is swimmer Aurélie Rivard, who won three gold medals and beat two world records, which is an outstanding performance.

[English]

Today I want to congratulate not the athletes but what we call the team behind the team. Aurélie Rivard may stand alone on that podium, but on her journey to the top she needed access to coaches, a medical team, support staff and a lot of help from Sport Canada, the Canadian Paralympic Committee, Own the Podium and many others. To get to that podium takes more than talent, passion and discipline. It takes a team behind you. It takes a whole country behind you.

[Translation]

When Canada chooses to support its athletes, the whole country wins. Aurélie Rivard is now back home, but I know for sure that somewhere in Canada there is a little girl with a disability who, inspired by Aurélie's performance, believes that she can become a great champion too.

[English]

Will this little girl become a gold medalist? Who knows, and in the end it's not even important, but because we live in a country that supports its Paralympic athletes, because she saw

Auréli Rivard swim to three gold medals, that little girl knows in her heart that she can be whoever she chooses to be, no matter how big her dreams are.

That, honourable senators, is the amazing power of Paralympic sport — not only to inspire but to change lives.

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, I wish to draw your attention to the presence in the gallery of Dr. John O'Keefe, retired radiologist from the Health Sciences Centre in St. John's. He is accompanied by Ms. Heather McKinnon, hotel executive and Chair of the Newfoundland Symphony Orchestra.

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

Hon. Senators: Hear, hear.

NATIONAL SENIORS DAY

Hon. Victor Oh: Honourable senators, October 1 is National Seniors Day.

This day was established in 2010 to celebrate the valuable contribution of seniors to our families, our workplaces and our country. It is a perfect occasion to honour seniors for their hard work and accomplishments and to learn about the challenges they face.

Seniors represent the fastest-growing segment of the Canadian population. Last year, for the very first time, there were more Canadians over the age of 65 than under the age of 14.

In the meantime, Canadian seniors continue to face a number of challenges. Every day many are diagnosed with conditions such as dementia, heart disease or diabetes. Others experience a loss of independence due to functional or mobility limitations that can make everyday tasks more difficult to accomplish. At the same time, access to health and social services is limited, and wait times for priority procedures are increasing.

Also, a number of seniors are living in poverty and are vulnerable to homelessness. Countless others struggle with physical, psychological or financial mistreatment.

We have heard warnings of this demographic shift for years. We were warned of its potential impact on our economy, our health care system and society as a whole. Yet, despite an ongoing debate over the best policy responses, we have not taken comprehensive steps to better address the needs of our aging population.

Colleagues, it is safe to say that the majority of us are seniors, or we have family members, friends and neighbours who are seniors. As a result, we are able to understand the importance of maintaining our independence and continuing to enjoy a long and full life.

[Senator Petittlerc]

As senators, we are in a unique position to support efforts that empower older Canadians. Therefore, I invite you to join me in calling on the federal government to appoint a minister responsible for seniors and to ensure the development of a national seniors' strategy is made an immediate priority.

By officially recognizing Canada's aging population as one of the most important issues, we can positively influence the lives of those who need us the most.

To conclude, I encourage you to celebrate National Seniors Day on October 1. Let us take the time to thank seniors for all they have done to make our country a more prosperous and beautiful place to live, and to think further how we can help make their lives even better.

Happy National Seniors Day.

ROUTINE PROCEEDINGS

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH REPORT OF COMMITTEE TABLED

Hon. Leo Housakos: Honourable senators, I have the honour to table, in both official languages, the seventh report of the Standing Committee on Internal Economy, Budgets and Administration, which deals with the post-activity expenditure reports of the Senate committee for 2014-15.

• (1350)

[Translation]

UNDERGROUND INFRASTRUCTURE SAFETY ENHANCEMENT BILL

FIRST READING

Hon. Grant Mitchell introduced Bill S-229, An Act respecting underground infrastructure safety.

(Bill read first time.)

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

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

L'ASSEMBLÉE PARLEMENTAIRE DE LA FRANCOPHONIE

MEETING OF THE COOPERATION AND DEVELOPMENT
COMMITTEE, APRIL 26-28, 2016—REPORT TABLED

Hon. Thanh Hai Ngo: Honourable senators, I have the honour to table, in both official languages, the report of the Canadian parliamentary delegation of the Assemblée parlementaire de la Francophonie (APF) respecting its participation at the meeting of the Cooperation and Development Committee held in Midrand, South Africa, from April 26 to 28, 2016.

[English]

PARLAMERICAS

ANNUAL GATHERING OF THE GROUP OF WOMEN
PARLIAMENTARIANS AND THE BOARD OF
DIRECTORS MEETING, JUNE 1-4, 2016—REPORT
TABLED

Hon. Michael L. MacDonald: Honourable senators, I have the honour to table, in both official languages, the report of the Canadian parliamentary delegation of the ParlAmericas respecting its participation at the Eighth Annual Gathering of the Group of Women Parliamentarians and the Fortieth Board of Directors Meeting, held in Quito, Ecuador, from June 1 to 4, 2016.

QUESTION PERIOD

FOREIGN AFFAIRS

NORTH KOREA—DETENTION OF
REVEREND HYEON SOO LIM

Hon. Yonah Martin (Acting Leader of the Opposition): Honourable senators, I have a question for the government leader in the Senate.

Leader, today all Canadians are relieved to know that Dr. Homa Hoodfar from Concordia University has safely returned home after four months in an Iranian prison. In a statement earlier this week, Prime Minister Justin Trudeau stated, “The Government of Canada has been actively and constructively engaged at the highest levels” to secure Dr. Hoodfar’s release, with the cooperation of the governments of Oman, Italy and Switzerland.

However, while Dr. Hoodfar is now free after 115 days, Reverend Hyeon Soo Lim, a Canadian pastor and humanitarian, is still imprisoned and has been detained for 607 days, since January 2015, in a North Korean prison and sentenced to hard labour for life, which in essence is a death sentence.

I have asked you, leader, about this case, and we heard from Minister Dion himself that it is at his attention. As the Prime Minister stated that Dr. Hoodfar’s case was at the highest level of attention, I ask you again, leader. During the period of Reverend Lim’s imprisonment he has missed the birth of his granddaughter, birthdays and Christmases and all the things that every Canadian deserves. Would you confirm what the government is doing to secure Reverend Lim’s release and give assurance that this case is at the highest level of attention that it deserves?

Hon. Peter Harder (Government Representative in the Senate): I thank the honourable senator for her question and for her ongoing interest in cases of Canadians facing difficulties in either third countries or countries of their other nationality, as the case may be.

Like her, all senators welcome Dr. Hoodfar’s return, and we celebrate that both for her and for her family. We thank all of the officials and others involved in the prolonged period of negotiation.

In other cases and in the case of ongoing consular matters, it is more appropriate for me to assure you, as the Prime Minister has assured Canadians, that these cases are dealt with at the highest level and that the engagement is where it is best placed in terms of seeking like-minded country support or other third-party support where appropriate. I appreciate that it is entirely appropriate to raise these cases in a forum like this, but it is also, I believe, important for me and for the government not to go into detail, as these cases are best dealt with in a fashion of exerting the best influence possible on recalcitrant states.

Senator Martin: Without wanting to sound like I am just repeating the request, at this stage, as I was listening to the news reports and to various family members and colleagues of Dr. Hoodfar, as well as listening to the words of the Prime Minister that it did get the highest-level attention, on this particular case I can’t help but rise today on behalf of the family, the church, the community and so many who have been impacted by Reverend Lim’s humanitarian work and effort that, after 607 days, without diminishing the importance of what happened with Dr. Hoodfar and the fact that she is back in Canada, this case does deserve that attention.

It’s for me to do my part to ensure that Reverend Lim’s case is also receiving attention at the highest level. That is the assurance I’m looking for.

Senator Harder: I want to assure the honourable senator that this case, tragic as it is, and all cases like this are always dealt with at the highest level appropriate to seeking the outcome that we all wish.

The case to which you refer is, I am certain, being pursued actively. This is a very difficult situation, as the honourable senator will appreciate, and I think it would be best left at that, from my perspective at this point, while giving assurance that the matter continues to have the highest level of interest in the Government of Canada.

Senator Martin: To be blunt, I am aware, without going into details, that it is at the attention of the minister and his officials. But what I am saying is that it needs to be at the highest level, and

therefore, some assurance, whether you can state that or not, would you inquire with the government?

