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THE HONOURABLE DANIEL HAYS
SPEAKER

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THE SENATE

Wednesday, November 2, 2005

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

Prayers.

DISTINGUISHED VISITOR IN THE GALLERY

The Hon. the Speaker: Honourable senators, I would draw to your attention the presence in the gallery of our former colleague the Honourable Viola Léger.

Welcome back. We will see you at the reception later this evening.

SENATORS' STATEMENTS

YEAR OF THE VETERAN

Hon. Jack Austin (Leader of the Government): Honourable senators, we have been privileged throughout this year to have an opportunity to reflect on the contribution of Canadian veterans to our nation, its history and social values. Canadians have participated in all manner of warfare from the early border hostilities that played a crucial role in the delineation of our young country to the catastrophic world wars of the previous century and the peacekeeping and rebuilding efforts that characterize today's overseas operations.

The loss to Canada has been enormous but so, too, the gain. Canadians have fought to protect the most fundamental of human rights around the world, often for the preservation of life itself. This is a contribution of the highest order and a record of which we will always remain proud.

On May 27, 1919, in the House of Commons, Sir Edward Kemp, then Minister of the Overseas Military Forces, reported that of the 420,913 men and women sent overseas in the First World War, 56,314 lost their lives. Both these numbers show the remarkable sacrifice made by Canadians during this period in our history.

Minister Kemp's tribute on this occasion is worth revisiting: He said:

...the Canadian Corps was always to be found where the fighting was most fierce; and by its valour, patience and skill it brought renown to Canada; its record will endure for all time in the history not only of Canada, but of the world.

No less a role was played by the Canadian Forces in World War II in Europe, Africa and Asia, or in Korea six years later.

Let me mention an outstanding Canadian who is representative of all Canadian men and women in war time. As honourable senators will recall, on August 3, 2005, in this Year of the

Veteran, Canada and British Columbia lost a great hero with the death of Ernest Alvia "Smokey" Smith at the age of 91. As a private, Ernest Smith was awarded the Victoria Cross for military valour in recognition of his heroic actions in Italy in 1944. I was honoured to sign the Book of Condolences alongside other Canadians when Ernest Smith's body lay in state here in the Parliament Buildings, a precedent created to recognize both Private Smith and all Canadian heroes.

To recognize the contribution of Canada's Aboriginal community during times of war, the Governor General and Minister of Veterans Affairs are currently leading a delegation of over 200 participants on an Aboriginal spiritual journey to Belgium and France. We are pleased that Senator Gill was able to represent the Senate and the Aboriginal community in this historic precedent. We regret that Senator St. Germain was unable to represent us as well, due to a death in his family.

Our nation must always remember the debt we owe our veterans and pass on this legacy to succeeding generations of Canadians so that they will understand the tremendous sacrifice, and equally, the triumph of our struggles in the protection of our common humanity. Thankfully, Parliament has taken a key step in the creation of the splendid Canadian War Museum in Ottawa.

Hon. Michael A. Meighen: Honourable senators, I wish to join in the remarks of the Leader of the Government in the Senate in recognition of the Year of the Veteran. Many milestones of particular importance to Canada's veterans have been marked during this special year. On May 8, the world celebrated the sixtieth anniversary of the Victory in Europe. On August 15 a similar anniversary was observed as we remembered VJ Day and the end of hostilities with Japan.

Among our many veterans who travelled to Holland to attend the VE Day celebrations was Ernest "Smokey" Smith, Canada's last surviving recipient of the Victoria Cross. Smokey Smith was the patron of the Year of the Veteran, and it was my great honour to attend those ceremonies and others in Normandy and Italy in other years with him.

Although Smokey Smith died this summer, his heroism under enemy fire will long be remembered. Just last week, the town of Cesena in Italy erected a plaque in recognition of his extraordinary acts of courage.

[Translation]

The new war museum also pays tribute to Smokey Smith's courage. The Canadian War Museum is not just a mere repository for the thousands of objects attesting to our military history. It will teach future generations about the real cost of freedom and democracy, and the sacrifices that must sometimes be made to protect our rights and freedoms.

[English]

The Year of the Veteran has also allowed us to consider the role of our modern-day veterans. Veterans are often thought of as participants of wars now consigned to the history books. However, the average age of today's Canadian Forces veteran is just 36. It is my hope that these men and women will be well served by the new Veterans Charter, which was passed by Parliament in May.

Although tremendous focus has rightly been placed upon our veterans throughout this special year, let us hope that their needs are not forgotten when the Year of the Veteran draws to a close. Serious issues such as occupational stress injuries and, in particular, post-traumatic stress disorder must be dealt with openly to ensure that survivors receive the support they need.

• (1340)

As all honourable senators are aware, Saturday marks the beginning of Veterans' Week, which culminates on Remembrance Day, November 11. There are few individuals in our country who are more worthy of our collective praise and gratitude than the men and women of the Canadian Forces, past and present. May we always remember their sacrifices.

TRIBUTE TO CHARLES AND WINIFRED GARDNER

Hon. George J. Furey: Honourable senators, in 2005, the Year of the Veteran, we are recognizing the importance of our military men and women who serve and have served Canada in times of war and in times of peace. Today I would like to pay tribute to two people who have made an extraordinary contribution in this regard: Charles Gardner and his wife, Winifred Davidson Gardner, more affectionately known as Chuck and Davey. Both served our country throughout their lifetimes.

The year in which Chuck Gardner was born, 1917, was a turning point in world events. It saw Czarist Russia overthrown and the United States entering the First World War. Both countries would become dominant and opposing forces for the better part of the 20th century. At that time, Canada emerged as a country in its own right. This would be the military world in which Chuck and his wife, Davey, would devote their careers.

The Gardners spent a lifetime of military service in this new world order. Chuck served in the Canadian Armoured Corps during the Second World War and Davey was a member of the Canadian Women's Army Corps from 1940-45. She was part of the first contingent of women allowed in the men's training facility, No. 24, Brampton. In 1944, Davey was posted to special detail at Camp X, working in communications. Honourable senators will know that Camp X was a secret agent training school during the Second World War and became a top secret communications facility during the Cold War.

Chuck was posted to Camp X in 1946, after his return from England, as Sergeant Responsible for Communications where he served in British Security Coordination. The Gardners married in 1945 and in 1946 their first child, Don, was born. Don was the first baby to take up residence at this top secret facility. Baby Janet came along four years later.

Chuck was transferred to Ottawa in 1950 to work with National Defence until his retirement in 1981. Davey continued her work as a communications officer, travelling to many military bases. She worked closely with Canadian Armed Forces and, at times, the American military. In 1976, Davey Gardner was the first woman to visit CFS Alert. She retired in 1986.

This year marked, along with many military anniversaries, their sixtieth wedding anniversary. They had a lifelong commitment to service and a life together filled with significant firsts. One of the most insightful glimpses into exactly who the Gardners are, however, comes later in life when their daughter Janet grew up and married Glen Harada. Glen was the son of a Japanese couple interned during the Second World War. In spite of their internment and the Gardners' military past, the Haradas and Gardners were able to form a close friendship. This is one of Davey's "greatest points of pride" in a life filled with so many of which to be proud.

On behalf of the Senate of Canada and Canadians everywhere, I would like to salute two ordinary Canadians for their extraordinary contributions to our great country. On a more personal note, I wish to extend my best wishes for a happy sixtieth anniversary in this the Year of the Veteran.

VISITORS IN THE GALLERY

The Hon. the Speaker: I would like to draw the attention of honourable senators to the presence in the gallery of Charles and Winifred Gardner. They are accompanied by Karen Furey and are the guests of Senator Furey.

BOYS & GIRLS CLUBS OF CANADA

Hon. Gerry St. Germain: Honourable senators, the wealth of our nation cannot be fully measured in material terms. We can best gauge the richness of our nation by plumbing the depths of individual caring and compassion, which is deep. Over time, we have collectively woven that individual commitment into a rich Canadian tapestry that speaks of our country's heart and soul.

