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THE HONOURABLE DAN HAYS
SPEAKER

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THE SENATE

Thursday, November 18, 2004

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

Prayers.

SENATORS' STATEMENTS

THE LATE HONOURABLE GERALD S. MERRITHEW, P.C.

TRIBUTES

Hon. Noël A. Kinsella (Leader of the Opposition): Honourable senators, it was in a rural church near Hampton, New Brunswick, that family, friends and colleagues of the late Honourable Gerald S. Merrithew gathered to pay their final farewell to this great Canadian.

A former federal and provincial cabinet minister, Gerry, as he was affectionately called by all who knew him, is remembered as a wonderful family man, a great New Brunswicker and a loyal Canadian.

On Friday, September 20 last, we gathered at the graveside to lay to rest our friend. Present were members of Parliament, including the local honourable member for Fundy-Royal, Rob Moore, who today is with us below the bar of the Senate. The current and former premier of New Brunswick, along with cabinet ministers, joined with New Brunswickers from all walks of life in bidding adieu to a man who had made so many contributions to his community, province and country.

Premier Bernard Lord expressed the feelings of everyone when he said that Gerry Merrithew will be greatly missed.

Honourable senators, many current and former members of the Senate of Canada recall Gerry Merrithew's work as a cabinet minister in our former colleague Richard Hatfield's provincial Conservative government, and also as a cabinet minister in Brian Mulroney's federal Conservative government. We especially recall his leadership and work in securing for the Saint John shipyard one of the largest naval contracts in Canadian history: the Canadian patrol frigate program.

He had a love of service, and the City of Saint John, the Province of New Brunswick and, indeed, the entire country benefited from the strength of his commitment. I am proud to have known this exceptional New Brunswicker and Canadian, and I extend our condolences to his family.

Hon. Joseph A. Day: Honourable senators, I am honoured to join with Senator Kinsella in paying tribute to a teacher, a soldier and a great politician and public leader for the City of Saint John and the Province of New Brunswick, Mr. Gerald Merrithew. His life was celebrated in a small church in Kings County on Friday, September 10. The Midland Baptist Church happens to have been the same church where the funeral of a former colleague, Senator Cy Sherwood, took place, and he is buried nearby.

Many of Gerry's family, friends, and former and current politicians and business leaders were in attendance.

Gerald Merrithew graduated from New Brunswick Teachers' College, and he obtained his Bachelor of Arts and Bachelor of Education degrees from the University of New Brunswick. With a lifelong interest in the military, he became an officer cadet and later rose to the rank of lieutenant-colonel in the Royal New Brunswick regiment militia. As a high school teacher and then as a school principal, he was active in recreational and cultural affairs, which led to his entering political life. First elected to Saint John Common Council in 1971, he went into provincial politics in a by-election win for the Progressive Conservative Party of New Brunswick in 1972. He was re-elected in 1974 and was appointed Minister of Commerce and Development for the Province of New Brunswick. He won an election again in 1978, and I particularly remember that election because there was a federal by-election going on in the same area at the same time, and he and I were knocking on the same doors. Honourable senators who have been involved in two elections at the same time will know the interest that that creates.

In 1982, he became Government House Leader and Minister of Natural Resources. In 1984, he was elected to the House of Commons and was immediately appointed Minister of State for Forestry and Mines. After winning his seventh consecutive election in 1988, he was appointed Minister of Veterans Affairs.

It is not an exaggeration to say that without the efforts of Gerald Merrithew, the Saint John region of New Brunswick would be a radically different place today. Between 1972 and 1993, he signed off on every major provincial and federal project, improvement and new building in the Saint John area. I will name a few: the Canada Games, which brought the Aquatic Centre to Saint John; UNB Saint John Field House; the Admiral Beatty Senior Citizens Complex; HMCS Brunswicker Naval Reserve facility; Market Square and Harbour Station. In addition, his name will always be synonymous in Saint John with the role he played in bringing the naval frigate program to our city.

However, as much as he will be remembered for his political accomplishments, he will be remembered as well as a devoted husband to his wife, Bobbie, and a wonderful father to his children, Pam, Wendy, Wayne, Bill, Todd and Lisa, and an exceptional grandfather to his nine grandchildren, all of whom have wonderful memories of their visits to the Merrithew farm at the head of the Belleisle Bay, affectionately known as "the farm."

• (1340)

It was impossible not to respect Gerry Merrithew for his work ethic and for his dedication to the citizens of our region. He left Canada, New Brunswick and Saint John better places by reason of his efforts. He will long be remembered as a champion of our region.

TEACHERS' INSTITUTE ON CANADIAN PARLIAMENTARY DEMOCRACY

Hon. Shirley Maheu: Honourable senators, two weeks ago, senators welcomed members of the Teachers' Institute on Canadian Parliamentary Democracy. Almost 100 teachers descended on Parliament Hill from all of the provinces and territories for six days of meetings. This institute is charged with enhancing knowledge and understanding of Canada's bicameral Parliament leading to the promotion of programs that champion citizenship, education and the development and maintenance of effective strategies for teaching about parliamentary democracy.

Part of the program is based on direct contact with Canada's legislators and includes a detailed review of the progress of legislation through both Houses of Parliament. It is a very interactive process, including question and answer sessions with the Speakers of both Houses and opportunities to learn about the Governor General's role, the work of the Library of Parliament and the relationship between Parliament and the Supreme Court of Canada. Participants also had an opportunity to review the place of the Parliamentary Press Gallery in the democratic process, and had a session on the history of the evolution of Canada's electoral system, which included discussions on the merits of alternative electoral models.

We all know that there are many myths about the work of this chamber. It is a constant challenge for all of us to dispel these myths. I presided at one of the sessions during which Senator Nolin responded to teachers' questions. Thanks to him, it was a stimulating and passionate event, to say nothing of being informative.

It occurred to me that we will probably never be able to do enough to educate Canadians about Parliament, but I believe that the programs being pursued by the Teachers' Institute on Canadian Parliamentary Democracy are an essential part of that education. Following the sessions, I heard from many participants that their visit to Ottawa provided their first truly balanced view of the work of the Senate. Their reaction was uniformly positive.

I am grateful that these sessions took place and I look forward to their next visit to Ottawa.

PRIME MINISTER

NEWFOUNDLAND AND LABRADOR AND NOVA SCOTIA—OFFSHORE OIL AND GAS REVENUES—PROMISE DURING RECENT ELECTION

Hon. Donald H. Oliver: Honourable senators, in last June's federal election, the Prime Minister promised Nova Scotia and Newfoundland and Labrador 100 per cent of their offshore oil and gas revenues. This deal was supposed to be in place by the end of the summer, and it is not.

Honourable senators, on June 5, Mr. Martin made a promise to Atlantic Canada. It has now been 165 days since that promise was made, and still there is no deal for Atlantic Canada. Currently, Nova Scotia and Newfoundland and Labrador receive approximately 20 cents of every offshore dollar; the Government of Canada receives 80 cents, including federal corporate income taxes.

In the late 1980s, our former Prime Minister, the Right Honourable Brian Mulroney, demonstrated true leadership and vision when he came to Atlantic Canada. He understood the importance of petroleum revenues to Atlantic Canada's economy. As Mr. Mulroney said in Halifax on November 9:

The intent of the offshore oil accords, for Nova Scotia and for Newfoundland and Labrador, was that both provinces would be the principal beneficiaries of the oil and gas resources off their coasts.

The purpose of these accords was for Nova Scotia and Newfoundland and Labrador to receive the revenues from their respective offshore resources until their economies were at least at the national average level. Certainly honourable senators will agree that the principal beneficiary outcome promised by Mr. Mulroney has not been followed by this government.

Honourable senators, I strongly urge Mr. Martin to honour this campaign promise and follow through in giving Nova Scotia and Newfoundland and Labrador 100 per cent of the revenues they each generate from offshore oil and gas production. As my leader, Mr. Harper, said in Nova Scotia last week:

In the election the Prime Minister made a promise to Atlantic Canada. And that promise was absolutely clear. It was crystal clear. The issue now is: Do it.

NATIONAL CHILD DAY

Hon. Catherine S. Callbeck: Honourable senators, I rise in the Senate in recognition of National Child Day. National Child Day, which is celebrated on this coming Saturday, commemorates the unanimous adoption of the Convention on the Rights of the Child by the United Nations General Assembly on November 20, 1989. Canada ratified the convention in December 1991 and designated November 20 as National Child Day.