Senator Harder: Perhaps if I can, I would wish to give the honourable senator the assurance that I will take her comments to the highest levels of government.

Senator Martin: Thank you.

FINANCE

REVIEW OF TAX EXPENDITURES

Hon. Joseph A. Day (Leader of the Senate Liberals): My question is for the Government Representative in the Senate. Later this day, we will be dealing with some important tax measures in Bill C-2. There's another area of tax and fiscal policy relating to tax expenditures. My question will go to that aspect of tax policy.

The Liberal election platform for the 2015 federal election contained the following promise:

We will conduct a review of all tax expenditures to target tax loopholes that particularly benefit Canada's top one percent.

• (1400)

In the mandate letter to the Minister of Finance released to the public on November 13, 2015, Minister Morneau was directed to do the following:

Work with the President of the Treasury Board and your Ministerial colleagues to conduct a review of tax expenditures —

— again with the term “tax expenditures”—

— and other spending to reduce poorly targeted and inefficient measures, wasteful spending, and government initiatives that are ineffective or have outlived their purpose.

I was very pleased by what appeared to be plans for a wide-ranging review of our taxation system. This impression was reinforced, Mr. Leader, on March 22 of this year, when the government announced the following in the budget:

Individuals and businesses have expressed concerns related to the efficiency and fairness of the tax system, and how the increasing number of tax expenditures has made the federal tax system more complex. In the coming year, the Government will undertake a review of the tax system to determine whether it works well for Canadians, with a view to eliminating poorly targeted and inefficient tax measures.

Although a comprehensive review of the tax system has not yet been announced, on June 17, the government did announce it was undertaking a comprehensive review of federal tax expenditures.

That's where my question relates. Seven external experts have been engaged to provide advice to the federal Department of Finance and officials.

When are the results of that review of tax expenditures expected to be complete, and can we in this chamber expect to receive a copy of that report?

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

Some Hon. Senators: Oh, oh!

Senator Harder: The issue of tax expenditures is an important one and one that this chamber has commented on in its review function of various pieces of legislation from the Department of Finance. I was happy to see in the first budget of Minister Morneau at least some tax expenditures being dealt with, as well as the review to which you refer.

I'm confident that this review will not only nourish the consultation process in the budget that we would anticipate for 2017, but that the report will find its way to a broader discussion of tax expenditures over the longer haul. I don't have a specific date that I could indicate, but I would be happy to inquire with regard to that and report to the honourable senator.

Senator Day: Thank you very much for that, Mr. Leader.

The mandate letter I quoted earlier also said:

We have also committed to set a higher bar for openness and transparency in government. It is time to shine more light on government to ensure it remains focused on the people it serves. Government and its information should be open by default.

I understand that to mean “open” unless for some reason you explained that it can't be made open.

In light of this commitment to openness and transparency, can you confirm that that report — you will determine when the report is likely to be done — will be made available to senators on a timely basis from the Minister of Finance?

Senator Harder: I thank the honourable senator for his question. Let me make three points.

First, I think that the mandate letters and public release of the mandate letters for the first time is itself an expression of the openness that you refer to, and I think it ought to be acknowledged.

Second, the minister responsible for the Treasury Board is pursuing in his mandate letter a broader policy with respect to openness of information.

Third, with respect to the specifics of the question, I'll inquire. I don't have the precise information with respect to the date, but I can be assured and assure this house that the commitment to openness and transparency is genuine and started with the transparency of mandate letters themselves being public.

[Translation]

NATURAL RESOURCES

FORESTRY—SOFTWOOD LUMBER AGREEMENT

Hon. Ghislain Maltais: Honourable senators, my preamble will be much shorter. To date, Canadian lumber producers have lost \$2 billion, according to the Montreal Economic Institute. October 12 is the deadline for imposing countervailing measures. Could the government representative outline the government's plan for negotiating with the United States? I would like to know if it is considering countervailing measures for Canadian forestry companies.

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

The subject has come up during Question Period these last two sitting days. It is a complex subject. Negotiations are ongoing. I hope that we will have results in the next few days. As you know, these negotiations are taking place in a challenging climate. I imagine that we will discuss this issue with the Americans for several months.

Senator Maltais: I realize that these are not easy negotiations. Nothing is easy in politics. As of November 12, there may be an additional 21,000 unemployed workers in Canada. They are mothers and fathers who, the following week, will not have income to pay for groceries, send their children to school, pay their mortgage or run their car.

I understand that the government cannot expedite the negotiations. We are not asking for the impossible. Could the government nevertheless undertake to establish a committee tasked with providing immediate assistance to these 21,000 people who may lose their jobs in three to four weeks?

Senator Harder: Once again, I thank the honourable senator for his question.

I will ask the government if it is willing to create a committee, as the senator has suggested. I must point out, however, that the minister responsible is very engaged at the moment, and will be for the next several hours and days, working hard to negotiate a deal that will benefit the workers and this important Canadian industry.

Senator Maltais: Have there been any negotiations among the forestry ministers for British Columbia, Ontario, Quebec and the Maritime provinces regarding a possible exemption, to ensure that public forests aren't considered subsidized forests? Would such negotiations not help the federal government reach a deal more quickly with the American government?

[English]

Senator Harder: I can assure the honourable senator that the minister is taking every step to both engage provincial authorities at the ministerial level and the stakeholders in the industry, to

both keep them apprised of and help them nurture the negotiations with, often, counterparts in the United States being involved.

• (1410)

I think it's important for us in this chamber and in legislatures across Canada to, at this point, do everything we can to raise the importance of this issue and to work in collaboration with the negotiators at the table.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SENATE BUDGET 2016-17

Hon. Pierrette Ringuette: Honourable senators, my question is for the Chair of the Standing Committee on Internal Economy, Budgets and Administration.

Senator Housakos, on March 9, I asked that the complete budget of the Senate be tabled so that senators could have a complete review of it before being asked to vote on it. Could you indicate to this chamber when the document will be made available to all senators?

Hon. Leo Housakos: I've listened attentively to the question yesterday from Senator Ringuette, and today, and a few months ago the same question. I've been having some difficulty grasping the essence of her question. I think, as I heard today, she's giving the indication that somehow the estimates for the Senate budget have not passed this chamber; the budget hasn't been tabled in this chamber.

I'm surprised that, coming from her, someone who has been in this chamber for as long as she has, she seems to be forgetful in terms of the fiscal practices of how Parliament works.

If senators will indulge me, I just want to put forward an overview of how the estimates are passed through Parliament. It might be particularly helpful for new senators, who certainly wouldn't have institutional knowledge of this.

As we all know, the document in question that you seem to take such exception with, which is the two-page report from the Subcommittee on Estimates, is a tradition in this place that has existed for decades. In the course of the fiscal year, there is a subcommittee established by Internal Economy called the estimates subcommittee, chaired usually by people outside of steering. They sit down and go through the arduous process of the line-by-line auditing. The fiscal budget this year was done under the leadership of Senator Wells. There are a large number of other senators who participated in the process.

As is the tradition, we table an estimates report in this place, which is usually short, but an overview that the job has been done. If senators have specific questions, they can go to the subcommittee, to Finance, and have their questions answered.

More importantly, just to inform Senator Ringuette, for this fiscal year, the budget and estimates have passed this chamber. We have been operating with it.

Just to inform her, the estimate subcommittee's report to the committee, if it passes or doesn't pass, it doesn't affect the financial fiscal rolling of this institution. That's why, even though the estimates which she has opposed to take to vote have not gone to a vote, it has zero effect on our budget.

As you all know, colleagues, the estimates are collapsed in the annual budget of Parliament, and it's tabled in the House of Commons, and then it's tabled in the Senate. The estimates are in that budget.

When we receive the budget and we send the estimates to the Standing Senate Committee on National Finance, it is there where they do the more drilling down, arduous work of looking at the estimates and the budget and so on. I suspect, under the leadership of Senator Day and Senator Smith, when we received the last budget, they certainly did all the necessary work. They reported to this chamber. This chamber voted, and we passed that omnibus bill, which included the estimates for Parliament, which include the Senate.

I could be mistaken, but I think, Senator Ringuette, you were a member of the Finance Committee.