The heritage we cherish today is alive in the citizenship of good, ordinary Canadians who learned and were nurtured as they grew up. When they were young, they were instilled with strong core values, such as mutual respect, a sense of belonging and acceptance, self-sufficiency and community responsibility. They are our citizenship today. Our hope for the future is in the hearts and minds of the young people of our country today.

Honourable senators, we have a duty, like that of those who came before us, to nurture our youth, provide them with guidance and support, and instil strong core values that build character and shape citizens. No organization in Canada has a longer and more stellar record of investing in our young people than the Boys & Girls Clubs of Canada. Today, as staff and volunteers of the Boys & Girls Clubs across our nation gather in Canada's capital to tell their story as a leading Canadian youth service agency, I want to offer congratulations to them and say a few words from the heart about what this tremendous organization means to me and to Canada.

For more than 104 years of service to five generations of children, youth and their families, the Boys and Girls Clubs of Canada have been promoting the healthy growth and development of young Canadians. I am proud to have served on the Board of the Boys and Girls Clubs of Greater Vancouver, and I still serve on their foundation, where the organization operates six clubs and a wilderness camp that are part of a network of 101 clubs and communities from coast to coast. More than 150,000 children and teens, aged five to 24 years, are served by 13,000 volunteers and 3,000 professional full- and part-time staff.

The Boys & Girls Clubs of Canada truly believe in the positive potential of every child to achieve his or her personal best, given sufficient support and guidance. What could be simpler, honourable senators, than the plain truth that has built every society that ever existed? If we work with our young people to support, guide and help them to develop their skills, knowledge and core values, we will be most certainly assured that they will become fulfilled individuals and contributing citizens.

I herald the work of the staff and volunteers of the Boys and Girls Clubs of Canada and all their contributors and supporters who have tirelessly, for more than a century, helped to build citizenship through their good work with children, youth and their families. No organization is more worthy of praise for such noble achievements.

DIABETES AWARENESS MONTH

Hon. Terry M. Mercer: Honourable senators, the month of November is Diabetes Awareness Month in Canada, while November 14 is World Diabetes Day, the day before National Philanthropy Day. Diabetes is a chronic disease that has no cure and is one of the leading causes of death in Canada. To successfully treat the disease, organizations like the Canadian Diabetes Association promote the health of Canadians through advocacy, education, research and volunteer service. Since 1953, the Canadian Diabetes Association has been raising awareness, providing services and supporting Canadians affected by diabetes.

I had the pleasure of being the Executive Director of the Canadian Diabetes Association in Toronto in the early 1990s. It is a charitable organization that has a presence in more than 150 communities across the country.

Honourable senators, Canada has a significant connection to diabetes in that it was two Canadians, Dr. Frederick Banting and Dr. Charles Best, who discovered insulin, one of the most important medical achievements of the 20th century. This fact reminds us that we must continue to support groups like the Canadian Diabetes Association to ensure that we can eradicate this disease some day in the future. Without the support of Canadians from all walks of life, discoveries like that of Banting and Best might not have happened and might never happen again.

Some honourable senators are directly affected by diabetes. I know that they and all honourable senators will join me in celebrating Diabetes Awareness Month and in wishing the Canadian Diabetes Association all the best as they continue to seek a cure.

[Senator St. Germain]

• (1350)

ROUTINE PROCEEDINGS

BUSINESS OF THE SENATE

NOTICE OF MOTION TO AUTHORIZE COMMITTEES TO MEET DURING ADJOURNMENT OF THE SENATE

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

That, pursuant to rule 95(3), during the period Monday, November 14 to Monday, November 21, 2005 inclusive, the committees of the Senate be authorized to meet even though the Senate may then be adjourned for a period exceeding a week.

[Translation]

CLERK OF THE SENATE

NOTICE OF MOTION TO REFER 2004-05 ANNUAL ACCOUNTS TO INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION COMMITTEE

Hon. George J. Furey: Honourable senators, I give notice that, at the next sitting of the Senate, I will move:

That the Clerk's accounts, tabled on October 27, 2005, be referred to the Standing Senate Committee on Internal Economy, Budgets and Administration.

[English]

CANADA-UNITED STATES RELATIONS

MAINE—PROPOSED LIQUEFIED NATURAL GAS TERMINALS—PRESENTATION OF PETITION

Hon. Michael A. Meighen: Honourable senators, I have the honour to present petitions from 86 residents of New Brunswick and elsewhere in Canada, the United States of America and Europe, asking our government to refuse the right of passage to LNG tankers through Head Harbour Passage.

QUESTION PERIOD

INDUSTRY

INVESTMENT CANADA—NOTICES OF NET BENEFIT—PUBLIC DISCLOSURE OF DECISIONS

Hon. Pat Carney: Honourable senators, yesterday I raised the question with the Leader of the Government in the Senate about the secrecy that surrounds Investment Canada's review of foreign acquisitions of Canadian companies. I was specifically referring to Terasen Gas, which is subject to takeover by Kinder Morgan of

Texas. I also asked about the publication of net benefits for the acquisition, four years ago, of Westcoast Energy Inc. by Duke Energy of the United States. The minister has kindly offered to find out more particulars on those cases.

Today, I want to bring this file up to date by pointing out that the information available on Industry Canada's website details the names of the investors, the name of the Canadian business and what the business does. It provides no details of the analysis of Investment Canada or a review of net benefit. It merely informs Canadians that there was a review of the investment after the deal had been approved by the minister. For example, in September, almost 50 decisions were reported by Investment Canada, including a review of these two decisions. In the case of the two decisions that were reviewed, no details were released. Most cases reported are merely notifications, where no review was deemed necessary.

Therefore, I ask the minister the more generic question: Why, in the case of these two decisions that were reviewed, could the net benefit information not be published?

As well, I would specifically refer to the investor Pogo Producing Co. of Houston, Texas and its takeover of Northrock Resources Ltd. of Calgary, which explores and produces oil and natural gas. What reason would be put forward for failing to make public the net benefit to Canada from those transactions?

Hon. Jack Austin (Leader of the Government): This is essentially the same question that Senator Carney asked me yesterday. Therefore, I cannot expand on the answer I gave yesterday.

However, I would point out that there is no legal barrier contained in any trade agreement that we have with the United States, including the free trade agreement and NAFTA, to prevent an American company from acquiring an ownership in, or even control of, Canadian companies. We referred yesterday only to the barriers in Canadian legislation.

I will seek to provide that information as soon as I can.

Senator Carney: The minister has pointed out that he has agreed to provide information on the two specific cases that I asked about. As he has correctly reported, Terasen is under review, and therefore the reasons could not be announced yet. Specifically with regard to the Duke Energy acquisition of Westcoast Energy, he has agreed to look into that. I am asking him to look at the broader question of when these decisions were reviewed, and why the information I am seeking has not been made public.

I am talking only about companies in sensitive areas, one of which is gas pipeline transmissions; others may deal with cultural issues and others with areas that are specified in the act. I am only talking about the sensitive areas.

What is examined is the effect of the investment, that is, the level and nature of economic activity, including employment and resource processing; the degree of significance of participation by Canadians in the business; the effect of the investment on

productivity and industrial efficiency; the impact of technological development on product innovation and product variety in Canada; and the effect of the investment on competition with any industry or within industries in Canada. Often the Canadian board of directors is displaced, shut down or retired and there are no Canadian directors.

Let me point out, again, that of the hundreds of transactions that take place in a year only about 40 are reviewed. I ask the minister for the commitment he did not give yesterday, which is to give us the rationale for the failure to publish the minister's decisions.

The minister has the right to say yes or no; the acquisition can or cannot go ahead. I am asking him, beyond yesterday's request about Duke Energy and Westcoast, to tell us: What are the minister's decisions and reasons for decisions respecting the list of acquisitions that have taken place in recent history?

Senator Austin: Honourable senators, I want to be clear on the record that I did not undertake to provide information with respect to either Terasen or Duke in response to the questions asked by Senator Carney. I have undertaken to examine the precedents respecting the disclosure of what normally would be considered proprietary information between these companies that are making these applications and the government's determination of net benefits.