The UN Convention on the Rights of the Child addresses the rights of children and youth under the age of 18. It recognizes their basic human rights and gives them additional rights to protect them from harm. The convention itself covers many issues of importance to children and youth around the world, from a child's right to be free of exploitation, to the right of education, health care and economic opportunity. Since the adoption of the convention, it has been signed and ratified by more countries than any other international treaty.

This year's theme is "A Canada Fit for Children." As part of National Child Day celebrations, over 200 children and youth will be present in the Senate foyer tomorrow morning to present a program of song, dance and theatre. This event has been organized by Child and Youth Friendly Ottawa and the theme — Respect Me, Respect You — has been chosen in recognition of Anti-Bullying Week. I commend Senator Mercer and Senator Munson for hosting this event in the Senate.

There is a Prince Edward Island connection to tomorrow's celebration. Connor Currie, the grandson of two Islanders, Don and Margaret Coles, will be performing a solo with the Counterpoint Children's Choir.

I urge all honourable senators to attend tomorrow morning to watch and listen to these children and youth in celebration of National Child Day.

THE LATE ALEXANDER "RAGS" RAGULIN

TRIBUTE

Hon. Francis William Mahovlich: Honourable senators, I just received a phone call a few moments ago from a Russian reporter who stated that one of their all-star hockey defencemen had passed away. His name was Alexander Ragulin. "Rags" won a total of 13 titles. He holds that record along with Vladislav Tretiak. He also won three gold medals in the Olympics in 1964, 1968 and 1972.

Rags was known as the Russian bear. He was difficult to play against, being a huge man and hard to get around. He played his position very well and was a well-disciplined player.

I had an opportunity to meet him a few years ago at a reunion. In 1972, he was the eldest of the Russian hockey players that participated in that famous series. He was 30 years old. I happened to be 34 at the time, so I was one of the eldest on Team Canada.

I am sure all honourable senators are saddened to hear of the passing of such a great sportsman and hockey hero.

ROUTINE PROCEEDINGS

PUBLIC SERVICE INTEGRITY OFFICER

2003-04 ANNUAL REPORT TABLED

Hon. Bill Rompkey (Deputy Leader of the Government): Honourable senators, I have the honour to table in the chamber, in both official languages, two copies of a document entitled "Public Service Integrity Officer, 2003-04 annual report to Parliament."

• (1350)

HUMAN RIGHTS

BUDGET AND AUTHORIZATION TO ENGAGE SERVICES—REPORT OF COMMITTEE ON STUDY OF ISSUES RELATED TO NATIONAL AND INTERNATIONAL OBLIGATIONS PRESENTED

Hon. A. Raynell Andreychuk, Chair of the Standing Senate Committee on Human Rights, presented the following report:

Thursday, November 18, 2004

The Standing Senate Committee on Human Rights has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on Wednesday, November 3, 2004, to examine and monitor issues relating to human rights and, *inter alia*, to review the machinery of government dealing with Canada's international and national human rights obligations, respectfully requests for the purpose of this study that it be empowered to engage the services of such counsel, technical, clerical and other personnel as may be necessary.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

A. RAYNELL ANDREYCHUK
Chair

(For text of budget, see today's Journals of the Senate, Appendix B, p. 194.)

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

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

BUDGET AND AUTHORIZATION TO ENGAGE SERVICES—REPORT OF COMMITTEE ON STUDY OF INTERNATIONAL OBLIGATIONS REGARDING CHILDREN'S RIGHTS AND FREEDOMS PRESENTED

Hon. A. Raynell Andreychuk, Chair of the Standing Senate Committee on Human Rights, presented the following report:

Thursday, November 18, 2004

The Standing Senate Committee on Human Rights has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Wednesday, November 3, 2004, to examine and report upon Canada's international obligations in regard to the rights and freedoms of children, respectfully requests for the purpose of this study that it be empowered to engage the services of such counsel, technical, clerical and other personnel as may be necessary.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

A. RAYNELL ANDREYCHUK
Chair

(For text of budget, see today's Journals of the Senate, Appendix A, p. 188.)

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

[Translation]

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

[Translation]

TRANSPORT AND COMMUNICATIONS

BUDGET, AUTHORIZATION TO ENGAGE SERVICES AND TRAVEL—REPORT OF COMMITTEE ON STUDY OF MEDIA INDUSTRIES PRESENTED

Hon. Joan Fraser, Chair of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, November 18, 2004

The Standing Senate Committee on Transport and Communications has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Tuesday, October 19, 2004 to examine and report on the current state of Canadian media industries; emerging trends and developments in these industries; the media's role, rights, and responsibilities in Canadian society; and current and appropriate future policies relating thereto, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary, and to adjourn from place to place within Canada for the purpose of its study.

Pursuant to Chapter 3:06, section 2(1)(c) of the *Senate Administrative Rules*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JOAN FRASER
Chair

(For text of budget, see today's Journals of the Senate, Appendix C, p. 202.)

[English]

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

On motion of Senator Fraser, with leave of the Senate and notwithstanding rule 58(1)(g), report placed on the Orders of the Day for consideration later this day.

DEPARTMENT OF PUBLIC SAFETY AND EMERGENCY PREPAREDNESS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, to establish the Department of Public Safety and Emergency Preparedness and to amend or repeal certain Acts.

Bill read first time.

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

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

[English]

INTER-PARLIAMENTARY UNION

PARLIAMENTARY CONFERENCE OF WORLD TRADE ORGANIZATION, SEPTEMBER 6-7, 2004— REPORT TABLED

Hon. Donald H. Oliver: Honourable senators, I have the honour to table, in both official languages, the report of the Canadian delegation of the Inter-Parliamentary Union (IPU) to the Seventh Session of the Steering Committee of the Parliamentary Conference of the WTO held in Geneva, Switzerland, from September 6 to 7, 2004.

MEETING OF STEERING COMMITTEE OF TWELVE PLUS GROUP, SEPTEMBER 10-11, 2004— REPORT TABLED

Hon. Donald H. Oliver: Honourable senators, I have the honour to table, in both official languages, the report of the Canadian delegation of the Inter-Parliamentary Union (IPU) to the Meeting of the Steering Committee of the Twelve Plus Group held in Ghent, Belgium, from September 10 to 11, 2004.

PUBLICLY FUNDED POST-SECONDARY EDUCATION

NOTICE OF INQUIRY

Hon. Elizabeth Hubley: Honourable senators, pursuant to rule 57(2), I give notice that on Tuesday next, November 30, 2004:

I will call the attention of the Senate to the merits of establishing a universally publicly funded system of post-secondary education in Canada as a national social and economic program and to the adoption of federal legislation setting out the mission, role and responsibilities of the government with respect to post-secondary education.

QUESTION PERIOD

INDUSTRY

TECHNOLOGY PARTNERSHIP PROGRAM— REPAYMENT OF LOANS

Hon. Donald H. Oliver: Honourable senators, my question is for the Leader of the Government in the Senate and deals with the Technology Partnership Program. An internal audit of Industry Canada has revealed that most of the \$2.7 billion advanced through the Technology Partnership Canada Program will never be recovered, in spite of the government's insistence that the money is repayable. In one report, the Government of Canada is said to have known for some time that most of the money will not be recoverable. When will the government come clean and stop telling Canadians that these are repayable investments?

Hon. Jack Austin (Leader of the Government): Honourable senators, the program has been very successful in stimulating technological entrepreneurship in Canada. The nature of the program is that it has a higher risk than that which would be taken by a normal commercial investor. The government has been completely open about the programs that have been subscribed to. It has been completely open about the amount of funds recovered in the program and the amount of funds invested in the program.

Senator Oliver: In terms of accounting, will the honourable minister tell us if the government intends to keep it on their books as a receivable, or will they write it off, knowing that these funds will not be repaid?

Senator Austin: Honourable senators, I will make inquiries with respect to the accounting procedure.

TECHNOLOGY PARTNERSHIP PROGRAM—LOAN TO CANADA SHIPBUILDING AND ENGINEERING

Hon. Donald H. Oliver: Honourable senators, last year Technology Partnership Canada paid \$4.9 million to Canada Shipbuilding and Engineering. The payment was the subject of considerable controversy in the media, not only because CSE is half owned by the Martin family but because the payment appears to have violated program rules that prevent MPs from directly benefiting from it.