That is how the process generally works in terms of getting the estimates of Parliament through. Again, I have a little bit of difficulty trying to figure out what your concern is regarding the estimate reports, if there are any omissions.

I also want to point out further that Internal Economy welcomes any member of this chamber to come before it and participate. We meet every Thursday. We have standing members coming and working on this committee; we have non-standing members. We have, for example, Senator Mitchell, who has been an active member and showing up at all meetings. He's not a voting member, but he's making a contribution. Senator Cowan was there today.

There are many checks and balances in addition to passing the estimates as we do here on an annual basis. There's the review by the subcommittee, as I pointed out. There's the external audit, plus the fact that any senator can go to the subcommittee or Internal Economy and ask any particular questions.

Furthermore, there's also the publishing of the blue book that outlines the detailed budgets of both the House of Commons and the Senate.

If there's any further transparency that my colleague thinks is necessary, I invite her to come before Internal Economy and make her suggestions. We and all of our colleagues are open to any suggestions if you think 150 years of process and convention isn't working effectively, and all of a sudden you have a better way.

From my understanding, when I looked back, you didn't have any problems in the last 10 or 15 years with the way the estimates were tabled in the past. You certainly didn't have any problems

with the estimates going through this Parliament a few months ago, because we passed it on division. I didn't see you tearing your shirt in indignation then. I'm trying to get a grasp on what exactly is the particular issue that is so worrisome for you.

Senator Ringuette: I'm going to approach this in a very mature way, in a way that Canadian citizens expect us to behave.

When I tabled an amendment on March 9, it was requiring a detailed budget of the Senate in order for us to undertake a vote. Whether someone would believe that we would be acting responsibly and accountably in voting on a \$90 billion budget for this institution without having details on it, maybe it was the practice of the past, but I don't think that, in the situation that we have lived through in the last few years, that it should be the situation of the present, nor the situation of the future.

Therefore, I reiterate my request, unless the document does not exist. If the document does exist, what is the issue in not making it available to all senators to review? What is the issue? Do you have something to hide? If you don't have anything to hide, table the entire Senate budget so that we can review it, ask questions, if needed, and then proceed to a vote.

Senator Housakos: Again, I have highlighted for you all the various checks and balances in place where the budget is completely transparent, and it is public. As I said, the Government of Canada is the one that puts the estimates in the budget and tables it in Parliament. You can't get any more detailed than that.

Again, I'm reiterating, if I'm not mistaken, senator, you were a member of the Finance Committee that received the bill and the estimates were in that bill.

You weren't a member of that. I'm just saying I thought you were.

There are a number of colleagues that are members of the Finance Committee of the Senate. They receive that bill on an annual basis.

I'm not a member of that committee. Senator Day chairs it with Senator Smith, who is the deputy chair. I'm sure they do all the drilling down on all the line items to make sure everything is in good standing.

If you feel that you don't have the confidence in the institutional process we've had in place for years, and you feel that this chamber as a whole should be sitting down and doing a line-item review, you can propose that to Internal Economy. We will bring it to the Committee of the Whole. If the chamber wishes to do that, I have no problem.

If senators think we have so much available time besides doing our core business, which is dealing with legislation, then we can turn the Senate as a whole into Internal Economy and the actual Standing Senate Committee on National Finance to do their work. If you don't have the confidence in that standing committee, I accept it, and I say let's take another course of action if people want to take that course of action.

I'm sure the Standing Senate Committee on National Finance would be able to give those hours of work to the Senate as a whole to do.

[Translation]

The Hon. the Speaker: Senator Ringuette, do you have a supplementary question?

Senator Ringuette: Senator Housakos, does the Senate have a budget for the 2016-17 fiscal year or not?

Senator Housakos: A budget is produced every year. The Senate and the House of Commons have had the opportunity to examine it in detail. We had the opportunity to vote for or against it a few months before it was passed. Once again, if you are not comfortable with the work that is being done by the Finance Committee, we can do things differently in the future.

All of the details were provided to the committee and it conducted an in-depth review. The house had the opportunity to vote for or against it. I do not see how we can be more transparent than that.

• (1420)

[English]

The Hon. the Speaker: Senator Ringuette, we have a number of other senators who want to ask questions. Your questions and your two supplementary questions and the responses have taken up a fair amount of time from this Question Period. I would ask you to save it for another day and we'll move on to Senator Tkachuk.

Senator Ringuette: I'll resume next week.

FINANCE

CAPITAL MARKETS REGULATORY AUTHORITY

Hon. David Tkachuk: Honourable senators, my question is for the Leader of the Government and it concerns the securities regulation. Canada is the only G20 country without a national securities regulator and this summer the provinces have agreed to join together in a cooperative system. British Columbia, Ontario, Saskatchewan, New Brunswick, Prince Edward Island and the Yukon, along with the Minister of Finance of Canada, pushed back the timeline for the creation of the capital markets regulatory authority. It is now expected to be operational in 2018. Although this delay is disappointing, it does provide more time for other provinces and territories to join the system.

Could the leader tell us if the Minister of Finance has held discussions with these particular provincial and territorial counterparts to gauge their interest in joining the cooperative system?

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

matter. I will take the question on notice, as I haven't been recently briefed on this matter.

Senator Tkachuk: Perhaps you can inquire about this as well: The federal government and the participating provinces have each committed to enact the necessary legislation to create this cooperative system by June 30, 2018. Could you see if the Department of Finance has taken actions to ensure this timeline is met on the federal level to help reduce the chance of further delay on this file?

Senator Harder: Thank you for your question. I will add that to my inquiry.

[Translation]

HEALTH

TRANSFER PAYMENTS

Hon. André Pratte: Honourable senators, my question is for the Government Representative in the Senate.

Several provinces, including British Columbia, New Brunswick and Quebec, are calling for the federal government to take into account the proportion of seniors when calculating the health transfer amounts for each province.

The Canadian Medical Association is proposing that, in addition to the annual increase of 3 per cent in health transfers announced by Ottawa, the federal government deliver extra funding to the provinces every year by means of a demographic-based top up.

[English]

My question to the Government Representative is this: Does the Government of Canada agree that health care costs are higher in a province where the average age is higher, and is it ready to adjust its health transfers in consequence?

Hon. Peter Harder (Government Representative in the Senate): Again, I thank the honourable senator for his question on the important issue of health care. I'd like to make three points. First, that the question itself points to the importance of data and how demography and data can inform public policy. That is a commitment of the government in all of its policy endeavours and I'm sure that, in the context of health care, data will increasingly be part of how we calculate how the impact and relationship between aging population, demographics and health, not only expenditures but health practices, can be best interacted with the data.

Second, I would reference the commitment already announced by the minister of \$3 billion for home care, which is specifically designed for the demographic cohort that you reference in terms of an aging population, and that is an important contribution to health care even though it's not part of the health care system as such.

Third, the Minister of Health, as I indicated the other day, gave a comprehensive speech recently in Kingston in which she outlined a number of ideas on how we collectively as a country

and certainly with other jurisdictions could have better outcomes and a better health system within the context of federal-provincial transfers and responsibilities. Those objectives form part of the approach the minister is taking in her discussions with provincial counterparts.

In conclusion, I thank the honourable senator for his question and can assure him that data, including demographic data, will be very prominent as all health care providers look at how we can spend the dollars that are available more effectively.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Peter Harder (Government Representative in the Senate): Honourable senators, I'm happy to rise for the third day in a row to table the answers to the following oral questions by Senator Carignan on May 18, 2016, concerning pensions and disability payments; by Senator Boisvenu on May 19, 2016, concerning exploitation and trafficking in persons; by Senator Carignan on June 16, 2016, concerning tax avoidance, investigation of KPMG Isle of Man issue; by Senator Dagenais on June 21, 2016, concerning food fraud; by Senator Patterson on June 22, 2016, concerning shrimp quotas; by Senator Frum on June 2, 2016, concerning Iran; by Senator Ataullahjan on June 22, 2016, concerning language training for refugees; by Senator Downe on June 22, 2016, concerning Prince Edward Island, the bridge toll issue; by Senator Andreychuk on June 22, 2016, concerning yellow fever vaccine.

I have the honour of tabling these answers and present them to the chamber.