If there is precedent for such disclosure, I will pursue the matter further.

Senator Carney: I appreciate the importance of precedents, but precedents refer to the past and I am referring to the future in view of the multibillion-dollar transactions that are taking place in the energy field.

In looking at his response yesterday, the Leader of the Government specifically did undertake to ascertain what was said by the government at the particular time in respect to the takeover of Westcoast Energy.

For the record, precedents are interesting, but I want to know why, since the act does not prohibit the release of this information, we cannot get information now on the transactions that have taken place in these areas — particularly Westcoast and some of the others that I mention in my question today.

• (1400)

Senator Austin: Honourable senators, I refer to page 2032 of the *Debates of the Senate* where, after the question asked by Senator Carney regarding Westcoast Energy and the takeover by Duke Energy, an American company, I said, "I shall make inquiries to ascertain what was said by the government at that particular time and will advise Senator Carney." I said, "...what was said by the government..." Nothing may have been said by the government; I do not know. If the government made a public statement at that time, I will draw it to Senator Carney's attention.

Hon. Lowell Murray: Honourable senators, whether the government did or did not make a public statement at the time, one must assume that the government must have some reason under the Investment Canada Act for declaring that a particular transaction was or was not of net benefit to Canada.

The question is not, with great respect, one of precedent. The question is one of law, and there is clearly no impediment in the law — in fact it is explicit — that the minister may publish the reasons for having declared a transaction to be of net benefit or not. The only undertaking we are looking for here in respect of the transactions referred to by Senator Carney, and whether in the interests of transparency the government will make that information.

Senator Austin: Honourable senators, it may be good public policy that that information not be disclosed in whole or in part. I am sure that question was canvassed by the government of which Senator Murray and Senator Carney were members. It would be of interest to know why, if the issue was canvassed, there was no specific provision put in the legislation requiring disclosure of a file.

FOREIGN AFFAIRS

IRAN—COMMENTS BY PRESIDENT WITH REGARD TO ISRAEL

Hon. Hugh Segal: Honourable senators, my question to the government leader in the Senate relates to the deplorable statements made by the President of the Islamic Republic of Iran some days ago to which, to his credit, our Prime Minister responded with a forceful and precise indication of why those statements were unacceptable to any Canadian.

Can the Leader of the Government in the Senate inform the chamber what specific actions the Government of Canada and the Department of Foreign Affairs have taken to support our Prime Minister in his strong statement on this issue? Was the Iranian chargé d'affaires called in for a formal discussion with our officials? Did our ambassador in Tehran forward a formal note to the foreign ministry in that city? Has the Canadian government done anything to support the Prime Minister's superb statement of leadership on this matter, one that has been noted by capitals around the world?

Hon. Jack Austin (Leader of the Government): The answer to the first part of the honourable senator's question is yes. The Department of Foreign Affairs called in the Iranian chargé d'affaires and delivered the government's position and Prime Minister Martin's statements, and the chargé d'affaires was told in no uncertain terms how unacceptable the statement of the Iranian president was.

I would have to make inquiries with respect to the work of our ambassador in Tehran. I do not have any direct information. Senator Segal is also aware that Canada is one of several countries that have taken the same position. Even the Palestinian Authority has made it clear that they do not accept the statement of the President of Iran in terms of their attitude and relationship to the State of Israel.

Senator Segal: May I impose upon the minister, when he makes inquiries as to what further activities might have transpired, and ask him to share with us the thinking of the government with respect to the issue of sanctions which is now being debated constructively in the European community in the context of

genuine concern about the growth of potential nuclear capacity in Iran, and the security threat it provides not only to the region but to Europe itself? Could he undertake as well, when convenient, to reflect in this chamber on where Canada's policy in that matter is headed?

Senator Austin: Honourable senators, the issue of sanctions is certainly one that has been raised in international discourse. I am not in a position at this time to say what consideration is being given to it by the Government of Canada as one of the methods of its registering our views on this statement of the President of Iran, which has horrified much of the world community and challenged the entitlement of Iran to be considered to have met the tests of membership in the United Nations.

I will make inquiries and, when I can, provide Senator Segal and the chamber with further information. I will be happy to do so.

Hon. Marcel Prud'homme: I appreciate the answer of the minister to the request of Senator Segal, with whom I agree. Contrary to last week when I was amazed by emails of all kinds, some of which I shall publish, but some do not convey a message most of us would want to read. Some were threatening emails. That demonstrates, honourable senators, that when you touch on certain issues, you have to carefully choose your words.

My remarks last week may have been incorporated in another topic. Today I shall concentrate solely on Iran. I did speak with them, and in no uncertain terms. For those who have known me for the last 41 years, when I say "in no uncertain terms," I usually say, "En français, on dit: je ne fais pas dans la dentelle." Therefore, may we have the assurance of an answer. I am sure Senator Segal and other senators, whom I prefer not to mention, would be as interested as I am in that answer since we are about to adjourn for a week when we will be working hard in a different way. I will not talk about any other issue.

If the minister could provide an answer by tomorrow, I am sure it would be most appreciated by Senator Segal and by me. I will try again to encourage colleagues, as I have done with my friend, Senator Tkachuk, to not only use rhetoric but to engage with people. There is no other way. I am sorry Senator Fraser is not here, but I would engage her as I have done as chairman of IPU. I provoked North Korea and they sat down with the Canadian delegation privately. I provoked the Iranian delegation. They also sat down with us. It was unique. If you do not engage people, how can you get your message out?

An Hon. Senator: Question!

Senator Prud'homme: Who yelled "question"? I have been listening attentively to other colleagues. I think I know where it came from. I will not mention a name. However, that honourable senator is not known to ask short questions.

I agree with Senator Segal, and if the leader could give us the beginning of an answer by tomorrow, I am sure senators would appreciate that. I am sure those I look at, without mentioning their names, will appreciate an answer as well. As for the abuse I went through last week, I will share my concerns on that with honourable senators in a public speech in the Senate.

Senator Austin: Honourable senators, I will respond to Senator Prud'homme by saying, yes, I will make inquiries today on this topic. However, I want to caution that if the issue of sanctions is being considered by the international community, and I cannot make that statement positively, I would speculate, indeed, I have no doubt, that it is a complex and difficult topic to deal with and that it is not easy to reach a speedy conclusion.

Hon. Yoine Goldstein: Honourable senators, I regret that the honourable senator has received abusive email. I must say that I have received some as well, but I dare say that Canadians are entitled and indeed obliged to take positions with respect to anything that is said in this house. As well, they are obliged to take positions, both for and against, although I do not enjoy receiving abusive emails.

Canadians are entitled to say what they want to say in emails and I believe they should not be criticized for expressing their views. We are all over 21 because we must be to be appointed to this honourable chamber. We are old enough to accept whatever minimal abuse happens to come along, coupled with the congratulations that we get when we say good things in this honourable chamber.

• (1410)

I should also add that on Monday the other place passed a unanimous resolution condemning Iran's president for the statements that had been made.

FINANCE

ELIMINATION OF CAPITAL GAINS TAX ON GIFTS OF LISTED SECURITIES TO CHARITIES

Hon. Michael A. Meighen: Honourable senators, I have a question for the Honourable Leader of the Government in the Senate, but the price of my question is a fairly long preamble.

Knowing the minister as I do, I know that he will know that since the 50 per cent reduction in capital gains tax on gifts of listed securities some eight years ago, there has been a \$1.5-billion increase in gifts of stock to our universities, hospitals, community foundations, research institutes, and arts and culture organizations.

In Toronto alone — and I hate to refer to the favourite city in Canada, but I must — gifts of stock to the United Way rose from only \$44,000 in the 40 years between 1956 and 1996 to more than \$24 million in only eight years between 1997 and 2005. What better proof that the elimination of this capital gains tax is working? I suggest to the Leader of the Government that the fall fiscal update is the time to announce the elimination of the remaining 50 per cent tax.

Some Hon. Senators: Hear, hear!