• (1400)

Can the Leader of the Government in the Senate assure senators that Canadians are not misled when the government press release called this a "conditional repayable investment"?

Hon. Jack Austin (Leader of the Government): Honourable senators, I am not aware that there has been any breach in the regulations relating to the program, or with respect to the behaviour of any member of Parliament.

AGRICULTURE AND AGRI-FOOD

AID TO INDUSTRY

Hon. Leonard J. Gustafson: Honourable senators, I rise this afternoon to ask questions in regard to the agricultural situation. I feel like a voice crying in the wilderness on this serious issue that we are facing.

The Saskatchewan Association of Rural Municipalities recently held their convention. This is when rural municipal authorities come together to discuss pertinent issues. Neil Harvey, the President, made the observation that many grain farmers are facing their worst crisis in 50 years. The situation in his home province is such that there is a great deal of poor quality grain and nobody wants to buy it. It is bringing 87 cents a bushel, if you can imagine. In his view, Mr. Harvey and other farmers will not have the money to pay their bills or plan a crop for next year.

In this regard, I have many questions for the Leader of the Government in the Senate, and I appreciate the honourable senator's attempts to answer them. Much of Saskatchewan has had three frosts, and section after section of land has not been harvested, will not be harvested, and will be burnt. Combined with the other problems the farmers are dealing with, including BSE — although I believe that that problem will be solved because the newly-elected President of the United States believes in free trade — they are facing a crisis situation.

Would the Leader of the Government in the Senate convey to the cabinet the gravity of the frost situation that has hit farmers in Saskatchewan?

Hon. Jack Austin (Leader of the Government): Honourable senators, Senator Gustafson is addressing a very serious problem in the agricultural sector in Western Canada, and particularly in Saskatchewan. As he correctly says, weather has been adverse, with drought and then early frosts, and as a result, the harvest of quality grain in Saskatchewan is at almost the lowest level of production in recent times.

The circumstances are obviously well known to the Minister of Agriculture. I am advised that he is in discussions with respect to what might be ongoing in the way of a cooperative program between the federal government and the province of Saskatchewan.

Honourable senators, Senator Gustafson mentioned BSE. I was advised just before noon today that the United States Department of Agriculture has announced that a possible second case of BSE has been suspected. The USDA say, however, that they will not have conclusive results for four to seven days from today. They have assured the American public that the animal did not enter the food or feed chain, and there is no risk to human health.

One of the critical issues for us is the origin of that animal. Nothing is known about its origin; at least nothing has been given to the public on that particular subject. I wanted honourable senators to be aware of this matter.

Senator Gustafson: Honourable senators, I want to thank the Leader of the Government in the Senate for that information, which is of a serious nature, of course.

The Minister of Finance, who hails from Regina, has come up with a surplus of \$8.9 billion, to be exact, and Saskatchewan now announces that they have become a “have” province, according to *The Globe and Mail* of yesterday’s date. I want to say, however, that there are two kinds of economies in Saskatchewan: There is the agricultural economy and then there is the oil economy, which is very strong because of the high price of oil.

Given the reality that there is money available, would the Leader of the Government in the Senate not agree that it is time we invested very seriously in the salvation of agriculture in Canada?

Senator Austin: Honourable senators, all of us note, with pleasure, the fact that Saskatchewan is now a province contributing to the equalization pot rather than being dependent upon it. In addition to the oil industry, of course, the potash and uranium industries are performing extremely well, as are high tech industries in Saskatchewan. Certainly, agriculture has an equitable claim on the Canadian *fiscus* and I believe has been well-served.

A number of demands are being made on the Government of Canada at this time with respect to new programs. Some are even representing that we should have tax cuts, Senator Gustafson.

Senator Gustafson: Honourable senators, I would like to emphasize the importance of the government investing in agriculture. Our farmers are hard working and conscientious. They are very distraught and morale is low at the thought of even planting a crop in spring, since everybody is in the same very difficult situation.

Given the realities of the financial ability of the federal government, and even the provincial government, I would say that the Government of Saskatchewan has been negligent. I hear no one from the Government of Saskatchewan saying anything about that situation. In fact, they did not meet their equalization payments with the federal government under the CAIS program. They shortchanged the program by 25 to 40 per cent.

I believe it is time we invested in agriculture. In the United States, it does not matter if people are from New York or Los Angeles or Seattle, they will stand behind the heartland and build the country. Therefore, I would ask the Leader of the Government in the Senate to convey that thought and request to cabinet.

Senator Austin: Honourable senators, I will bring Senator Gustafson’s statements and questions today to the attention of the Minister of Agriculture.

CITIZENSHIP AND IMMIGRATION

ALLEGATIONS OF POLITICAL INTERFERENCE BY MINISTER— INVESTIGATION BY ETHICS COMMISSIONER

Hon. Marjory LeBreton: Honourable senators, the Ethics Commissioner is investigating the actions of Judy Sgro, the Minister of Citizenship and Immigration, regarding a temporary residency permit she gave to a Romanian dancer who worked on her re-election campaign. Earlier this week, Scott Reid, who seems to speak for the government all the time as the Prime Minister’s Communications Director, announced that the Prime

Minister’s Office will not conduct an internal investigation into the matter, saying that the minister has conducted herself appropriately. In today’s *Toronto Star* there is a report that the Prime Minister’s Office — and Mr. Reid, in particular — had learned of the allegations some time ago and that, in the words of Mr. Reid, “Assurances were sought and assurances were given.”

Could the Leader of the Government in the Senate tell us when the Prime Minister’s office was made aware of allegations of impropriety involving campaign workers and their immigration status?

Hon. Jack Austin (Leader of the Government): Honourable senators, I am not in possession of any of that information, but I will seek it on behalf of Senator LeBreton.

Senator LeBreton: Honourable senators, Mr. Reid claims that the Prime Minister’s Office did not have knowledge of these allegations of political interference until well after July 20, when the Prime Minister reappointed Ms. Sgro to cabinet. However, the incidents most likely took place in June during the election campaign.

Would the Leader of the Government in the Senate state unequivocally that the Prime Minister’s Office had no knowledge of the allegations of political interference against Ms. Sgro and her staff before reappointment to her cabinet portfolio as Minister of Citizenship and Immigration?

Senator Austin: Honourable senators, again, I will make an inquiry.

• (1410)

HEALTH

SHORTAGE OF PHYSICIANS

Hon. Wilbert J. Keon: Honourable senators, I have a question for the Leader of the Government in the Senate about the doctor shortage in Canada. The Minister of Health has made recent comments that seem to assign any future blame for physician shortages directly to the provinces. Speaking to a Liberal Party meeting in Manitoba, the minister, referring to the health accord funding, said the following:

I can tell you with \$41 billion additional, there is now no excuse on the part of the provinces to continue to have shortages of nurses and doctors.

The Manitoba health minister has called these words unhelpful, and has also said that the notion that 2.5 per cent of our base spending would remedy the shortage of doctors and nurses is fanciful, to say the least.

Could the leader tell us if this is indeed the last word or the state of discussions on this subject, or does he believe some further discussions are possible?

Hon. Jack Austin (Leader of the Government): Honourable senators, I am not aware of the exchange of points of view that are cited by Senator Keon, but we are all aware of views given in various professional reports that more doctors have to be trained in Canada, and I suppose the Minister of Health is hoping that some of the \$41 billion being transferred to the provinces will be devoted to that objective.

Senator Keon: Honourable senators, in his comment, the minister clearly associates the additional health accord funding with a long-term remedy for physician shortages. Those words seem to confirm the fears expressed by many people, including myself, that national strategies to deal with the manpower shortage are not being planned. Indeed, I empathize with the federal minister because many prospective physicians are walking about in Canada who could be qualified and put into the workforce, and it is not happening. Barriers are being raised by many groups of people along the way, and things that should be happening are not happening.

Therefore, it is my belief that things will not change until we have a national strategy to deal with the manpower shortage. I would ask the leader if there is any possibility that there could be an undertaking to get a national strategy under way to deal with this situation.

Senator Austin: Honourable senators, on the question of foreign qualifications, the federal government is making a very determined effort to move forward. As the honourable senator well knows, the certification of those people with foreign qualifications is the responsibility of the provinces, but the federal government has a program under way to ascertain what steps need to be taken and to use its persuasion to overcome the resistance of groups to which the honourable senator refers.