VETERANS AFFAIRS

PENSIONS AND DISABILITY PAYMENTS

(Response to question raised by the Honourable Claude Carignan on May 18, 2016)

Part of the mandate of the Minister of Veterans Affairs is to re-establish lifelong pensions as an option for injured Veterans and to ensure that every injured Veteran has access to financial advice and support so that they can determine the form of compensation that works best for them and their families.

A number of steps forward have already been taken on financial security. In the March 2016 Budget, the Government delivered on a number of the Minister of Veterans Affairs' mandate commitments from the Prime Minister by announcing significant investments to ensure the financial security and independence of disabled Veterans and their families as they make the transition to civilian life. These promises include:

- Increasing the value of the Disability Award for injuries and illnesses caused by service to a maximum of \$360,000;
- Indexing this amount to inflation and paying it retroactively to all Veterans who have received this award since 2006;

- Increasing the Earnings Loss Benefit to replace 90% of an eligible Veteran's military salary;
- Expanding access to the Permanent Impairment Allowance to better support Veterans with career limiting service-related injuries, and;
- Renaming it the Career Impact Allowance to reflect the intent of the program.

In regards to the Minister of Veterans Affairs' mandate commitment from the Prime Minister to re-establish life-long pensions, Veterans have made it clear they want the Government to get it right on financial support programs. Consultation with the Veterans' community, including ministerial advisory groups, has been initiated to develop a pension option that has had broad input to ensure Veterans are getting the financial support they deserve and need for a successful transition from military to civilian life.

Work is underway to ensure Veterans get the services and support they need and that this is done with care, compassion and respect. This means doing better. Gaps and inadequacies will be addressed; issues will be resolved.

JUSTICE

EXPLOITATION AND TRAFFICKING IN PERSONS

(Response to question raised by the Honourable Pierre-Hugues Boisvenu on May 19, 2016)

I can assure you that our government takes this issue very seriously. It is a tragedy when a child disappears, particularly in circumstances that suggest the possibility of exploitation, and the whole country shares the relief of parents whose daughters have been safely recovered in recent weeks.

While we support the principle of Bill C-452, *An Act to amend the Criminal Code (exploitation and trafficking in persons)*, we have some concerns that a part of the Bill may be inconsistent with the Canadian Charter of Rights and Freedoms. I can assure you that we will be acting on this very important file to address a real and important issue in our society, but we must do so responsibly — in a way that reflects our values and respects the Charter.

NATIONAL REVENUE

TAX AVOIDANCE INVESTIGATION—KPMG—ISLE OF MAN

(Response to question raised by the Honourable Claude Carignan on June 16, 2016)

There is no preferred treatment of taxpayers. Relevant laws and compliance actions are applied evenly and without favour. The Canada Revenue Agency has a statutory duty

to assess the amount of tax payable, based on the facts of the case, the evidence gathered, and strict application of the law.

Court cases related to tax matters can be complex and sometimes lengthy. Where appropriate, including with matters before the courts, and in consultation with the Department of Justice, the CRA seeks to resolve matters through a settlement offer that is based on facts and in accordance with the law.

The CRA will pursue this case to the fullest extent possible, as we do with all other cases of aggressive non-compliance. However, because it is currently before the courts, any further comment from the CRA on this specific case would not only be contrary to the law but could also jeopardize the legal action currently underway.

AGRICULTURE AND AGRI-FOOD

FOOD FRAUD

(Response to question raised by the Honourable Jean-Guy Dagenais on June 21, 2016)

In fiscal year 2015-2016, the CFIA identified 52 violations that could be interpreted as fraud for imported food. For context, please note that the volume of imported food was estimated at \$43.5 billion in 2015 (source: Statistics Canada).

The CFIA monitors for various risks, including food fraud, as part of inspection activities for both imported and domestically produced foods. Enforcement action is taken when violations are identified. There are many types of food fraud, such as falsification of documents, adulteration, substitution, mislabelling and dilution. Some involve health risks such as the introduction of an allergen through ingredient substitution. In these situations, the CFIA undertakes a food safety investigation. Other cases may result in prosecution, such as misrepresentation of cheaper oils as extra virgin olive oil.

All food sold in Canada, whether domestic or imported, must comply with Canadian legislation. It is the responsibility of food manufacturers or regulated parties to verify that their products meet regulatory requirements. This is still true when Canada signs a new trade agreement. Regardless of the country of origin, the CFIA takes enforcement action whenever products are identified that do not meet regulatory requirements.

FISHERIES AND OCEANS

SHRIMP QUOTAS

(Response to question raised by the Honourable Dennis Glen Patterson on June 22, 2016)

The Minister of Fisheries and Oceans is aware of Canada's obligations under the Nunavut Land Claims Agreement as it relates to the principle of adjacency. He is

cognizant that he must take into account treaty rights and requirements under the Land Claims Agreements in his decision-making with respect to the fishery.

In addition to the recent process of the Ministerial Advisory Panel on the Last In First Out (LIFO) policy, the Department engaged separately with Indigenous Groups and land claimants, including Nunavut stakeholders, seeking views on LIFO.

The Minister publically stated on July 6, 2016, "Proportional Sharing is consistent with the approach used in most other Canadian fisheries with respect to stock and allocation management. Applying this principled approach of Proportional Sharing means that the inshore and offshore fleets as well as Indigenous Peoples will continue to share in the economic benefits of this precious resource. Sharing arrangements must also respect land claims agreements and the interests of Indigenous groups as well as the interests of adjacent coastal communities."

The Government of Canada will continue to seek to respect land claims agreements in our fisheries management decisions.

FOREIGN AFFAIRS

IRAN—JUSTICE FOR VICTIMS OF TERRORISM

(Response to question raised by the Honourable Linda Frum on June 22, 2016)

The Government of Canada is committed to fighting terrorism and to holding perpetrators of terrorism and those who support them accountable for their actions.

We have no current plans to remove Iran from the list of state supporters of terrorism under the Justice for Victims of Terrorism Act.

REFUGEES, CITIZENSHIP AND IMMIGRATION

LANGUAGE TRAINING FOR REFUGEES

(Response to question raised by the Honourable Salma Ataullahjan on June 22, 2016)

The Government of Canada is committed to helping all newcomers develop the English or French language skills that they need to successfully settle in their communities. Annually, Immigration, Refugees and Citizenship Canada invests approximately \$600M in federal settlement services outside the province of Quebec. Federally funded language training, delivered through Language Instruction for Newcomers to Canada (LINC) and *Cours de langue pour les immigrants au Canada* (CLIC), is a key component of the Settlement program.

The Department's language programming is designed to be flexible and widely accessible to adult permanent residents and protected persons. For example, service

providers can and do offer gender-specific classes based on client needs. These classes are generally tailored to vulnerable women who may also benefit from establishing a network of peers in the community. To facilitate participation, language training is offered in tandem with support services such as transportation assistance and on-site childcare supports. These services typically benefit the most vulnerable clients, often refugees and women, and improve uptake and retention in programming. Child care in particular forms a significant portion of most support services budgets. A variety of community-based activities are also available for newcomer women, including conversation circles, support groups, and family-focused workshops, all of which provide opportunities for informal language learning.

We are working closely with service providers across the country to meet demand for services. Where waitlists exist, service providers have been instructed to prioritize refugee clients in access to language programming.

TRANSPORT

PRINCE EDWARD ISLAND—CONFEDERATION BRIDGE TOLLS AND FEES

(Response to question raised by the Honourable Percy E. Downe on June 22, 2016)

The Confederation Bridge is a federally-owned asset, but the Government of Canada has an agreement with Strait Crossing Bridge Limited to operate the Bridge until 2032.

Under the operating agreement, the Bridge Operator has the authority to amend the tolling structure and rates.

Transport Canada's only role with respect to tolls on the Confederation Bridge, is to review annual changes to the tolling structure and rates to ensure that they are in compliance with the provisions of the agreement.

The tolling structure and rates are in compliance with the provisions of the agreement between Transport Canada and Strait Crossing Bridge Limited.

HEALTH

YELLOW FEVER VACCINE

(Response to question raised by the Honourable A. Raynell Andreychuk on June 22, 2016)

There is a global yellow fever vaccine shortage following mass vaccination campaigns in Angola and the Democratic Republic of the Congo to respond to ongoing outbreaks in those countries. The World Health Organization has advised that the yellow fever vaccine given as one fifth of the regular dose would provide protection against the

disease for at least 12 months, and possibly longer, and could be used to control an outbreak in case of vaccine shortages.