Senator Meighen: Knowing how jealously the government likes to guard all the revenue generated by the GST and other measures brought in by the previous government, I want to reassure the

leader that the cost to the federal treasury would be only about \$50 million in forgone annual revenue that would be shared equitably between the donor, the federal government and the provinces.

Interestingly enough, there would be no cost to municipalities — and most of our charities, hospitals and other such institutions are located within municipalities.

As the leader will know, this proposal is supported by the Conservative, NDP and Bloc Québécois parties, by the mayors of 24 Canadian cities, by the Standing Senate Committee on National Finance, the Finance Committee of the other place, as well as 16 former premiers from every province representing every political party, and three former prime ministers. What more unanimity would the government like to have than this? Surely the government does not need any political courage to move on this one.

Will the Leader of the Government use his undoubted powers of persuasion and urge his colleague, the Minister of Finance, to take advantage of this widespread, somewhat unusual unanimity, level the playing field with the United States and the United Kingdom, and bring about, at the very first opportunity, a complete capital gains exemption for gifts of listed securities to charities?

Hon. Jack Austin (Leader of the Government): Honourable senators, I will speedily bring Senator Meighen's representation to the attention of the Minister of Finance.

Senator Meighen: On that, the honourable leader can hang his reputation as a persuasive orator.

INTERNATIONAL TRADE

INTERNATIONAL TRADE TRIBUNAL— SPECIAL SURTAX ON BICYCLES

Hon. David Tkachuk: Honourable senators, I will do something different here — I will actually ask a question.

The Canadian International Trade Tribunal proposed that for the next three years the government impose a special surtax on bicycles imported from developing countries such as China to protect the domestic industry. The tribunal found no evidence of dumping, only that rising import levels were hurting the domestic industry. Such a surtax, which is proposed to be 30 per cent in the first year, 25 per cent in the second year and 20 per cent in the third year, requires the approval of cabinet. Could the Leader of the Government in the Senate advise as to when a decision will be announced?

Hon. Jack Austin (Leader of the Government): Honourable senators, I have no answer to provide the chamber at this time.

Senator Tkachuk: If cabinet is considering seriously an additional tax on imports to protect the domestic industry, as requested by the industry, this would be in addition to the existing 13 per cent tariff on bicycles from Asia. In what way would a tariff to protect a domestic industry differ from the tariff imposed by the United States on softwood lumber?

Senator Austin: Honourable senators, I was trying to form in my mind whether Senator Tkachuk is supporting this enhanced tariff to provide assistance to bicycle manufacturers in Canada or opposing it. I am not clear on his position. However, his conclusion relating to the softwood lumber issue is a bridge too far on the bicycle issue.

Senator Tkachuk: I simply asked a question as to when cabinet will consider this matter because retailers all across the country are very concerned about it. There have been numerous newspaper articles and meetings about this matter, yet the issue has been left hanging by the federal government, which makes it difficult for people in the retail business to plan how many bikes they should order, and all the rest of it. The government has an obligation to clarify this situation one way or the other.

Thus I will ask again: When will cabinet consider this matter? Will the leader advise the Senate, as well as the people of Canada, when a decision will be announced?

Senator Austin: I cannot provide the cabinet's schedule of business at this time.

Hon. A. Raynell Andreychuk: Honourable senators, perhaps the Leader of the Government will provide some information for me on this bicycle issue. It affects all small retailers across Canada, not only some of the larger ones.

There are two bicycle companies in Canada, both of which produce a type of bicycle at a price that will not be harmed if this duty is not placed on imported bicycles. In other words, there are two different markets. While we should protect our manufacturers, in this case retailers who import bikes from China, or elsewhere, of a particular type that is not manufactured in Canada are actually being hurt. Once all of the costs are added, we are into another price range for bicycles.

I do not think that the CITT fully understood the business of manufacturing and selling bicycles. I hope the government will look at this issue again to protect both sides of the industry.

Senator Austin: Honourable senators, I very much appreciate the comments of Senator Andreychuk. I will look into the matter.

I assure honourable senators that I have no conflict of interest. I do not own a bicycle and do not plan to buy a bicycle. No one in my family owns a bicycle or intends to buy one.

INDUSTRY

BOMBARDIER—BUILDING OF PLANT IN MEXICO—EFFECT ON FEDERAL AID

Hon. Mira Spivak: Honourable senators, in addition to the 600 jobs that will be lost to Bombardier's new plant in Mexico, over the weekend the company announced suspension in January of its 50-seat CRJ200 regional aircraft, meaning another 600 Canadian aerospace workers will be unemployed. From China came musings from another Bombardier official that the

company is discussing production of aircraft in that country. The Government of Quebec now says it believes that it has a promise from the company to replace the Quebec jobs that are going to Mexico. The company is saying, essentially: What promise?

Canadians have been told, time and again, that the real value of government aid to Bombardier lies in creating aerospace jobs — jobs in Quebec, Ontario and in the West, where suppliers count on this anchor of the Canadian aerospace industries.

David Chartrand, President of Local 712 of the International Association of Machinists and Aerospace Workers, is worried about the future of his 6,000 company workers. He has said recently that governments in Canada that have provided substantial aid to the firm should in the future help to guarantee that it will keep jobs here. Bombardier, he says, has a social obligation to return quality jobs into the economy. If not, the company should not benefit from a taxpayer's dollar.

• (1420)

What understanding does the Government of Canada have with Bombardier about federal aid and the maintenance of jobs in Canada?

Hon. Jack Austin (Leader of the Government): Honourable senators, I will make inquiries with respect to Senator Spivak's specific question, but it may take some time to provide a response. She is aware that a number of agreements and undertakings run between the Government of Canada and Bombardier relating to support for industrial development and research in order to maintain a healthy aerospace industry in Canada. The answer will require some investigation.

We do want to maintain in Canada viable economic competitors in the international market. We should be very careful to intervene in the decisions of a corporation and its board of directors as it might, in fact, impair the company's economic stability and growth.

I am not suggesting for a moment the position of the Government of Canada. I am offering, however, a comment for Senator Spivak and other senators to consider as we discuss the impact of globalization on the competitiveness of Canadian companies. That subject will take a great deal of thought and examination in the months ahead.

Senator Spivak: I thank the minister both for his attention and for the lecture, but I will say this: For companies that do not receive extraordinary amounts of federal aid, it is not at all unusual to export jobs. It is a different matter when companies receive aid both directly and through export development loans to their customers, such as Bombardier has done to Northwest, I believe. One has to balance interests between the welfare of the company, which I understand, and the welfare of jobs in Canada and the taxpayers' money supporting those jobs.

I thank the minister for his efforts, and I hope he will keep that in mind.

Senator Austin: Honourable senators, I am sorry if Senator Spivak thought I was delivering a lecture. I was attempting to respond in a useful way to the general debate that she wishes to initiate.

I would like to add a comment for her reflection. It may at times be important to the global competitiveness of a Canadian company that it receive WTO-permitted assistance in various forms. The idea that the company's ability to grow, expand and be profitable would hang on the simple thread of financial support of one kind or another would raise very difficult considerations.

The Hon. The Speaker: Honourable senators, given some of the exchanges during Question Period, I would like to remind you of rule 24(4), which states:

A debate is out of order in an oral question, but brief explanatory remarks may be made by the Senator who asks the question and by the Senator who answers it.

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, before proceeding to Orders of the Day, I would like to draw your attention to the presence in the gallery of the participants of the fall 2005 Parliamentary Officers' Study Program. We have participants from Brazil, Colombia, Costa Rica, Mexico, Paraguay, Peru and Uruguay.

Welcome to the Senate of Canada.

[Translation]

PAGES EXCHANGE PROGRAM WITH HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, I should like to introduce a House of Commons page taking part in the exchange program. Francis Cloutier is enrolled in the Faculty of Management at the University of Ottawa and is majoring in accounting. Francis hails from Edmunston, New Brunswick. Welcome to the Senate.

[English]

ORDERS OF THE DAY

CANADA BORDER SERVICES AGENCY BILL

THIRD READING

Hon. Tommy Banks moved third reading of Bill C-26, to establish the Canada Border Services Agency.