With respect to domestic training, this is an area in which the federal government is transferring substantial funds to universities, including the health care field for research, for training and, indeed, for capital facilities and equipment. I cannot quantify the programs. I do not have the information directly at hand, but I think that the federal government is very much cognizant of the concerns that the honourable senator is expressing and is acting on those concerns.

Again, back to the comment of the Minister of Health, I have no doubt he is aware of all of this, and it is normal for federal ministers to try to encourage the provinces to move in certain directions and for provinces to try to encourage the federal government to move in certain directions.

HERITAGE

CHILDREN OF MOWACHAHT MUCHALAHT FIRST NATIONS—REQUEST TO FUND VISIT TO OTTAWA FOR OPENING OF YUQUOT EXHIBIT

Hon. Pat Carney: Honourable senators, my question is addressed to the Leader of the Government in this chamber. The Minister of Canadian Heritage has refused a request to bring Aboriginal children from the Mowachaht Muchalaht First Nations, whose historic home is Yuquot, here to Ottawa for the opening of the Encounters at Yuquot exhibit at the Canadian Museum of Civilization, December 8 and 10. The children had hoped to perform a traditional song and dance at the Yuquot exhibit, which celebrates their heritage. Their school is in Gold River, but they are Yuquot children.

Being an ardent British Columbian, I know the minister is aware that Nootka Sound is one of the most historic places in Canada. It is the site of the first European contact with Aboriginal people of the Northwest, in the form of Captain James Cook. It is the site of the first Franciscan Catholic church in the Northwest, and it is where Captain Vancouver and Captain Quadra met to sign the Nootka Convention, which broke the Scottish domination of the Pacific and opened up the Pacific to other nations. It is one of the most fascinating parts of our history.

Yet, the Minister of Canadian Heritage has said no to this request for a modest \$20,000 to bring the Aboriginal children to Ottawa so that they can see that Canada cherishes their heritage. What can the minister do to ensure that these children can come to the nation's capital and participate in the opening of this Yuquot exhibit?

Hon. Jack Austin (Leader of the Government): Honourable senators, I might add to the historical information that Nootka Sound was the location of the first Spanish trading posts, which were established even before the British arrived on the Pacific coast. We have monuments in Victoria to the Spanish presence on Vancouver Island.

With respect to the specific question, I will inquire into the matter. It would be helpful if the honourable senator could tell me the date of the event planned here in Ottawa.

Senator Carney: I love debating with my fellow British Columbian. Cook made the first contact, according to the Encyclopedia of British Columbia, in 1778. The Spanish arrived later, and the Nootka Convention, I believe, was in the 1790s. I am not sure of that date but, believe me, Cook is the first encounter. La Pérouse, for the record, did go to the Northwest but never set foot on land, so that may be where the leader is getting confused. We share a common interest in our province.

What I do not understand is that the Minister of Canadian Heritage referred this request for money to Ethel Blondin-Andrew, who is the Minister of Northern Development. Yuquot is on Vancouver Island, and the mandate of Northern Development is Yukon and Northwest Territories, so it might be useful if the office of the Minister of Canadian Heritage knew the difference between British Columbia, Yukon and Northwest Territories.

What I further cannot understand is why the Minister of Canadian Heritage, who refused this modest request for what could not be much more than \$20,000, was able to find \$50,000 to produce the pornographic movie, *Bubbles Galore*; \$98,000 for a book on dumb blond jokes; \$193,672.88 to produce a movie, *Kid Nerd*, about adults who have come to terms with nerdiness; and \$194,855.30 to produce the movie, *Frank the Rabbit*, about how humans and rabbits formulate and justify beliefs.

I would like to suggest to this chamber that Yuquot is at least as important as dumb blond jokes and that the minister should spare no effort to get that \$20,000 so that those kids can be here from December 8 to 10, a mere three weeks away, and participate in this event. I will forward the correspondence.

Senator Austin: Honourable senators, again, I will go back to Margaret Ormsby's history of British Columbia and check my facts, but certainly my impression was that the Spanish came up from Mexico before Captain Cook.

With respect to the children of Yuquot, I will look into the matter and bring the representations of Senator Carney to the Minister of Canadian Heritage.

• (1420)

Senator Carney will know, as a former minister in a previous government, that departments have different programs with funds accessible by the media and creative people, for example. We even encourage fringe thinking in this country. Perhaps the program that would apply to the Yuquot children is a different program with different funding.

Senator Carney: It certainly will not be a program in the Northwest Territories or Yukon. I do not care where the money comes from; I want the \$20,000 to bring those kids to Ottawa.

[Translation]

INDUSTRY

FINANCIAL SUPPORT TO AEROSPACE INDUSTRY

Hon. Jean-Claude Rivest: Honourable senators, my question has to do with the aerospace industry. This morning, a coalition of businesspeople and representatives of the Quebec labour movement urged the Canadian government to adopt a policy as quickly as possible to support the Canadian aerospace industry. We know that Bombardier might leave Quebec and Canada and set up in certain American states that are offering advantages the Canadian government has not.

In Quebec, people are increasingly pressing the federal government to act since the aerospace industry is vital to Quebec's economy. Quebeckers are surprised that, in the last election campaign, the federal government promised to support the auto industry in southern Ontario without any specific business plan having been presented. It had \$700 million for Ford. When Bombardier's management went to the federal government, they were asked to provide a concrete plan. Only then would the government be able to make a commitment.

Why is the federal government so slow to provide clear-cut support to Bombardier, one of Canada's major companies?

[English]

Hon. Jack Austin (Leader of the Government): Honourable senators, it is well known that the manufacturing capacity of the aerospace industry in Canada is one of the prime manufacturing sectors of our economy, and the Government of Canada, regardless of what party has been in office, has been solidly behind that industry. It is not only Bombardier, although they are a significant part of that industry. There are a number of other manufacturing and supply facilities across Canada, including in my own province of British Columbia, the province of Manitoba, the province of Ontario and in Atlantic Canada. Any time a major project is developed, benefits spread across Canada.

I will look into the story referred to by Senator Rivest and raise the matter personally with the Minister of Industry. As far as I am aware, however, government support for the aerospace industry has in no way been diminished.

CANADA-UNITED STATES RELATIONS

COMMENTS BY MEMBER FOR MISSISSAUGA-ERINDALE— DISMISSAL FROM LIBERAL CAUCUS

Hon. David Tkachuk: Honourable senators, the Leader of the Government in the Senate mentioned fringe thinking. Could the minister confirm that the Member of Parliament for Mississauga—Erindale, Ms. Carolyn Parrish, has been removed from the parliamentary caucus of the Liberal Party of Canada?

Hon. Jack Austin (Leader of the Government): Honourable senators, that is my understanding.

Senator Tkachuk: What action did she take that precipitated this response when yesterday the Leader of the Government was vociferously defending her right to freedom of speech?

Senator Austin: Honourable senators, her right to freedom of speech continues, probably unimpaired in every possible way. However, I will read a statement made by the Prime Minister this afternoon:

After speaking with the caucus executive earlier this afternoon, I am announcing my decision, effective immediately, to dismiss Carolyn Parrish from the government caucus.

I called her a short time ago and told her of my decision. I told her that, while I have defended her right to express her views frankly, I cannot, as Leader of our party and the government caucus, tolerate behaviour that demeans and disrespects others. It is unacceptable. There are better, more civil and more effective ways to make your case than those she has chosen.

Senator Tkachuk: Honourable senators, although the action was taken late, and although Ms. Parrish has used language that is demeaning, unbecoming and rude in the past, this action by the Prime Minister, although it hurts me to say so, must be commended by members on this side.

Hon. Marcel Prud'homme: Honourable senators, on the same issue, I must admit that, as the longest-sitting parliamentarian, I am very worried about this dismissal. I am extremely pro-United States of America, and if people do not like it, tough luck. I have written reports saying that if we were to abolish parliamentary associations due to public opinion, the one association that should remain is the Canada-U.S. association. That was written for the two Speakers in 1993 in the Prud'homme report and reaffirmed in the Strahl-Prud'homme report in 1998.

I stand very clearly as pro-United States of America, our neighbour and friend, but I am extremely disturbed about this situation. If Ms. Parrish had been in cabinet, I would applaud her dismissal. If she were a parliamentary secretary with a title, I would say this is the right of the Prime Minister. However, as

horrendous as we may think she is, as difficult as she may be and whatever she may say, I am extremely worried about freedom of expression in this country inside political parties when someone who has served her country in her own way is expelled from a political party. There are ways to create a vacuum behind a member rather than throwing them out. It is ultimately the electors who should decide.