Yellow fever vaccine is only recommended when travelling to countries where there is a risk of being infected or where yellow fever vaccination is required for entry.

The Government of Canada is working with the manufacturer of the vaccine approved for use in Canada to ensure that domestic supplies, currently limited as a result of a production delay, are distributed effectively across the country and that new supplies are available for distribution as soon as possible. In the meantime, Canada's Committee to Advise on Tropical Medicine and Travel is developing interim recommendations for the use of a reduced dose of the yellow fever vaccine during a vaccine shortage in Canada. We have also communicated this advice to the Council of Chief Medical Officers of Health, Yellow Fever Vaccination Centres and to Canadian travellers via our Yellow Fever Travel Health Notice.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

VETERANS AFFAIRS—BENEFITS AND SERVICES TO VETERANS AND THEIR FAMILIES

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 3 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—BENEFITS AND SERVICES TO VETERANS AND THEIR FAMILIES

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 4 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—BENEFITS AND SERVICES TO VETERANS AND THEIR FAMILIES

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 5 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—BENEFITS AND SERVICES TO VETERANS AND THEIR FAMILIES

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 6 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—BENEFITS AND SERVICES TO VETERANS AND THEIR FAMILIES

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 7 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—VETERANS CHARTER

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 11 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—VETERANS CHARTER

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 13 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—BENEFITS AND SERVICES TO VETERANS AND THEIR FAMILIES

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 14 on the Order Paper by Senator Downe.

VETERANS AFFAIRS—BENEFITS AND SERVICES TO VETERANS AND THEIR FAMILIES

Hon. Peter Harder (Government Representative in the Senate) tabled the answer to Question No. 16 on the Order Paper by Senator Downe.

ORDERS OF THE DAY

INCOME TAX ACT

BILL TO AMEND—SECOND READING—
DEBATE ADJOURNED

Hon. Joseph A. Day (Leader of the Senate Liberals) moved second reading of Bill C-2, An Act to amend the Income Tax Act.

He said: Honourable senators, I'm pleased to open the debate on Bill C-2, An Act to amend the Income Tax Act. Before I begin my substantive remarks on this important bill, I would like to say a few words about our role as independent senators when dealing with legislation in this chamber.

Senator Cowan described our role as independent Liberal senators very well. When he spoke on April 20 of this year in reply to the Speech from the Throne, he said:

We will do our best to fulfill our constitutional role — as members of an active, thoughtful, dedicated Senate caucus, exercising our mandated role of sober second thought.

We intend to carefully scrutinize the government's legislative program and will propose legislative measures of our own.

Where we find fault with legislation, we will propose amendments to improve it.

If, on the other hand, we find favour with the government's proposals, we will support them.

Always, our guide will be the public good.

I believe that accurately describes our role as independent senators, and I rise here today as a sponsor of Bill C-2 in that spirit. I agree with the principle and the provisions of this bill, and I was happy to accept when I was asked to sponsor the bill in this chamber. But let me be clear: Sponsoring a bill, even this one that enacts a fundamental part of the government's platform in the last election, does not mean that I'm here to defend every last comma or that I would not be open to suggestions for improvement.

Senator Campbell, I believe, set a good example last spring when he sponsored Bill C-7, the RCMP unionization bill, and then supported amendments to improve the bill — amendments that were adopted by this chamber. That is how this chamber should operate, colleagues, and the model I will try to set for myself.

• (1430)

I know this is a change from our previous practice. Traditionally, government bills were sponsored by members of the government caucus and the sponsor was expected to argue strenuously for the bill as tabled and against any substantive amendments.

Of course, there is no government caucus. The government has been very clear that it supports — it wants — a Senate that is independent, whose members are expected to assess all bills on their merits and propose and support any improvements to the legislation.

I should say that at present I do not see any problems with this bill. I am sure the Government Representative in the Senate is breathing a sigh of relief to hear that.

I wanted to emphasize that, should it emerge, whether from our debates or from evidence in our committee, that indeed there are problems to be corrected or improvements to be made, then whether as sponsor or critic or senator, we should be open to supporting and even proposing amendments. That is the spirit in which I am sponsoring this bill, honourable senators, and I expect that will be the spirit others will adopt as well.

Before I turn to the bill itself, I want to add another reason why I am pleased to sponsor this bill. It is because it implements a recommendation that I and many others in this chamber have made repeatedly over the past several years. Many of us have taken great issue with the practice of omnibus bills, particularly omnibus financial bills. Well, I am delighted to see that this government is, at least so far, making good on its promise to Canadians not to resort to that practice of omnibus finance bills.

The bill before us is seven pages long. It amends the Income Tax Act to make three basic changes. There are a few consequential amendments that I will refer to that flow from those changes, but fundamentally there are three major promises from the government's election campaign that will be implemented by this legislation, if and when it's passed.

A carefully focused bill like Bill C-2 is an important change of approach, honourable senators. One of the measures that this bill undoes is something that was contained in an omnibus bill of the previous government in 2015, in Bill C-59, which had 172 pages. That omnibus bill made a number of changes to the Income Tax Act, but then also enacted a new anti-terrorism statute, the Prevention of Terrorist Travel Act. It amended the Copyright Act to extend copyright protection for certain sound recordings. It amended the National Energy Board Act to extend the maximum term of natural gas export licences. It even amended the Parliament of Canada Act to establish the new Parliamentary Protective Service for security in the parliamentary precinct. And that is only a partial list of the provisions contained in that bill that began with amendments to the Income Tax Act.

I know that many of us on both sides of this chamber were very concerned about the practice of governments in presenting Parliament with such bills that just couldn't possibly be given the level of scrutiny that we would have liked. Many of us spoke strongly and often against the practice. I did on repeated occasions, including with respect to Bill C-59 that I have just referred to.

Bill C-2, as I have said, makes three fundamental changes to the Income Tax Act. All these changes were well-known election promises which helped to bring this government to office.

First, the bill enacts in the Income Tax Act, what has been called "the middle class tax cut." That reduces the federal personal income tax rate from 22 to 20.5 per cent for individuals with taxable income in the range of \$45,000 to \$90,000, and that has often been referred to as the middle class bracket.

The second change flows from the middle class tax cut. As the Liberal platform from the last election stated:

To pay for this tax cut, we will ask the wealthiest one per cent of Canadians to give a little more. We will introduce a new tax bracket of 33 per cent for individuals earning more than \$200,000 each year.

This new personal income tax bracket and rate is another change that we find in Bill C-2.

The final substantive measure in Bill C-2, honourable senators, concerns Tax-Free Savings Accounts. The Tax-Free Savings Account, as honourable senators will know, is an initiative that has been around for a number of years. It was previously indexed so that when the cost of living increased over the basic amount and reached \$500, then a new \$500 was added to the Tax-Free Savings Account amount.

The omnibus Bill C-59 that I have referred to increased that maximum to \$10,000 but did away with the indexing. Colleagues will recall that this was immediately opposed by the then-leader of the Liberal Party of Canada, Mr. Trudeau, as he then was. He announced that a Liberal government would reverse this increase. The maximum contribution limit under the Tax-Free Savings Account would return to its previous limit of \$5,000, which had been increased to \$5,500 by inflation indexing, and the inflationary index process that I have just explained to you would be reintroduced.

The government says that nearly 9 million Canadians are benefiting from the personal income tax rate changes that I have described.

I will now take a few minutes to provide you with some detail on these three key measures in the bill and the consequential amendments that flow from them.

Clause 1 of the bill sets out the new marginal tax rates and the tax brackets to which they apply. The first marginal tax rate under the Income Tax Act is 15 per cent and that would remain the same. There's no change there. However, while previously it applied only to incomes up to a maximum of \$40,000, by reason of inflationary adjustment that is now moved to slightly over \$45,000. If you make a taxable income up to \$45,000, you pay a tax rate of 15 per cent on that.

Hence, those taxpayers in that range, from \$40,000, where the bracket was, to \$45,000, are now paying 15 per cent instead of the higher 22 per cent that was in the next tax bracket.

The second marginal rate has been reduced from 22 per cent to 20.5 per cent, that's one of the major changes that would apply, and to individuals who have taxable income from \$45,000 to \$90,000, as I mentioned. The third and fourth marginal rates, for your information, are unchanged at 26 per cent and 29 per cent, with tax brackets adjusted for inflation again.