The Hon. the Speaker: Do you wish to speak, Senator Banks? If not, I will see Senator Forrestall.

Hon. J. Michael Forrestall: Honourable senators, I wish to say a few words as we bring to an end debate on Bill C-26, the bill that takes the dangling participle out of the Deputy Prime Minister's

activities over the last two years and gives her a firm grasp on probably not just 25 or 30 per cent of her mandate.

Honourable senators, it has been an interesting period of time. It speaks volumes that it has taken two years to get this matter to this point in our agenda.

These are very difficult times. Lest anyone has any doubt about that, let me remind everyone that we, the U.S. and our mutual allies are, in fact, in a war on terror. Canada faces a high likelihood of attack in Afghanistan and, sadly, nevertheless realistically, here at home at any time.

The United States and its allies face attacks in Iraq; London has suffered two strings of bombing attacks by Islamic terrorists; Bali and Indonesia have been bombed again by Islamic militants. India, as we all know, has been attacked by Islamic terrorists; and Russia is faced with constant attack by an increasingly organized radical Islamic-based insurgency in Chechnya. The Russian president has threatened that even though he will not seek a third term, he will also not let Russia descend into chaos.

China continues an astounding military buildup for what many of us believe is more than a war of reunification with Taiwan, perhaps something very much beyond.

North Korea and Iran, despite international pressure, continue the development of long-range missile forces and nuclear weapons.

The world looks like it is facing its next deadly flu pandemic sometime soon. We have been fortunate that the birds tested to date have not had the deadly flu virus H5N1.

If that is not enough, by way of reminder, al Qaeda has placed the killing of Canadians as priority number five. We have been mentioned as a target for al Qaeda attacks twice, and once, as we all recall, by Osama bin Laden himself.

• (1430)

There are reports that al Qaeda has conducted reconnaissance missions on the Canadian border. Al Qaeda is not alone. In February, a reported Hezbollah operative crossed the border in the Detroit area from Canada and was arrested by our American neighbours when it was found that he had operative traces of explosives on his passport. Not a word from the government on this issue and not one comment from the Canada Border Services Agency. This is not a healthy picture. The world is unstable, dangerous, and dangerous for Canadians and for our interests at home and abroad.

It is particularly important that we be aware of border security. Our neighbour, the United States, continues to be highly concerned in this regard. Canada's prime foreign policy concern is the maintenance of good relations with the United States. Security is the pre-eminent concern of the United States. With 80 per cent of our trade running south, security must be our pre-eminent concern, unless you buy the government's pre-election "Yankee bashing" and think that we should trade more with China.

Bill C-26 has the effect of amalgamating the Canada Border Services Agency, the Canadian Food Inspection Agency and part of the Department of Citizenship and Immigration. The bill was reported to the other place with two amendments and the government introduced another amendment at report stage to correct an error in the bill. The fact that the government had to introduce an amendment at that stage again says something about the further lack of competence of this government with regard to this vital issue. The greatest disregard is the passage of time.

One passed in committee in the other place was moved by my party, the Conservative Party of Canada. It called for an annual report of the operations and performance of the agency and that this requirement should be enshrined in the legislation. It required the agency to table the annual report after the end of the fiscal year and before the end of the calendar year. In other words, the 2005 report of the agency would have to be tabled by March 31, 2006, not after December 2006. Without question there is a need for more accountability and reporting on the activities of government as never before. There is need for transparency in a government that has spawned the shame of AdScam.

The government has noted in the past that Treasury Board, on behalf of the Canada Border Services Agency, files performance reports and that these reports should be considered annual reports. However, the requirement of the Financial Administration Act does not specifically say that an annual report or performance report is required. It now does.

Other agencies that file performance reports are also required by statute to file annually. These include SIRC, the Correctional Investigator, Correctional Services of Canada and the RCMP External Review Committee. We can all agree that greater transparency and accountability respecting operations of the government is an important part of achieving public confidence. Parliament needs to know the truth. Canadians deserve the truth.

The report must be to Parliament, and it must be honest and unfiltered.

I took the occasion in the discussion with Minister McLellan in committee earlier this week, to suggest to her that, while there is provision for the required report from the agency to the Treasury Board and the acceptability on the part of government of that report as a report of that agency to both Houses of Parliament, that is not quite good enough. I pointed out the urgency and the necessity for greater transparency. We should not ask the Canadian people to be satisfied with a report from as vital an agency as Canada Border Services Agency that has been filtered through the Treasury Board of Canada before it gets to their parliamentarians and to them.

The minister listened thoughtfully. We engaged in a brief debate and she undertook to review the practice.

Colleagues, I know that it is time for the government to get to work in rebuilding our national security assets and our capacity before it is too late. The light and shadow show of spin and perception must end and some concrete action must be taken. This is certainly a step in the right direction. Much more

thoughtful and considerate legislation is required if our appropriate ministries and departments are to effectively ensure a secure, safe border and a peaceful country in which to raise our families and enjoy our lives.

Some Hon. Senators: Hear, hear.

Senator Banks: I would ask that the question be put.

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

Some Hon. Senators: Question!

The Hon. the Speaker: No senator rising to speak or adjourn the debate, I will put the question.

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

Motion agreed to and bill read third time and passed.

TELECOMMUNICATIONS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Tardif, seconded by the Honourable Senator Massicotte, for the second reading of Bill C-37, An Act to amend the Telecommunications Act.

Hon. David Tkachuk: Honourable senators, I was tempted to phone all of you about this bill, but I thought better of it.

I should like to read from the government press release on Bill C-37 which states:

Once the legislation is in place, it is expected that the CRTC will undertake consultations to find an administrator, to determine how the list will operate and how much it will cost, and to consider whether any types of calls should be exempt from the Do Not Call List.

In other words, passage of this bill will delegate the legislation to the CRTC. Senator Tardif spoke to the specifics of this bill. I understand it was her first speech, and a good speech it was. She covered many of the specifics of the bill adequately last week. She told you that its intention was to remove, what she called and the government calls, “an irritant” from the lives of Canadians. I found it rather amusing and not a little ironic that Senator Tardif cited an Environics poll that Canadians find telemarketing irritating, and I wondered how that poll was conducted. No doubt, useful information was collected by Environics, as Senator Tardif pointed out, which is why pollsters are one of the groups being considered for an exemption from the DNC, do not call registry. Politicians, fortunately — protecting ourselves again — are another group among those groups proposed for exemption to this legislation. If you are selling soap you cannot call, but if you are selling politics, you can.

Senator Rompkey: Soft soap.

Senator Tkachuk: Since pollsters and politicians irritate the public the most — the results are there for all to see.

• (1440)

I have no quarrel with the principle of this bill. I would, however, like to raise a few issues in the hope that it will be discussed when the bill reaches committee. These issues may not be resolved there, but I am hoping that they will be.

I find it somewhat less than comforting that the government can introduce a piece of legislation minus important specifics. We really do not know how this bill will be administered. We do not know anything about it except that this is what the bill will do and we will let the CRTC do it. We do not know how much it will cost, how it will be administered or who will be exempt. We will let the CRTC do all of this.

We do not even know how the do not call registry will work. We are delegating the right to formulate legislation on this bill directly to the CRTC.

Honourable senators will understand my concern about this registry, especially one that lacks details in the area I have described. I hope that a do not call registry will be more effective at preventing marketers from making illegal calls than the billion dollar gun registry has been in preventing criminals from shooting off their guns in our streets.

Senator Comeau: Two billion dollars.

Senator Tkachuk: I find it bewildering that the government can introduce a bill about which it will conduct Canada-wide consultations only after the bill has been passed. It would have been wiser to do this previous to the bill being introduced in the House. Since the horse has left the barn, the Senate committee to which this bill will be referred should be charged with conducting such consultations, not the CRTC.

Politicians should be listening to the concerns of Canadians on this matter because there are serious business implications for those who will be exempted from this list and those who will be allowed to conduct business via the telephone.