I am extremely worried about the definition of “freedom of expression.” I know the Conservatives think this was a good move even though, according to them, it was a late move. I, however, am surprised that the Prime Minister, who is my friend and whose father was my friend, went that far in his intolerance.

Senator Austin: Honourable senators, I can only treat Senator Prud’homme’s statement as a representation of his point of view.

ORDERS OF THE DAY

INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT (AIRCRAFT EQUIPMENT) BILL

SECOND READING—DEBATE ADJOURNED

Hon. Gerard A. Phalen moved second reading of Bill C-4, to implement the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment.

He said: Honourable senators, I welcome this opportunity to speak at the second reading stage of Bill C-4. I am certain we all agree that a strong and competitive aviation industry is an important economic facilitator that drives Canada’s economy. Furthermore, I think we all recognize that the aviation industry sector has faced significant challenges over the past few years.

• (1430)

Economic shocks and other geopolitical events such as the September 11 terrorist attacks, the fear of new acts of terrorism, severe acute respiratory syndrome and record high fuel prices have all impacted negatively upon this sector. As a result of these pressures, industry stakeholders have been calling on the Government of Canada to implement broad measures to assist the difficult situation facing the airline and aerospace sectors.

Honourable senators, the adoption of Bill C-4 demonstrates the government’s commitment to the long-term viability of the Canadian airline and aerospace industries, and will help our industries compete more effectively in the global economy by facilitating their access to capital markets.

Canada played a leading role in the negotiation and development of the Cape Town Convention and Aircraft Protocol. As a matter of fact, it was a Canadian delegate to the International Institute for the Unification of Private Law that first proposed the establishment of an international registry for

security interests in aircraft in 1988. Since then, governments and industry stakeholders worldwide have cooperated in developing the convention and aircraft protocol.

The introduction of this legislation establishes that Canada is taking an important step toward ratification of the convention and aircraft protocol. The eventual implementation of the convention and aircraft protocol in Canada would reaffirm Canada’s leadership role in international civil aviation.

On March 31, 2004, Canada became the twenty-eighth state to sign the convention and aircraft protocol. Our signature was added to a list of other countries with significant aviation and aerospace interests, including France, Germany, the United Kingdom and the United States.

While it has taken more than 15 years for this initiative to come to fruition, it has met with approval from both the airline and manufacturing elements of the aviation industry, as well as those providing financing for it.

Throughout the process leading up to the introduction of the legislation, stakeholders have been continually consulted. Representatives of the Canadian industry were present and participated in many of the meetings leading up to the diplomatic conference at Cape Town, as well as at the meetings that formally adopted these international instruments. It is clear that the adoption of this bill will be an important step in the creation of an international regime that the aviation industry sees as beneficial.

The rationale behind the convention and aircraft protocol, honourable senators, is the establishment of an international legal regime that includes remedies to creditors in cases of default. The new regime will reduce the risks associated with financing and provide greater certainty to creditors and aircraft manufacturers. As a result of this increased certainty, large amounts of credit are expected to be made available to airlines at a lower cost, ultimately generating increased airline earnings and profitability and important spinoff benefits to the economy.

A second feature of the convention and aircraft protocol is that these provide for the creation of an international registry for rights in aircraft that will set the order of priority among purchasers and creditors. The creation of a single international registry will provide considerable advantage in terms of time, cost savings and improved certainty in resolving questions of priority of interests. This bill is required to give force of law to the provisions of the convention and aircraft protocol that fall within federal jurisdiction.

Honourable senators, this bill provides for a number of targeted amendments to existing legislation. For instance, the proposed amendments to the Bank Act will permit the carving out of larger aircraft equipment from its purview and direct new registrations to the international registry. The Bank Act special security regime allows banks in Canada to register security interests on a national basis for certain products listed in the act. The types of products that can be registered under the Bank Act are technically broad enough to include aircraft equipment covered by the new protocol. However, it appears that the Bank Act special security regime is rarely, if ever, used to register aircraft. Nonetheless,

amendments to the Bank Act would be required to avoid potential overlap with the proposed international registry. The most effective means of doing this is to remove aircraft equipment from the scope of the Bank Act.

The proposed amendments to the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act and the Winding-up and Restructuring Act will provide greater certainty for aviation creditors, thus benefiting Canadian aircraft manufacturers, financiers and airlines on an international level.

The bill provides for a special remedy in the case of insolvency that would impose a fixed-stay period of 60 days. After this period, creditors could reclaim an aircraft or aircraft equipment on which they have a security, if the lessee has failed to meet its obligations under the lease. The adoption of this stay period would increase certainty in the system and would level the playing field between Canada and the United States. The United States industry already benefits from a similar provision under the U.S. Bankruptcy Code.

Honourable senators, stakeholders have conveyed that there are substantial benefits expected following the passage of this proposed legislation and Canada's ratification of the convention and aircraft protocol. As I have already mentioned, airlines expect that the new regime will enhance their ability to obtain financing for their aircraft because the system provides increased security for creditors. Since the rules provided for in the convention and aircraft protocol and this bill reduce their financial risk, it is expected that creditors will make greater levels of credit available and at lesser costs. This will have a direct financial impact on the airlines' bottom line by reducing their costs of borrowing money.

Aircraft manufacturers are expected to benefit from increased sales, especially to those countries that do not currently benefit from asset-based financial regimes, as a result of reduced financing costs. Consumers can also be expected to benefit. Airlines can pass on the realized cost savings to passengers by lowering ticket prices or by increasing services. Furthermore, air transportation can become safer and environmentally cleaner by allowing airlines to purchase more modern aircraft at reduced costs.

Improving the competitiveness of the Canadian airline and aerospace sectors will also work to maintain highly paid, specialized jobs in Canada, leading to positive spinoff effects in all regions of Canada.

As I have alluded to already, not only do Canadians benefit by the adoption of this treaty, but so would developing nations. When implemented in developing countries, the convention and aircraft protocol would result in reduced costs of financing and would make financing available where it would not otherwise be. As a result of the increased certainty that is afforded to creditors, airlines will be more willing to dispose of surplus aircraft in developing markets. Manufacturers, too, would be more willing to sell aircraft to developing countries. These markets will then benefit from obtaining safer, more efficient and more environmentally friendly aircraft than may be in current use.

Honourable senators, the second major feature of the convention and aircraft protocol comprises the creation of a worldwide Internet-based international registry that would be available and accessible by any individual or company 24 hours a day, seven days a week. The existence of a single worldwide electronic international registry, by recording and searching interests in aircraft equipment, is viewed by stakeholders, including the legal community, manufacturers and financiers, as a considerable advantage in terms of time, cost savings and improved certainty.

• (1440)

This international registry is being established and will be operated by Aviareto, an Irish-based company, which was selected through a tendering process supervised by the International Civil Aviation Organization, known as ICAO. A permanent supervisory authority will oversee the operation of the registry. This permanent supervisory authority will, among other things, have the authority to appoint and dismiss the registry operator, make regulations dealing with the operation of the registry, establish a procedure for receiving complaints, set the fee structure, and report to the contracting states.

As a signatory party and a key participant to date, Canada will continue to work through ICAO to ensure that Canadian interests will be protected throughout this process.

It is important to note, honourable senators, that provincial and territorial implementation legislation is also required before the convention and aircraft protocol can take effect in respect of Canada. The provinces and territories have consistently demonstrated their interest and support for these instruments.

Already, Ontario and Nova Scotia have passed implementing legislation that we could expect to enter into force following Canada's ratification of the convention and aircraft protocol. It is expected that other provinces and territories will follow suit, especially those with significant aviation interests.

I cannot stress enough that the Government of Canada has been working closely with the provinces and territories throughout this initiative and that they continue to be consulted through the Uniform Law Conference of Canada and through the Department of Justice Advisory Group on Private International Law.

For a country like Canada, the convention contains only a few major innovations. However, it will provide other countries with a considerable measure of legal improvements that may well assist them in getting the most out of their economies while at same time providing enhanced opportunities for Canadian business.

As already outlined, the benefits to Canada of implementing this bill and ratifying the convention and protocol include greater security for creditors, increased competitiveness of the Canadian aerospace and airline industries, maintaining jobs in Canada and spinoff effect for various regions within Canada.

In conclusion, honourable senators, I reiterate that the adoption of this bill would confer significant benefits to the airline and aerospace industries. The advantages of implementing the convention and aircraft protocol are obvious.