• (1440)

As I said previously, the new 33 per cent marginal rate tax that has been added is applicable to taxable income in excess of \$200,000.

The new tax rates required a series of consequential amendments. Those are just adjustments made in other sections of the Income Tax Act to reflect these changes, and these are set out in clauses 2 through 8 and in clause 10 of the bill.

I have been assured that these consequential amendments do not reflect basic policy changes but rather are adjustments to meet the policy changes that appear in those three fundamental changes I have just described.

Colleagues, several of these consequential amendments were necessary because a number of provisions in the Income Tax Act are tied to the highest marginal personal rate, which I have indicated was 29 per cent, but now there is a higher bracket that goes to 33 per cent. They have to go through and make all the changes to adjust from 29 per cent to 33 per cent.

In attempting to make this change, Bill C-2 proposes that the reference be made to the “highest individual percentage “ as opposed to putting a specific number in, and then if it goes down next year, we won’t have to worry about going back and changing it from 33 per cent to 32 per cent or 31 per cent.

One of the consequential areas of amendment is in relation to trusts. Most trusts are taxed at the highest marginal personal rate. They don’t go through the various steps like individuals do, but this has been done by referencing a particular percentage: 29 per cent.

Clause 5 of the bill makes this explicit by saying that the highest individual percentage is the tax rate that would apply to these trusts for 2016 and thereafter, and that is trying to make the Income Tax Act a little bit friendlier.

Similarly, clauses 3 and 4 replace the language in the Income Tax Act concerning split incomes. Split income is where a parent tries to reduce tax liability for the family by transferring some of his or her income to a child. There have been some changes in relation to that as well.

Clauses 6, 7 and 8 are complicated tax clauses, honourable senators. They relate to private corporations and the taxes that are in the Income Tax Act to discourage individuals from using private corporations to defer the payment of personal income taxes.

A lot of the complicated provisions in the Income Tax Act are an attempt to make it equal between operating as a corporation or operating as an individual and not making it attractive for individuals to incorporate to pay less tax. We see a lot of provisions in the income tax that relate to that basic fundamental policy decision.

The goal of these provisions is to integrate corporate and personal tax rates so that the amount of tax payable by an individual is similar whether the income is earned through a corporation or directly by the individual. I support that approach, but it does make the Income Tax Act quite a bit more complicated.

To bring these provisions of the Income Tax Act in line with the new highest individual percentage tax rate, Bill C-2 increases the special refundable tax and the related refundable tax imposed on investment income of private corporations to reflect the new 33 per cent income tax rate.

There is another fundamental policy here. We’re trying to avoid money being kept without tax being paid on it in a corporate entity, for example, for a period of time, whereas individuals can’t do that. Corporations could do that without these provisions. They are encouraging the taxes to be paid as individuals would pay them.

Clause 2 of the bill amends the charitable donation tax credit to allow higher-income donors to claim the higher bracket, a tax credit on the portion of their donation made from income that is subject to the new 33 per cent marginal rate. In other words, if

they have over \$200,000 in taxable income, if some of that money was used to make a charitable donation, then they would get back a tax receipt for 33 per cent for that portion.

The front part of taxable income, the first \$200, is at 15 per cent, as honourable senators will know.

This particular consequential amendment is complicated by the fact that Bill C-2 has been before Parliament for some time. It was tabled in the other place on December 9, 2015. In the interim, we had the budget and we had Bill C-15, the budget implementation bill, so there is a difficult tracing of consequential amendments in Bill C-15 and consequential amendments that you see here in Bill C-2.

Bill C-15 we passed in June. So there are certain provisions where there is duplication, not knowing that one bill would be passed or the other. That’s not uncommon, especially because of the timing that took place in the early part of this government’s mandate. That bill, the budget implementation act, included several other consequential amendments to these particular provisions, which were included in that bill; they’re referred to as “coordinating amendments.”

The net effect of all this is that clause 2 of this bill that we’re looking at, Bill C-2, will effectively cease to exist once it is passed. We pass it, and then it goes away because it was superseded by the amendments passed and adopted in Bill C-15 back in June.

I did ask officials if we could have made this simpler. Did we really have to do this? They explained that it was a timing issue that caused this to take place. I bring it to your attention so that no one in the future will feel that they were misled by seeing a provision that is passed and then not in force. I apologize for it being a little bit complicated in explanation.

These, honourable senators, were the consequential amendments and, again I repeat, not policy changes but rather just reflecting the other policy changes.

Clause 9 of the bill contains the new contribution limit for Tax-Free Savings Accounts. To be clear, honourable senators, there was nothing retroactive about this change. The 2015 calendar year Tax-Free Savings Account contribution limit was and remains \$10,000. In subsequent years, the limit will revert back to \$5,000 plus inflation adjustment, \$5,500 for this year; and depending on inflation, it will go up to \$6,000 when a \$500 amount of inflation — that’s \$500 against the base — has occurred by reason of inflation.

The other point of the Tax-Free Savings Account that is important for honourable senators to be aware of is that it is cumulative. In the event that you don’t happen to have funds to put in your Tax-Free Savings Account in a particular year, you can catch up the next year. The younger people who are busy with families and houses and getting life established are accumulating space so that when they win the lottery they will be able to put their funds under that sheltering mechanism. I think that’s an important aspect of that program that has not changed.

• (1450)

I appreciate that this changing from \$10,000 back to \$5,500 may be controversial. Honourable senators' concerns may be allayed by learning that only 6.7 per cent of eligible Canadians contributed the maximum to our Tax-Free Savings Accounts in 2013. So doubling the maximum amount in 2015 probably had an effect on a very small percentage of the population, and well over 90 per cent weren't able to take advantage for whatever reason.

That is the overview of Bill C-2 that I wanted to give honourable colleagues. As I said at the beginning of these remarks, I support the bill and that is why I agreed to sponsor it. However, I look forward to following the committee hearings, to learning what Canadians have to say about these measures and whether there are improvements that we in the Senate can propose.

I look forward to hearing from the minister and his officials when they appear before our committee. Thank you, honourable senators.

(On motion of Senator Smith, debate adjourned.)

[Translation]

THE SENATE

MOTION TO AFFECT QUESTION PERIOD ON OCTOBER 4, 2016, ADOPTED

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate), pursuant to notice of September 28, 2016, moved:

That, in order to allow the Senate to receive a Minister of the Crown during Question Period as authorized by the Senate on December 10, 2015, and notwithstanding rule 4-7, when the Senate sits on Tuesday, October 4, 2016, Question Period shall begin at 3:30 p.m., with any proceedings then before the Senate being interrupted until the end of Question Period, which shall last a maximum of 40 minutes;

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

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

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

[Senator Day]

She said: Honourable senator, this motion allows us to receive Minister of Immigration John McCallum next week. This is timely, since we have completed second reading of Bill C-6 and the debate continues.

We received a technical briefing on the bill this morning. We will be able to continue our study of the bill with the minister next week.

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

Hon. Senators: Agreed.

(Motion agreed to.)

[English]

SENATE MODERNIZATION

COMMITTEE AUTHORIZED TO DEPOSIT FIRST REPORT WITH CLERK DURING ADJOURNMENT OF THE SENATE

On the Order:

Resuming debate on the motion of the Honourable Senator McInnis, seconded by the Honourable Senator Wells:

That the Special Senate Committee on Senate Modernization be permitted, notwithstanding usual practices, to deposit with the Clerk of the Senate its first report, if the Senate is not then sitting and that the report be deemed to have been tabled in the Chamber.

Hon. Tom McInnis: Thank you, Your Honour. I'm not sure if I have to ask for additional time.

The Hon. the Speaker: Senator McInnis, you have three minutes of your time left from yesterday. I understand there will be a number of questions asked, so perhaps it would be appropriate to ask now for at least an additional 10 minutes.

Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator McInnis: Perhaps I could make a statement in advance that may assist with some of the questions that are to come.

Honourable senators, I think I'm pleased to continue our debate on my motion requesting permission for the Modernization Committee to deposit its report with the Clerk of the Senate. I am pleased that this motion, quite frankly, has

initiated a greater debate on communicating Senate reports to the general public, and I believe that this too is part of Senate modernization.