It is not just a simple matter. When this decision is made, it will mean that a particular organization or a business that has many employees who depend on telemarketing for their livelihood all of a sudden will be out of business and will have to find other ways to go to the consumer, perhaps door to door.

The thing about the marketplace is that a business will find a way to get its product to the consumer. If they cannot do it by telephone, perhaps they will be knocking on your door instead or perhaps filling your mailbox with direct marketing material using paper products from our forest industry.

It appears that the House of Commons committee studying this bill only called the Direct Marketing Association as a witness, which is the association that I belonged to before I became a senator. I was in the direct marketing business.

Some Hon. Senators: Oh, oh!

Senator Tkachuk: I was in the direct mail and telemarketing business, so I know a little bit about what I speak. It is strange that they were the only organization called as a witness and that other businesses and organizations were not.

A number of businesses like charities, political parties and pollsters were exempted from this list. I would like to find out what the rationale was for the exemption. I hope that our committee will call witnesses to that effect and will find out why these groups were exempted and others were not allowed to conduct business on the telephone without the threat of being put on do not call registry.

Individuals make their telephone numbers public. The reason businesses are able to phone them is because their phone numbers are in the phone book. Their numbers are in the phone book so that people can call them if they wish to reach them about something, and then they get angry if they are called.

I had a private listing for some time, so I never received any calls. A couple of years ago I decided that I did not want to pay the \$2 a month, so my number is now in the phone book. I suppose there are people who do receive a lot of phone calls, but I do not get many.

Some Hon. Senators: Oh, oh!

Senator Munson: What is your number?

Senator Tkachuk: If you have something to sell, Senator Munson, which I doubt, you can call me.

Honourable senators, the Conservative Party of Canada supports this bill in principle. However, there are many unanswered questions and issues that are important to Canadians, both those who are receiving the telephone calls and those who are delivering the telephone calls.

Honourable senators, my hope is that we give this proposed legislation more than a cursory examination, and that will be our intention on this side of the house.

Senator Rompkey: Question!

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

Hon. Senators: Question!

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

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Tardif, bill referred to the Standing Senate Committee on Transport and Communications.

CRIMINAL CODE

BILL TO AMEND—SECOND READING— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Grafstein, seconded by the Honourable Senator Ferretti Barth, for the second reading of Bill S-43, An Act to amend the Criminal Code (suicide bombings).—(*Honourable Senator Eggleton, P.C.*)

Hon. Art Eggleton: Honourable senators, I rise to briefly express my support for Bill S-43, an amendment to the Criminal Code which would, for greater clarity, as its sponsor indicates, add the words “suicide bombing” to a prohibited terrorist activity.

I want to, first, express my appreciation and congratulations to Senator Grafstein who has introduced this bill and advanced solid arguments for it to be supported by members of this chamber. Yesterday, we heard a very eloquent dissertation from Senator Segal, our new senator from Kingston and the Islands, in support of this bill as well.

I want to add my voice — less eloquently, I am sure, than either of those honourable senators — in support of this particular amendment.

This subject has dominated our lives so much over the past few years. We read on a daily basis about these terrible crimes against innocent men, women and children in many different parts of the world. Every day we hear about the suicide bombings in Iraq or in the Middle East. We hear about it happening in many other parts of the world, including Bali and Chechnya. We also hear about it on our own continent, as we know all too well from the events of 9/11.

I think we view this particular act of terrorism — suicide bombing — in a different context than what we see occurring every day in Iraq. It is, nevertheless, a situation where people are convinced that for some reward in the afterlife, it is a good thing to destroy the lives of innocent people of different faiths, many of whom are Christians, Jews, Muslims or Hindus. The suicide bombers make no distinction in carrying out these terrible acts. They do not care about the people who are affected, including those who subscribe to much the same faith, even though in a much more moderate way.

• (1450)

Once a suicide bomber has carried out that act, there is absolutely no provision in the Criminal Code of Canada or in the criminal provisions of any country to deal with that particular person. We know that these people do not act alone. We know that they are recruited and taught. We know that people organize the effort and set the stage for these suicide bombers to carry out their act. We know that certain people finance these operations. These are the people we need to get at in order to prevent suicide bombings.

Some people may ask what that has to do with Canada. They may tell us that these things are happening in other places. Honourable senators, we must understand that we do have some responsibility, in a world context, to demonstrate our condemnation. This kind of act is totally morally wrong. It was condemned by the General Assembly of the United Nations. I am glad that, in addition, British Muslim organizations that issued a fatwa against people who would carry out suicide bombing made this clear after the bombings in the London transit system just this past July. They said that there is absolutely no justification for this in the Koran whatsoever. I know we all understand that fully, but still these radical elements have carried out these terrible acts against innocent people.

Canada, in a world context, needs to show leadership on this, just as we have shown leadership in so many other areas, for example, peacekeeping and peace support operations. We need to be at the United Nations, helping to ensure that countries take action against this kind of crime against humanity. As part of doing that, honourable senators, we need to set the example ourselves by way of an amendment to our own Criminal Code to make it quite clear that this is a crime and it is one that we will do everything to stop, to prevent and that we will prosecute anyone who has had any association with that kind of activity. No, we have not suffered such an attack here, thank the Lord, but we can never take it for granted that it will not happen.

We have seen it in our own backyard, in New York, Washington and Pennsylvania on 9/11. We can never take it for granted that it will not happen here. I believe that we should amend the Criminal Code to include a provision to deal with this situation. People may ask if there is not already a provision that covers terrorist activities in the Criminal Code. There is. Some lawyers would argue that this activity is covered.

As Senator Grafstein has quite properly pointed out in introducing Bill S-43, there must be more certainty about this. When you bring the full weight of the law to bear against citizens, there must be a great degree of precision and certainty in the law. That is exactly what the senator is saying when he says that, for greater certainty, we should add suicide bombing specifically to the terrorist activities that are prohibited in the laws of Canada.

I wish to express my appreciation to him and to Senator Segal, who also spoke yesterday, and to add my support for this bill. I trust that all senators will support this worthy bill.

On motion of Senator Rompkey, debate adjourned.

CANADA TRANSPORTATION ACT

BILL TO AMEND—SECOND READING— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Banks, seconded by the Honourable Senator Corbin, for the second reading of Bill S-6, An Act to amend the Canada Transportation Act (running rights for carriage of grain).—(*Honourable Senator Austin, P.C.*)

Hon. Jack Austin (Leader of the Government): Honourable senators, this debate was adjourned in my name. I am now ready to respond to the presentation that Senator Banks made in the chamber on Bill S-6.

Honourable senators, Bill S-6 proposes to change the running rights provisions of the Canada Transportation Act, the CTA. I should like to open my remarks by commenting in general terms about the issue of expanded running rights. This controversial issue has been debated extensively over many years. A number of interested parties have supported expanded running rights and previous running rights applications to the Canadian Transportation Agency, CTA, primarily as a means of increasing competition between the railways. However, other interested parties are opposed to expanded running rights on the grounds that this could have a chilling effect on badly needed railway investment, especially in Western Canada, which, frankly, is the last thing we need at this time, that is to say, a chilling effect on badly needed railway investment.

Many honourable senators remember the problems that western shippers experienced in the late 1970s and early 1980s as the government came to grips with the lack of railway investment attributable to the low Crow rates for moving grain. I was much involved in the work leading up to the legislation which replaced the historic Crow rate which, in the emerging area of liberalized trade under the World Trade Organization, could simply not be allowed to continue.

Many shippers have called for regulatory stability in order to encourage railway investment and would view Bill S-6 as a slippery slope that could lead to extensive regulatory running rights for a number of commodities as the minister of the day responded to short-term political pressure from shippers.

Some stakeholders claim that the Canadian National Railway, CN, and Canadian Pacific Railway, CPR, faced no real competition. I would submit to honourable senators that this is not the case, especially for grain traffic, since every grain movement starts in a truck at the farm. Most farmers have options concerning the delivery point and the grain company to whom it will be delivered. It is generally acknowledged that there is effective competition among the grain companies. In turn, over the last decade or so, the grain companies have built new networks of high throughput elevators. The grain companies were strategic in building many of these facilities. They built them so that they would have greater choice of rail service providers. In addition, grain shippers have the unique protection of the revenue cap, plus access to the shipper protection provisions in the CTA that are available to all shippers.