I would ask that honourable senators support the adoption of Bill C-4.

On motion of Senator Tkachuk, debate adjourned.

TRANSPORT AND COMMUNICATIONS

BUDGET AND AUTHORIZATION TO ENGAGE SERVICES AND TRAVEL—REPORT OF COMMITTEE ON STUDY OF MEDIA INDUSTRIES ADOPTED

The Senate proceeded to consideration of the second report of the Standing Senate Committee on Transport and Communications (budget—study on the Canadian media) presented in the Senate earlier this day.—(*Honourable Senator Fraser*)

Hon. Joan Fraser moved the adoption of the report.

She said: Honourable senators, having asked for leave to proceed, I ought to explain why. The reason is quite simple. This is a budget request. I appreciate the fact that the Standing Committee on Internal Economy, Budgets and Administration gave rapid consideration to the request the deputy chairman, Senator Tkachuk, and I made just a couple of days ago.

We are seeking authorization to spend \$100,000 almost entirely on travel. Senators will recall that our study into the news media was authorized a year and a half ago by the Senate. In the previous Parliament, travel for the purposes of conducting that study was authorized, but because of prorogation and dissolution we were unable to do the required travel.

It is our hope to travel to Toronto and Montreal — that is to say, the major media centres in Canada — in December. We would appreciate the ability to start organizing that travel as quickly as possible, which is why we are requesting that this report be adopted today.

Senator Kinsella: Question!

Hon. Marcel Prud'homme: Honourable senators, something is troubling some senators, although it is not necessarily the committee budget of the Honourable Senator Fraser. We know that there is a certain amount of money for all committees, even though the Standing Senate Committee on Foreign Affairs, of which I am a member, has not seen fit to sit yet. I am extremely worried that the oldest committee has not seen fit to choose what it will study. I say that, as we say, *en passant*.

The difficulty in which I find myself has nothing to do with the Honourable Senator Fraser, the distinguished Chair of the Standing Senate Committee on Transport and Communications, who is able, competent and diligent; but there is only so much money at the disposal of our committees. Earlier this week we saw another committee ask for hundreds of thousands of dollars for, I am sure, a good purpose. However, what will be left at the end of

the day for other committees wishing to study special issues if we accept, right away, the request for such a vast amount of money for one committee, as worthwhile as the request may be?

I remember the discussion we had with Senator Bacon. I know that Senator Bacon, when she was Chair of the Internal Economy Committee, had to worry about distributing funds equally among all committees — and to have a reserve. Good administrators should always have a reserve on the side for emergencies.

I see that we will have to deal piecemeal with this issue. It seems there are those who are fast on the clutch in asking for a big budget, and tough luck to those who are left behind. I know that Senator Robichaud has always been attentive to these matters, and I know that he is now paying attention. I see a lot of approval on the other side as to what we are up to.

• (1450)

I was always under the impression that when we do tackle these matters, we have an overall picture of what the program of action will be, and then we try to accommodate and divide equally, making penitence for some and making it more difficult for others. I spoke with Senator Carstairs. From recent human experience, I am of the strong opinion that the time has come to continue the work done by Senator Croll. We still talk about the Croll report. The time has come to reinstitute a new committee on aging that will be extremely important and that will bring glory to the Senate. It will cost money, however, so I am in a difficult situation.

I do not want to say no to the Honourable Senator Fraser. She can go ahead and ask for the adoption of this report. However, in my view, this should not be the way to proceed in the future. There should be a meeting of all chairs and the competent Leader of the Government in the Senate and the Leader of the Opposition. Everybody who has a position of authority should get together to say, "Listen, we will put some order on this procedure once and for all in the administration of the Senate."

Honourable senators, you can tell that I do not come here prepared. Out of experience, I ask: Where are we going? What are we up to now by voting these budgets piecemeal, one at a time, when there will be other great matters to study? For example, I know that Senator Carney would like us to study Canada-China relations — a very important matter for Canada's future. The Standing Senate Committee on Foreign Affairs — and Senator Corbin is present — has not presented a program of action that will require a budget. Others are in the same position. Perhaps someone can enlighten me.

I have a great deal of respect not only for the work Senator Fraser does but also for the honour she brings to the Senate because it reflects on us. I do not want her to take this as a personal comment on her own request but a general comment on all the requests that are coming in one by one. Due to long experience of having to administer our affairs in a way that is acceptable and productive, I put myself at the disposal of the leadership of the government and the opposition to have discussions eventually, because I am not a member of the Standing Committee on Internal Economy, Budgets and Administration. I regret — and I will say this to the Speaker — not being on the Internal Economy Committee. We have

eight non-aligned senators now in this chamber. That is 12 per cent of the Senate. People who have experience in this chamber should be on the Internal Economy Committee — at least one or two who would be present 100 per cent of the time and who could share their experience with colleagues because of their long-time experience in the other chamber and in this chamber. The Standing Committee on Internal Economy, Budgets and Administration is big. Perhaps it is my fault for not asking to amend the rules of this chamber but some order should prevail somewhere.

I am not opposing but only reflecting on the request of the honourable senator. I hope that what I have said will be useful in the future in our reflections on organizing a general plan of action for the Senate, while at the same time being conservative. In the other chamber I was known as “Scrooge”. For every penny that was requested, I wanted to know what it was to be used for. It was abolished after I left and I realize now why: Every penny had to be well spent. I know every penny is well-spent in the Senate, but I am of the opinion that at this very early time there will be no money left for other committees. I hope people will take that in the spirit that I put it forward to you, namely, in a positive atmosphere, to be more concrete, to be in the service of all senators.

Hon. Jack Austin (Leader of the Government): Honourable senators, as honourable senators are aware, the matter of budgets and the allocation of funds to committees is the business of our Standing Committee on Internal Economy, Budgets and Administration, which is chaired by the Honourable Senator Furey. It has a subcommittee on budgets which is chaired by the Honourable Senator Massicotte. I believe the deputy chair of that subcommittee is Senator Lynch-Staunton, who has been here for long enough to be described as senior.

The subcommittee on budgets and the Standing Committee on Internal Economy, Budgets and Administration have been processing the requests of various committees for expenditures. They have weighed and evaluated the requests, as will be noted with respect to this second report submitted by the Chair of the Standing Senate Committee on Transport and Communications. Appended to the report is the decision of the Internal Economy Committee as signed by the chair of that committee.

I want to assure Senator Prud’homme that there is a process in place, and that it is a process that is under the careful scrutiny of the members of that committee, composed, as Senator Prud’homme well knows, of senators on both sides of this chamber. Nothing is being done casually or haphazardly with respect to this particular process.

Of course, any senator can attend the committee’s deliberations. As Senator Prud’homme knows, the subcommittee refers its recommendations to the committee as a whole.

I hope for the moment that will be a satisfactory explanation of what is taking place and that the Senate can approve this second report.

Senator Prud’homme: I would like to thank the Honourable Senator Austin for having put very clearly what could happen and what is happening on the record. Everything he said is totally

factual. However, I still worry about the overall picture as to what chairmen intend to do this year. Those three fine people who sit on the subcommittee will be at least better prepared to render a decision. It does not make them very popular. I know Senator Lynch-Staunton is a tough man, and the two who sit on the subcommittee, they can handle the heat. However, it was probably badly explained. It would be good if a committee of chairmen could come together and explain the overall picture they have in mind for the year.

Now, we still go piecemeal. I am sure it must have been agonizing for Senator Furey and Senator Lynch-Staunton and those who sit on that subcommittee to come to terms and say, “No. We will give you \$100,000.” That seems to be the pattern because another committee was also given \$100,000 this week.

I thank the honourable senator for his courtesy in answering me in the tone he did. However, I would still like to see if we could not do it differently so that we have a better overall picture of what to expect this year.

Senator Austin: Let me just add, honourable senators, that I will ask Senator Furey to consider the representations of the Honourable Senator Prud’homme to see if it would be possible for a more global context to be offered.

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

Hon. Senators: Question!

The Hon. the Speaker: I will put the question.

It was moved by the Honourable Senator Fraser, seconded by the Honourable Senator Day, that this report be adopted now. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and report adopted.

• (1500)

STATE OF POST-SECONDARY EDUCATION

INQUIRY—DEBATE ADJOURNED

Hon. Catherine S. Callbeck rose pursuant to notice of October 27, 2004:

That she will call the attention of the Senate to the state of post-secondary education in Canada.