I listened attentively to yesterday's debate and the need for senators to review the report before it is released to the public. I have a plan to permit all senators to examine it before the public and the media.

On Tuesday morning, starting at 8 a.m. in room 172-E, Centre Block, a senator or a designated staff member may receive a numbered copy of the report by signing the usual undertaking to keep the report confidential until it is deposited with the Clerk. The undertaking will include not distributing or sharing the report outside the Senate, not discussing the content with the public or the media and to take the necessary precautions against unauthorized disclosure.

The report will then be deposited with the Clerk at 10 a.m. This will permit each senator an opportunity to read and reflect on the content of the report. At 10:30 a.m., the steering committee will hold its news conference to inform the world of the committee's recommendations.

I hope this process will satisfy many concerns raised. By the time the media get it in their hands and get out with it, it will be 11 o'clock, so that will allow three hours for senators to review and contemplate the contents of the various recommendations.

I hope that will assist, and I'm quite prepared to answer any questions.

Senator Cowan: Hear, hear.

Hon. Pierrette Ringuette: Thank you. I want to thank my honourable colleague for what he just stated.

I have a few short questions. I have been informed that there was a memo sent by the Communications Directorate to all chairs and deputy chairs of committees suggesting that they give advance reports to media on an embargoed basis.

Senator McInnis, did you receive such a memo from Senate Communications?

Senator McInnis: No.

Senator Ringuette: So you will not be providing an advance copy on an embargoed basis to any media?

Senator McInnis: No, that's not my plan at all.

Hon. Anne C. Cools: Honourable senators, I have listened to the honourable senator with some interest. I know that he has been chairing the Special Senate Committee on Modernization's study. I am not entirely clear as to why there is a need to proceed as he is proposing. A report, after all, is something that is commanded by this chamber, by the Senate. The Senate has an absolute right, as do senators, to receive that report prior to any action on it, even including media releases, press conferences and so on.

• (1500)

I am wondering why my learned colleague thinks it is necessary to deviate from normal practice.

I must tell honourable senators that I have a robotic negative reaction to any motion that begins with the words "notwithstanding usual practices."

If you will pardon my response, I wonder what is wrong with the Senate's usual practices that they are not good enough for you and your committee, of which I am a member.

Senator McInnis: It's not that they're not good enough for the committee that I happen to chair. Senator Cools, you were in the chamber yesterday, and it was abundantly clear from many that spoke that they had an entitlement to know and read and understand, to the extent possible, the contents of the report, and I happen to concur with that. As one senator said yesterday — I forget; it might have been Senator Sinclair — "I could get a call from the media asking questions about the content of a particular recommendation and I wouldn't know and wouldn't be able to respond." Others, I think, probably said or thought the same thing.

We're all equal here. While that is so, everyone then should have access to the report and the recommendations, and they sign a document that's very clear that they are not to speak to the public. I think I may even have it here, and many of you may have seen it. It says that to discourage unauthorized disclosure, we ask each senator's office to sign an agreement with the following stipulations. The leak of confidential draft reports or other confidential documents may ultimately result in an investigation by the Standing Committee on Rules, Procedures and the Rights of Parliament and subsequent sanctions. Senators and the persons working for them may not discuss the contents of the report or document with members of the media or general public, may not photocopy the report or the document or provide it to anyone, and should ensure that the report or other document be kept in a locked drawer or cabinet when not in use. The person who acknowledges receipt of the report or the document by completing the form below promises to give the document immediately to the Senate.

So it's going to be held in confidence. I understand your question about routine practices and so on, but there is some entitlement to the senators having some knowledge of it before it hits the streets.

Senator Cools: Honourable senators, I hate to surprise you, but there is no such entitlement. The entitlement that senators have is to receive the report in this chamber in a proper and appropriate way that has been prescribed for quite some time. That is the entitlement. In case there is some confusion about the entitlements, I do not want to begin a debate on the merit of these versus those entitlements. But the fact of the matter is that it is a Senate report demanded by an order of reference of the Senate. The Senate has a right and you have a duty as committee chair to deliver that to the Senate prior to any other actions that you may take on this committee's report.

Now, it is true, perhaps, that some senators are awfully curious and may want to be prepared for events that may happen, but there is no evidence that they will happen. They may want advance copies, but the Senate has always been very stringent about that sort of thing. There is no need now to release senators from that bond of stringency.

Honourable senators, in addition, I notice that you just read to us, dear colleague, of senators, ordinary senators, having to sign embargo agreements pertaining to the committee's report. Having to sign those to place confidential reports is unnecessary and, I would suggest to you, unconstitutional and unparliamentary. This is a debating place, and senators have a right to first shot at the debate.

You are suggesting that senators should stand in a line and go behind the journalists. I do not think so. Perhaps your precedent for this sort of thing is the media coverage around budgets and such issues. This is not similar to the budget which is in the charge of a minister who is confined in very stringent ways on who can know on the budget. This is a report of a Senate committee that has been meeting for quite some time, so it remains largely a public document, still in the ownership of the Senate. Senators, as members of this place, have a right and a duty, and I am sure, dear senator, that you might be surprised to know that the media can wait the extra few hours to receive their Senate report the Senate committee.

Senator McInnis: All valid points. As I reflect on this, and as I said yesterday, if I had my way, if I could retract, I think what I would do is the normal practice and come in here and present the report, and then go have the press conference.

However, some things have changed in terms of communication, as you know, and I was trying to live up to the spirit of that. I was advised that I should do that. But I don't think what we are doing is precedent-setting. I think it has happened by a number of other committees, I am told, over the past period of time, that they — I don't like the words “presenting it back door to the Senate,” but presenting it to the Clerk at a certain time and then having the press conference and then it going public.

In any event, what we're doing and what we're asking to be done here, as I said, is not precedent-setting. It's a new thing here. I hadn't checked the Constitution. I think you said it was unconstitutional. I'm not sure what it is there, but we do have some practices that we attempt to do here, and I think this is trying to find a ground with a new practice.

Senator Cools: I would submit to you, my honourable colleague, that some of those practices that you refer to may be bad practices.

The fact of the matter is that this report has to come into the possession of the whole Senate. That is the issue at hand. Some of the conditions that you have described refer to when the Senate is not sitting. But the Senate must take possession of the report and if it does not, it is not a report of the Senate.

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

Hon. Senators: Question.

The Hon. the Speaker: It was moved by the Honourable Senator McInnis, seconded by the Honourable Senator Wells, that the Special —

Senator Cools: I would like to speak on debate.

The Hon. the Speaker: The question has been called, Senator Cools.

It was moved by the Honourable Senator McInnis, seconded by the Honourable Senator Wells, that the Special Senate Committee on Senate Modernization be permitted, notwithstanding usual practices, to deposit with the Clerk of the Senate its first report, if the Senate is not then sitting and that the report be deemed to have been tabled in the chamber.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: All those in favour of the motion will please say “yea.”

Some Hon. Senators: Yea.

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

Some Hon. Senators: Nay.

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

(Motion agreed to, on division.)

• (1510)

THE SENATE

MOTION FOR MEMBERSHIP OF STANDING COMMITTEE ON CONFLICT OF INTEREST FOR SENATORS—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Fraser, seconded by the Honourable Senator Joyal, P.C.:

That, notwithstanding rule 12-27(1) and subsections 35(1), (4), (5) and (8) of the *Ethics and Conflict of Interest Code for Senators*, the Honourable Senators Andreychuk,

Cordy, Frum, Joyal, P.C. and Tannas, be appointed to serve on the Standing Committee on Ethics and Conflict of Interest for Senators, until such time as a motion pursuant to rule 12-27(1) is adopted by the Senate; and

That, when a vacancy occurs in the membership of the committee before the establishment of the committee pursuant to rule 12-27(1), the replacement member shall be appointed by order of the Senate.