Senator Banks made reference to CN and CPR comments in support of increased rail competition in the United States. It is important to consider the context of these comments. They were made as part of the review of major railway merger proposals, not as isolated applications. These merger proposals are almost the only opportunity the U.S. Surface Transportation Board has to order running rights. Merging railways generally accept increased competition, sometimes in the form of running rights as a necessary condition for merger approval.

Shareholders often cite the experience in other network industries as a justification for expanded running rights. The CTA review panel examined this argument and determined that the railway sector was not analogous to gas, electric, and telecommunications industries and could not be treated as such. For example, the panel concluded that:

...from a technical and operational perspective, railways are considerably more complicated than other network industries in terms of physical planning, coordination, safety, switching and administration.

• (1500)

The Minister of Transport opposes this bill on the grounds that potential changes to running rights provisions should be considered within the broader context of other remedies that are available to shippers and amendments to the CTA that are being proposed in Bill C-44, which is currently before the House of Commons.

Unilateral changes in the running rights provisions may jeopardize the regulatory balance among the interests of shippers, carriers and other stakeholders in Canada's freight rail transportation system. The CTA relies primarily on competition and other market forces to ensure viable, efficient and effective transportation services. The government's approach to transportation policy has generally been successful and is supported by most shippers and carriers.

This was recognized by the CTA review panel, which was established in the year 2000 to conduct a statutory review of the CTA, by concluding as follows: First, the rail system works well for most users most of the time; second, the system is fundamentally competitive and efficient and is not inherently anti-competitive; third, there is no evidence that the railways are earning excessive profits; fourth, market abuse is not systemic or widespread; and fifth, most shippers within most markets are well served.

Nonetheless, government intervention may be necessary on occasion to correct market imperfections. That is why the CTA contains a number of shipper protection provisions to address potential abuses of market power by the railways. These tools are aimed at achieving an appropriate balance between the interests of shippers and carriers. They also help improve shippers' leverage in negotiation with the railways.

Let me take a few minutes to discuss some of the key shipper protection provisions currently contained in the CTA as well as some proposed changes that are included in Bill C-44 tabled in the other place last March. As I have indicated, the issue of running rights cannot be considered in isolation of other shipper protection provisions.

A first shipper protection provision contained in the CTA is the stipulation that any rail rate or condition of service established by the CTA must be "commercially fair and reasonable to all parties." I am referring to section 112. This requirement reflects the need to take into account the commercial interests of both parties affected by the agency orders. It also seeks to ensure that regulatory decisions are consistent with commercial realities. Bill C-44 proposes to retain this condition.

Another shipper protection remedy consists of the level of service provisions, also referred to as common carrier obligations, which require that a railway provide adequate and suitable service to the shippers. A shipper who is not satisfied with the level of service can complain to the CTA, and the CTA has broad powers to order corrective action, if necessary. Many shippers maintain that level of service obligations are the foundation for existing and future competitive access provisions. The level of service provisions are popular with shippers, and there is a consensus that they, too, should be retained, as Bill C-44 proposes to do.

The CTA also contains provisions that provide a shipper served by only one railway with a regulated rate to a connection point that is also served by a second carrier. The intention is to provide such shippers with competitive options for the movement of their traffic from the interchange point to destination.

These so-called “interswitching” provisions apply to movements to an interchange point that is within 30 kilometres of the origin point. There is a broad consensus that these provisions work well. They are being retained with a minor change to clarify that regulated interswitching rates are maximum rates, allowing for negotiation between shippers and carriers for lower rates.

On a related note, the CTA currently contains competitive line rate provisions, similar to those for interswitching, except that they apply to connections to an interchange that is more than 30 kilometres from the origin point. In Bill C-44, the government proposes to replace the competitive line rate provisions with competitive connection rates.

Under the current legislation, before applying to the CTA to set a competitive line rate, a shipper must have an agreement with the connecting carrier for the movement of his or her traffic beyond the interchange point. Shippers view this requirement as a barrier that significantly reduces the effectiveness of the remedy. Bill C-44 proposes dropping this requirement.

Under Bill C-44, competitive connection rates would be available only to shippers without effective, adequate and competitive transportation alternatives. Moreover, they would only be available in situations where the CTA would have determined that the rate for the movement from origin to destination is substantially above the rates for movements of similar traffic under similar conditions. While there are some objections to these conditions, this is consistent with the overall approach of using regulated remedies only when they are really necessary.

One of the most popular shipper protection provisions is final offer arbitration. Final offer arbitration is a process for resolving disputes between shippers and carriers over rates and conditions of service. An independent arbitrator receives and evaluates the offers made by the shipper and the carrier and must select one of the offers. The arbitrator may not combine or vary the offers. The arbitrator's decision is binding on the parties.

There may be times when negotiations between a shipper and the railway are deadlocked. In a situation where a shipper has no alternative transportation available, deadlocked negotiations means accepting a rate imposed by the carrier.

When final offer arbitration is invoked, there is an incentive for the parties to make their respective offers reasonable since an arbitrator is unlikely to select an offer that is unreasonably high or low. This serves to narrow the differences between the positions of the parties and encourages a negotiated settlement.

There are indications that shippers frequently use the threat of referring a matter to final offer arbitration as leverage in rate negotiations with the carriers. The existing final offer arbitration provisions work well and are retained in Bill C-44, with some improvements to address shipper concerns.

Under Bill C-44, the services and charges covered by final offer arbitration would be expanded to include such things as fees for delays in unloading cars and fees for car cleaning. This is aimed at keeping total railway costs to shippers down. This proposal is obviously also popular with the shippers.

Moreover, under Bill C-44, final offer arbitration would also be made available to groups of shippers seeking common relief. This would lower the cost to individual shippers. It would also make it easier to use the remedy collectively for issues that affect more than one shipper within an industry or across industries.

Finally, there is the substantial commercial harm clause, section 27(2) of the CTA. Under the current legislation, the Canadian Transportation Agency must be satisfied that a shipper would suffer “substantial commercial harm” before imposing a regulated remedy with respect to a rate or service. There has been widespread criticism from shippers of the substantial commercial harm test, in particular, its focus on the shipper's financial and operating condition. Bill C-44 proposes dropping this test since it focuses on the shipper rather than on the behaviour of the carrier.

Honourable senators, some shippers have been calling for major regulatory reforms to increase railway competition. As the CTA review panel has found, there is no need for sweeping regulatory measures to raise the level of competition. The government's amendments proposed in Bill C-44 seek to build on the solid foundation provided by the CTA and not to dramatically alter its course.

A national railway network is essential to provide shippers with efficient and reliable access to domestic, continental and international markets. The current policy framework has helped foster the revitalization of the Canadian railway system, including the development of a shortline rail industry.

• (1510)

Canada's freight railways provide good service at low rates and without government subsidy within a competitive North American market. Shippers have effective regulatory tools to help improve their leverage in negotiations with railways and to minimize abuse of market power by railways.

Bill S-6 contains major policy changes with potentially significant implications that would require the most careful consideration. As I said when I began, running rights is a controversial issue that has been discussed extensively over the

last six years. Changes to the running rights provisions need to be carefully examined because of potential adverse impacts on railway investment, rail efficiencies, service to shippers, the degree of regulatory oversight required to address possible disputes between the host and guest railways, and shortline rail development.

I hope these comments will be useful to honourable senators when they consider Bill S-6 and, in due course, Bill C-44.

Honourable senators, I was born in Calgary and raised in Alberta. My age might indicate that I recall some of the views of people in my community that stem from the Great Depression. One of the stories that I was brought up with taught me that the railways were to blame, whether there had been hail, too much rain or lack of rain. Whatever happened to the agricultural producers of the Prairies, the line oft said was, "God damn the CPR."

On motion of Senator Banks, debate adjourned.