She said: Honourable senators, I rise today to draw the attention of the Senate to the state of post-secondary education in Canada.

As my colleagues are aware, Canada has undergone a shift to a knowledge-based economy. Over the past four decades, as we have marched further and further along the path to an economy built on technology and knowledge, the need for equality of opportunity in accessing post-secondary education has become paramount. Education and training are two of the things needed to generate new ideas and their innovative application.

Currently, the majority of jobs in Canada, and certainly many of the best paying ones, require some form of post-secondary education, whether it is college or university. Estimates are that by the year 2011, almost two thirds of all jobs will be filled by people with higher education credentials.

This move to a knowledge-based economy is reflected in the increase in full-time university enrolment. In the past 20 years, full-time enrolment has grown 64 per cent in the Maritimes and part-time enrolment has increased 19 per cent. This Maritime trend of increased enrolment follows closely the same trend on the national scale.

Not only are there more students enrolling in post-secondary institutions, but we are also seeing a trend where women enrolling outnumber men. In the past two decades, the number of women attending Maritime universities full time increased by almost 80 per cent. In the year 2000-01, women accounted for 59.3 per cent of all full-time students enrolled in Maritime universities.

Despite strong enrolment growth over the past two decades, Canadians do not enter post-secondary programs at the same rate as individuals from many other countries. Reports show that 39.3 per cent of Canadian adults between the ages 20 and 24 are enrolled in a post-secondary institution, while Finland had an attendance rate of 56.1 per cent, Denmark of 55.3 per cent and France of 53.2 per cent.

Although there has been an increase in university enrolment, a recent study from the Maritime Provinces Higher Education Commission found that educational background of parents is still having an impact on whether a student attends some sort of post-secondary institution. Students whose parents had not gone to university were less likely to pursue higher education than students whose parents had. The study found that the parents' educational background also had a lasting impact on whether students chose to pursue further study after obtaining a first degree.

Similarly, the income level of a student's parents also had an impact on participation in higher education. Those in the highest quartile of income are twice as likely to attend university. Researchers document an 83 per cent participation rate in higher education for youth whose estimated family income exceeds \$80,000. Only 60 per cent of youth from families earning between \$55,000 and \$80,000, and 55 per cent of youth from families earning less than \$55,000 had post-secondary education.

Honourable senators, more than ever, education has become the key to success, but the price tag of that success has been rising steadily. Students will pay an average of \$4,172 in tuition fees for this academic year. That is up from \$4,018 the year before, and this includes the four provinces that have capped tuition fees — Ontario, Quebec, Manitoba and Newfoundland and Labrador. Today's tuition fees are almost triple the average of \$1,464 in the year 1990-91. Last year, tuition fees for undergraduate degrees in my home province of Prince Edward Island were \$4,133, slightly above the national average.

These marked increases in tuition fees can largely be attributed to a decrease in government funding for university operating revenue. In 1985-86, government contributed 81 per cent of the operating revenue. This proportion had fallen to 61 per cent by the year 2000-01.

Not only do students face increased tuition fees, but mandatory student fees have grown substantially across the country in recent years as institutions try to create new sources of revenue. These include fees for athletics, health services, student associations, information technology and other fees directly levelled by the institution.

Students can pay as much as \$1,400 a year in these fees, depending on the institution and the program in which they are enrolled. In my home province, the average student pays more than \$500 a year for these mandatory fees. These fees can increase considerably depending on the student's program or courses. For example, those enrolled in UPEI's Business Cooperative Education Program pay an additional \$425 in registration fees.

In addition, students in professional or secondary programs in particular often face large costs in the form of supplies and equipment that are not optional. Students enrolled in medicine may pay as much as \$8,000 per year per student for supplies and equipment necessary to complete their program, while those enrolled in dentistry can pay as much as \$15,000 per year.

Today, students use a variety of methods to finance their education. There is private income, family, scholarships, bursaries, private loans and government loans.

Many universities have increased their scholarships and bursaries in order to help offset the increase in tuition fees. However, a student must claim a scholarship or a bursary as income on their income tax return. Although there is an exemption of a maximum of \$3,000 on the scholarship, fellowship or bursary income received, this exemption is often not enough to cover that scholarship or bursary. For example, in my own province, the renewable entrance scholarship is \$5,000. The student would have to claim \$2,000 as a source of income on his or her income tax return.

The Canada Student Loans Program, introduced by the federal government in 1964, was designated to increase access to education. Since its inception, the Canada Student Loans Program has been the primary vehicle for delivering direct financial assistance to post-secondary students in Canada. The federal program currently serves over 360,000 students annually. In addition, the Canada Student Loans Program is complemented by provincial student loan programs, and most students take advantage of both.

Approximately 45 per cent of students graduating in the year 2000 with a bachelor degree from university had a government student loan. On average, they owed about \$20,000 at the completion of their degree program.

• (1510)

According to Statistics Canada, students who graduated in 2000 owed about 76 per cent more than the graduates of 1990. Honourable senators, as tuition continues to rise by almost 4 per cent again this year, how much more will students entering university this year owe when they graduate in the year 2008? How will this impact their future? For the class of 2000, only one in five have paid off their debts two years after graduation. Slightly more than one in four were reporting difficulties in repaying their debts.

Most provinces do offer debt-reduction grants and loan-remission programs. Also, the Millennium Scholarship Foundation was developed to address student debt by giving bursaries and awards. However, it has not been enough. A recent Statistics Canada report found that 72 per cent of those who face barriers to post-secondary education listed financial reasons as the number one barrier. In recognition of the fact that access to higher education for low- and middle-income families is a major financial concern, the 2004 federal budget announced a number of changes to the Canada Student Loans Program. These initiatives are still waiting final cabinet approval.

Some of the proposed initiatives include the recommendation that the weekly loan limit be raised from \$165 to \$210 and that parental contributions expected from low- and middle-income families be reduced. These recently announced changes to the government student loan program are likely to see debt levels rise beginning next year. A new grant of \$3,000 would become available to first-year low-income students — those with a family income of less than \$35,000 per year — to assist with tuition costs. The existing Canada Study Grant for students with permanent disabilities would become more widely available. Income thresholds for interest relief would rise by 5 per cent and the debt reduction in repayment measures would allow borrowers to have up to \$26,000 of their loan forgiven, up from the current \$20,000.

On October 8, legislation was introduced to implement new measures to help low- and middle-income families to save for their child's education. A new Canada learning bond is being proposed that will provide low-income families with up to \$2,000 for children born after January 1, 2004. To encourage families to set up a Registered Education Savings Plan, or RESP, the Canada learning bond will provide \$500 to children born on or after January 1, 2004 to families that are entitled to the National Child Benefit supplement. This will be followed up by 15 annual \$100 entitlements for each year the family is entitled to the NCB supplement for the child. With the earned interest, these entitlements could be worth up to \$3,000 by the time the child reaches 18 years of age.

It is hoped that these changes and others that have been proposed would be effective in helping to provide equality of opportunity.

As legislators, we must work to ensure equality of access to higher education for all Canadians. Certainly a number of policy suggestions have been made that deserve further scrutiny. It has been suggested that we should be moving to offer more non-repayable grants to low-income students. It has been argued

that the debt reduction program guidelines are too stringent and are not accessible to those who really need the debt relief. Many have said that the measures proposed in the 2004 federal budget do not go far enough in addressing these concerns. It has been suggested that the government examine tax measures with attention to increasing the deductible amount for a scholarship, a bursary or fellowship from the current maximum of \$3,000. Also, as the rising costs of tuition and the cost of living are rapidly outstripping the educational tax credits, many have argued for an increase in the current \$400 per month Education Amount allowed in the Non-refundable Tax Credit field on the federal tax return.

Honourable senators, investment in education is key to increased technology and innovation, which is the foundation of economic growth both in Atlantic Canada and in the rest of Canada. As lawmakers, we must make sure that we are continuing the tradition begun almost 40 years ago of ensuring equality of access to higher education for all Canadians. Further studies need to be conducted to examine the programs offered in countries such as Finland, Denmark and France in attracting a high percentage of adults to attend post-secondary institutions. The challenge is to ensure that we build upon our successes to develop an equitable framework for the financing of post-secondary education so that every student in Canada who wishes to pursue higher education can do so.