And on the motion in amendment of the Honourable Senator McCoy, seconded by the Honourable Senator Wallace:

That the motion be not now adopted, but that it be amended by replacing all words following the words “*Ethics and Conflict of Interest Code for Senators*,” by the following:

“the Standing Committee on Ethics and Conflict of Interest for Senators be composed of two Conservative senators, two Liberal senators, and one independent senator;

That the Conservative senators select the Conservative members to sit on the committee by means of a secret ballot;

That the Liberal senators select the Liberal members to sit on the committee by means of a secret ballot;

That the independent senators who are authorized to attend the Senate select the independent member to sit on the committee by means of a secret ballot;

That each of the groups of Conservative, Liberal and independent senators select a representative to move a motion in the Senate without notice that the selected senator or senators be a member or members of the committee, which motion shall be deemed seconded and adopted when moved;

That, when a vacancy occurs in the membership of the committee before the establishment of the committee pursuant to rule 12-27(1), the replacement member be appointed by the same process used to name the previous member of the committee; and

That the membership of Standing Committee on Ethics and Conflict of Interest for Senators as established pursuant to this motion remain in effect until such time as a motion pursuant to rule 12-27(1) is adopted by the Senate.”.

Hon. André Pratte: Honourable senators, this amendment proposed by Senator McCoy is extremely important as it addresses the principles of equality, fairness and proportionality

that are the core of the debates on the modernization of our chamber.

[*Translation*]

Since there are now more than 20 independent senators in the Senate, 15 of whom belong to an organized parliamentary group, it is only right and fair that an independent senator should sit on the Standing Committee on Ethics and Conflict of Interest for Senators.

[*English*]

So this is a matter I would like to address further in the coming days. For the moment, I take the adjournment in my name for the remainder of my time.

The Hon. the Speaker: It was moved by the Honourable Senator Pratte, seconded by the Honourable Senator Day, that further debate be adjourned until the next sitting of the Senate.

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

Hon. Senators: Agreed.

(On motion of Senator Pratte, debate adjourned.)

ROLE IN THE PROTECTION OF REGIONAL AND MINORITY REPRESENTATION—INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Seidman, calling the attention of the Senate to its role in the protection of regional and minority representation.

Hon. Joan Fraser: Honourable senators, I first want to thank Senator Seidman for having launched this inquiry, which addresses a subject that has always been close to many of our hearts but that has taken on increasing importance.

I had hoped to speak now properly to this inquiry, but in the light of some recent developments and reports and suggestions about the evolution of the Senate, I want to rework my planned remarks slightly. My convictions may not change, but circumstances may. Therefore, I would move the adjournment for the balance of my time.

The Hon. the Speaker: It was moved by the Honourable Senator Fraser, seconded by the Honourable Senator Hubley, that further debate be adjourned until the next sitting of the Senate.

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

(On motion of Senator Fraser, debate adjourned.)

[Translation]

ADJOURNMENT

MOTION ADOPTED

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

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): Honourable senators, with leave of the Senate and notwithstanding rule 5-5(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, October 4, 2016, at 2 p.m.

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

Hon. Senators: Yes.

The Hon. the Speaker: Any debate?

Senator Bellemare: I think it's obvious that we'll be back at 2 p.m. on Tuesday because there is a lot of work on the Orders of the Day.

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

Hon. Senators: Yes.

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

Hon. Senators: Agreed.

(Motion agreed to.)

(The Senate adjourned until Tuesday, October 4, 2016, at 2 p.m.)

CONTENTS

Thursday, September 29, 2016

	PAGE		PAGE
SENATORS' STATEMENTS		Natural Resources	
Visitors in the Gallery		Forestry—Softwood Lumber Agreement.	
The Hon. the Speaker.	4102	Hon. Ghislain Maltais	4107
Bulgaria		Hon. Peter Harder	4107
Hon. Yonah Martin	4102	Internal Economy, Budgets and Administration	
Visitors in the Gallery		Senate Budget 2016-17.	
The Hon. the Speaker.	4102	Hon. Pierrette Ringuette	4107
Sickle Cell Awareness Month		Hon. Leo Housakos	4107
Hon. Jane Cordy	4102	Finance	
Babyn Yar		Capital Markets Regulatory Authority.	
Seventy-fifth Anniversary.		Hon. David Tkachuk	4109
Hon. A. Raynell Andreychuk	4103	Hon. Peter Harder	4109
Paralympic Games 2016		Health	
Hon. Chantal Petitclerc.	4103	Transfer Payments.	
Visitors in the Gallery		Hon. André Pratte	4109
The Hon. the Speaker.	4104	Hon. Peter Harder	4109
National Seniors Day		Delayed Answers to Oral Questions	
Hon. Victor Oh	4104	Hon. Peter Harder	4110
<hr/>		Veterans Affairs	
ROUTINE PROCEEDINGS		Pensions and Disability Payments.	
Internal Economy, Budgets and Administration		Question by Senator Carignan.	
Seventh Report of Committee Tabled.		Hon. Peter Harder	4110
Hon. Leo Housakos	4104	Justice	
Underground Infrastructure Safety Enhancement Bill (Bill S-229)		Exploitation and Trafficking in Persons.	
First Reading.		Question by Senator Boisvenu.	
Hon. Grant Mitchell.	4104	Hon. Peter Harder	4110
L'Assemblée parlementaire de la Francophonie		National Revenue	
Meeting of the Cooperation and Development Committee,		Tax Avoidance Investigation—KPMG—Isle of Man.	
April 26-28, 2016—Report Tabled.		Question by Senator Carignan.	
Hon. Thanh Hai Ngo	4105	Hon. Peter Harder	4110
ParlAmericas		Agriculture and Agri-Food	
Annual Gathering of the Group of Women Parliamentarians		Food Fraud.	
and the Board of Directors Meeting, June 1-4, 2016—		Question by Senator Dagenais.	
Report Tabled.		Hon. Peter Harder	4111
Hon. Michael L. MacDonald	4105	Fisheries and Oceans	
<hr/>		Shrimp Quotas.	
QUESTION PERIOD		Question by Senator Patterson.	
Foreign Affairs		Hon. Peter Harder	4111
North Korea—Detention of Reverend Hyeon Soo Lim.		Foreign Affairs	
Hon. Yonah Martin	4105	Iran—Justice for Victims of Terrorism.	
Hon. Peter Harder	4105	Question by Senator Frum.	
Finance		Hon. Peter Harder	4111
Review of Tax Expenditures.		Refugees, Citizenship and Immigration	
Hon. Joseph A. Day.	4106	Language Training for Refugees.	
		Question by Senator Ataullahjan.	
		Hon. Peter Harder	4111
		Transport	
		Prince Edward Island—Confederation Bridge Tolls and Fees.	
		Question by Senator Downe.	
		Hon. Peter Harder	4112
		Health	
		Yellow Fever Vaccine.	
		Question by Senator Andreychuk.	
		Hon. Peter Harder	4112

Answers to Order Paper Questions Tabled

Veterans Affairs—Benefits and Services to Veterans and Their Families.	
Hon. Peter Harder	4112
Veterans Affairs—Benefits and Services to Veterans and Their Families.	
Hon. Peter Harder	4112
Veterans Affairs—Benefits and Services to Veterans and Their Families.	
Hon. Peter Harder	4112
Veterans Affairs—Benefits and Services to Veterans and Their Families.	
Hon. Peter Harder	4112
Veterans Affairs—Benefits and Services to Veterans and Their Families.	
Hon. Peter Harder	4112
Veterans Affairs—Veterans Charter.	
Hon. Peter Harder	4113
Veterans Affairs—Veterans Charter.	
Hon. Peter Harder	4113
Veterans Affairs—Benefits and Services to Veterans and Their Families.	
Hon. Peter Harder	4113
Veterans Affairs—Benefits and Services to Veterans and Their Families.	
Hon. Peter Harder	4113

ORDERS OF THE DAY**Income Tax Act (Bill C-2)**

Bill to Amend—Second Reading—Debate Adjourned.	
Hon. Joseph A. Day	4113

The Senate

Motion to Affect Question Period on October 4, 2016, Adopted.	
Hon. Diane Bellemare	4116

Senate Modernization

Committee Authorized to Deposit First Report with Clerk During Adjournment of the Senate.	
Hon. Tom McInnis	4116
Hon. Pierrette Ringuette	4117
Hon. Anne C. Cools	4117

The Senate

Motion for Membership of Standing Committee on Conflict of Interest for Senators—Motion in Amendment—Debate Continued.	
Hon. André Pratte	4119
Role in the Protection of Regional and Minority Representation—Inquiry—Debate Continued.	
Hon. Joan Fraser	4119

Adjournment

Motion Adopted.	
Hon. Diane Bellemare	4120

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