On motion of Senator Kinsella, debate adjourned.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO STUDY CHARITABLE GIVING

Hon. Jeremiah S. Grafstein, pursuant to notice of November 4, 2004, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report on issues dealing with charitable giving in Canada. In particular, the Committee shall be authorized to examine:

- the needs and opportunities of Canadians in relation to various aspects of Canadian life (such as health care, education, social and cultural programs and institutions, senior care, heritage preservation, scientific research and more) and the ability of Canadians to assist in these areas through charitable giving;
- current federal policy measures on charitable giving;
- new or enhanced federal policy measures, with an emphasis on tax policy, which may make charitable giving more affordable for Canadians at all income levels;
- the impact of current and proposed federal policy measures on charitable giving at the local, regional and national levels and across charities;

[Senator Callbeck]

- the impact of current and proposed federal policy measures on the federal treasuries; and
- other related issues; and

That the Committee submit an interim report no later than December 16, 2004 and its final report no later than March 31, 2005, and that the Committee retain until May 31, 2005 all powers necessary to publicize its findings.

He said: Honourable senators, I rise today to seek your support for the Standing Senate Committee on Banking, Trade and Commerce's study on charitable giving. One core value that knits the threads of civil society together is the acceptance of responsibilities for others in our community. "Community" has been defined in various terms — from neighbourhood, to city, to special interest or needs groups, to cultural, health or educational institutions, to national causes. Of course, at the heart of all of our faith communities is giving. Two basic elements convert this core value to reality. First, volunteerism is the selfless coming together of people, alone or in groups, to achieve a worthy purpose on behalf of their fellow citizens. Volunteering is an act of giving, of making a contribution of time, energy, experience and talent. Each and every Canadian is or has been a volunteer. We are all volunteers. Second is charitable giving or philanthropy. This is the giving of money or gifts in kind to achieve a purpose on behalf of others. The acts of giving either time or money are inextricably linked.

Charitable giving is such a fundamental part of the makeup of all Canadians. Charity is inseparable from our history, reaching back to the earliest settlements on the continent. According to the Canada Revenue Agency, there are 80,000 registered charities in Canada, with \$14 billion in donations, still less than two per cent of our GDP. As befits the mandate of this committee, we are focusing on the financial aspect of volunteerism — the volunteering of financial resources or charitable giving. We cannot overestimate the importance of charitable giving in Canada today. In every facet of civil society — social and cultural programs and institutions, health care, senior citizen care, heritage preservation, education, ecology, et cetera — real needs and opportunities far exceed the means to provide them.

While we look to governments at all levels to provide the key resources in these areas, we are conscious of the inability of governments to provide everything that Canadians need or justifiably want to have. Historically, the gap between available government funding and genuine need has been addressed partially by charitable giving. When we travel across Canada, we bear witness to the amazing work of volunteers in every corner of our country. Yet, we are all aware of the widening gap between the capacity of government to meet our needs and the increasing range of needs that Canadians wish to address. We are all aware of the growing costs of support programs, providing services and building facilities. We are all aware of the increasing number of needs in an increasingly complicated society. We are all aware of the possibility to unleash more of the increasing personal wealth across the middle- and upper-income levels.

The Standing Senate Committee on Banking, Trade and Commerce has taken note of the gap between need and

opportunity and the available public resources, and has determined to direct its attention to it. We will focus on the issue of charitable giving to determine whether new and enhanced policy measures might be taken to bring more and better programs, institutions and services to the benefit of Canadians everywhere.

• (1520)

Our principal target will be tax policy, to determine what might be done to enhance the opportunities for affordable giving by Canadians at all levels of income where the potential of such giving exists. In doing so, we will be looking at giving at all levels and by all means. We are all aware of the encouragement and incentives to give that already exist in our tax system. We are also aware that there are ideas and proposals at various stages of study. We are interested in hearing more about them and, further, we are hoping that the study we are undertaking will stimulate new thinking and new and different ideas.

In conducting the study, we will at all times be cognizant of the fiscal needs and restraints of government. Economic realities impose severe restraints and the requirement for priority setting on government. Our objective is simple — to encourage ideas and to propose policies that will unlock greater amounts of personal wealth for charitable purposes in a cost-effective way, always cognizant of the restraints on government revenues.

Is there hidden leverage in charitable giving? We will seek to uncover answers.

Honourable senators, is it more blessed to give than to receive? We will see. We may even explore the contours of the empowerment of giving. I thank you for your attention and seek your support for this kinetic study.

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

Motion agreed to.

ADJOURNMENT

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

Hon. Bill Rompkey (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(h), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, November 23, 2004, at 2 p.m.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, November 23, 2004, at 2 p.m.

THE SENATE OF CANADA

PROGRESS OF LEGISLATION

(indicates the status of a bill by showing the date on which each stage has been **completed**)

(1st Session, 38th Parliament)

Thursday, November 18, 2004

(*Where royal assent is signified by written declaration, the Act is deemed to be assented to on the day on which the two Houses of Parliament have been notified of the declaration.)

GOVERNMENT BILLS (SENATE)

No.	Title	1 st	2 nd	Committee	Report	Amend	3 rd	R.A.	Chap.
S-10	A second Act to harmonize federal law with the civil law of the Province of Quebec and to amend certain Acts in order to ensure that each language version takes into account the common law and the civil law	04/10/19	04/10/26	Legal and Constitutional Affairs					
S-17	An Act to implement an agreement, conventions and protocols concluded between Canada and Gabon, Ireland, Armenia, Oman and Azerbaijan for the avoidance of double taxation and the prevention of fiscal evasion	04/10/28	04/11/17	Banking, Trade and Commerce					
S-18	An Act to amend the Statistics Act	04/11/02							

GOVERNMENT BILLS (HOUSE OF COMMONS)

No.	Title	1 st	2 nd	Committee	Report	Amend	3 rd	R.A.	Chap.
C-4	An Act to implement the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment	04/11/16							
C-6	An Act to establish the Department of Public Safety and Emergency Preparedness and to amend or repeal certain Acts	04/11/18							

COMMONS PUBLIC BILLS

No.	Title	1 st	2 nd	Committee	Report	Amend	3 rd	R.A.	Chap.

SENATE PUBLIC BILLS

No.	Title	1 st	2 nd	Committee	Report	Amend	3 rd	R.A.	Chap.
S-2	An Act to amend the Citizenship Act (Sen. Kinsella)	04/10/06	04/10/20	Social Affairs, Science and Technology	04/10/28	0	04/11/02		
S-3	An Act to amend the Official Languages Act (promotion of English and French) (Sen. Gauthier)	04/10/06	04/10/07	Official Languages	04/10/21	0	04/10/26		
S-4	An Act to amend the Marriage (Prohibited Degrees) Act and the Interpretation Act in order to affirm the meaning of marriage (Sen. Cools)	04/10/06							
S-5	An Act to repeal legislation that has not come into force within ten years of receiving royal assent (Sen. Banks)	04/10/07	04/10/26	Transport and Communications (withdrawn) 04/10/28 Legal and Constitutional Affairs					
S-6	An Act to amend the Canada Transportation Act (running rights for carriage of grain) (Sen. Banks)	04/10/07							
S-7	An Act to amend the Supreme Court Act (references by Governor in Council) (Sen. Cools)	04/10/07							
S-8	An Act to amend the Judges Act (Sen. Cools)	04/10/07							
S-9	An Act to amend the Copyright Act (Sen. Day)	04/10/07	04/10/20	Social Affairs, Science and Technology					
S-11	An Act to amend the Criminal Code (lottery schemes) (Sen. Lapointe)	04/10/19	04/10/26	Legal and Constitutional Affairs					
S-12	An Act concerning personal watercraft in navigable waters (Sen. Spivak)	04/10/19							
S-13	An Act to amend the Constitution Act, 1867 and the Parliament of Canada Act (Speakership of the Senate) (Sen. Oliver)	04/10/19	04/11/17	Legal and Constitutional Affairs					
S-14	An Act to protect heritage lighthouses (Sen. Forrestall)	04/10/20	04/11/02	Social Affairs, Science and Technology					
S-15	An Act to prevent unsolicited messages on the Internet (Sen. Oliver)	04/10/20							
S-16	An Act providing for the Crown's recognition of self-governing First Nations of Canada (Sen. St. Germain, P.C.)	04/10/27							
S-19	An Act to amend the Criminal Code (criminal interest rate) (Sen. Plamondon)	04/11/04							

PRIVATE BILLS

No.	Title	1 st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.

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