EXCISE TAX ACT

BILL TO AMEND—SECOND READING— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Keon, for the second reading of Bill C-259, An Act to amend the Excise Tax Act (elimination of excise tax on jewellery).—(*Honourable Senator Eggleton, P.C.*)

Hon. Michael A. Meighen: Honourable senators, I rise to speak to Bill C-259, to amend the Excise Tax Act, and support the elimination of the excise tax on jewellery. The landscape was well covered by Senator Di Nino's excellent speech on June 23, 2005; however, I wish to add one or two comments on what third parties have said about this iniquitous tax and about the issue of fairness.

Senator Di Nino pointed out that the excise tax on jewellery dates back almost 90 years, to 1918. The tax belongs to another era. The excise tax on jewellery survives today as nothing more than a government cash grab that unfairly penalizes the jewellery industry, the mining industry, the northern territories and their people, and the Canadian consumer.

One third-party assessment, a December 2004 report written by Ernst & Young entitled, *Jewellery Excise: An Unfair Tax that Kills Jobs*, stated, in part, the following:

The 10 per cent excise tax on jewellery and watches, first introduced in 1918, has no place in a modern tax system: It destroys Canadian jobs by favouring imports over domestic manufacturers. It is an unfair tax on ordinary Canadians, with no legitimate policy rationale. It is complicated and expensive to administer, and prone to evasion.

That is quite a damning indictment.

The report continued:

...[this tax] encourages Canadians to travel to the United States and other countries to buy jewellery and bring it home tax free under the personal exemptions of up to \$750 after a one-week absence.

It's time for change. No other industrialized country in the world has a tax of this nature.

When the Goods and Services Tax replaced the outdated and harmful Manufacturer's Sales Tax, the Jewellery Excise Tax should have been eliminated as well.

The Federal Standing Committee on Finance endorsed the elimination of the excise tax on jewellery in 1996. This year, the Committee renewed its call for elimination.

The September 1996 Report of the Auditor General of Canada stated:

Officials of Revenue Canada...advised us that it is very difficult to apply the tax to all jewellery manufacturers who should be paying it.

...there is extensive evasion and avoidance of jewellery excise tax through underground activity.

Honourable senators, repealing the tax would increase business activities and, therefore, generate increased revenues for the federal government, which in turn would offset any loss of revenues from repealing the jewellery excise tax. The government collects roughly \$50 million per year from the excise tax on jewellery, which, compared to the 1996-97 fiscal year of \$140 billion, basically means that this excise tax on jewellery contributes 4/100 of one cent to every dollar of total revenue, thereby making it a virtually invisible source of revenue.

The excise tax has been established as hurting small businesses in a number of ways. It puts the industry at a competitive disadvantage compared to industries such as home electronics, clothing and entertainment, which do not have such a tax to pass on to the consumer. The tax also represents a burden for small businesses when it comes to financing inventory. When the government eliminated the federal sales tax with the introduction of the GST, the burden on inventory was eliminated. However, the jewellery industry still has to bear the weight of the excise tax, which is included in the price retailers pay to their suppliers and, therefore, remains locked up until the product is sold. With a very small turnover in jewellery stores, this represents an additional burden to the business owner. For example, an average retail store turns over its inventory in about 10 weeks. Jewellery stores do so only once per year.

Ernst & Young also pointed out that because jewellery is so easily concealed, it lends itself to smuggling. According to that study, cross-border shopping by Canadians into the U.S. is supposed to be so prevalent that it represents up to 15 per cent of depressed sales for Canadian jewellers.

The Canadian jewellery industry is made up of 5,000 companies, most of which are small, family-owned businesses that represent a \$1.2-billion industry employing over 40,000 Canadians. The luxury angle no longer washes. It simply does not apply. Consider that a \$10-pair of earrings and a \$100-wedding band are taxable but that a \$2,000-suit is not taxable on that basis. Where is the fairness in that, honourable senators?

The flaws in this tax make it prone to evasion and avoidance, which also results in loss of revenue for the government. The excise tax on jewellery has become an anachronism that no longer serves its intended purpose of financing the efforts of World War I, nor does it fulfill the qualities that should be required of a tax, namely, equity, efficacy, ease of administration and transparency.

Canada is now the only country with a growing industry in this field that continues with an inappropriately entitled "luxury tax." Australia and Russia, two of our most important diamond-producing competitors, have abolished their taxes recently. Lower- and middle-income households, those with less than \$90,000 per year, account for more than 50 per cent of jewellery and watch expenditures in Canada.

Honourable senators, repealing this tax would not amount to giving special treatment to the jewellery industry. Rather, it would level the playing field because other industrialized nations have done away with such a tax.

• (1520)

Phasing out this tax probably does more harm than good. The difficulties in administering the law would not disappear. The same expenses to administer the tax would remain, but the revenue stream would diminish with the phase-out.

Honourable senators, Bill C-259 was passed in the other place by a strong majority of 185 to 93. A luxury tax, I suggest to you, is a thing of the past. Why would we then phase it out? Let us throw it out and leave it where it belongs, on a Monopoly game board.

This is not a partisan issue. It is an issue about fairness. I urge your support for Bill C-259.

On motion of Senator Maheu, debate adjourned.

THE SENATE

MOTION TO URGE GOVERNMENT TO ALLEVIATE HIGH FUEL COSTS—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator Stratton:

That the Senate urge the government to implement assistance through the tax system to ensure that excessive

fuel costs are not an impediment for Canadians travelling to and from their place of employment including a personal travel tax exemption of \$1,000;

That the Senate urge the government to take measures to ensure that rising residential heating costs do not unduly burden low and modest income earners this winter, and in winters to come;

That the Senate urge the government to encourage the use of public transit through the introduction of a tax deduction for monthly or annual transit passes; and

That a message be sent to the House of Commons requesting that House to unite with the Senate for the above purpose.—(*Honourable Senator Rompkey, P.C.*)

Hon. Bill Rompkey (Deputy Leader of the Government): I understand that Senator Angus would like to participate in the debate. We would be agreeable to that.

Hon. W. David Angus: Honourable senators, I rise this afternoon to speak in support of my colleague Senator Kinsella's motion of October 25, whereby he seeks the support of this chamber to urge the government to implement assistance through the tax system to ensure that excessive gasoline costs are not an impediment for Canadians travelling to and from their places of employment; to take measures to ensure that the costs of residential heating do not unduly burden low- and modest-income earners; and to encourage a much greater use of public transit in Canada through the granting of a tax credit for monthly or annual transit passes.

First, honourable senators, let me acknowledge with pleasure that the upwardly spiralling fossil fuel costs seem to have levelled off modestly since the crisis of early last month. However, they still are at troublesome and near record high levels, and are having a dangerous inflationary effect on our economy generally which, in turn, is leading to higher interest rates and unplanned financial pressures on low-income Canadian consumers and on their retirement savings plans.

In my respectful view, honourable senators, this government needs to implement carefully thought out measures to ease the burden on Canadian taxpayers, especially but not exclusively those in low-income brackets.

I agree with Senator Kinsella that, to date, the government's response to these problems has been insufficient, ineffectual and disappointing. Bill C-66 has been shown to be totally inappropriate and, as Senator Kinsella pointed out, it amounts largely to pre-election rhetoric designed to permit a series of substance-lacking communications bullets and photo ops.

One is tempted, honourable senators, to ask, "Where's the beef?" However, I will refrain from such a partisan approach at this time as I earnestly consider the matters at issue to be serious economic ones with grave consequences and of a non-partisan interest to all Canadians.

I wish to focus on two kinds of consequences that will flow from Senator Kinsella's motion: those which encourage amendments to our tax system through creative fiscal policies; and those that will generate improvements in our environment and support our Kyoto initiative by encouraging more Canadians to use public transit, resulting in a substantial reduction in greenhouse gas emissions.

Honourable senators, I have come to the firm conclusion, through my work on the Standing Senate Committee on Banking, Trade, and Commerce and on the Standing Senate Committee on Energy, the Environment and Natural Resources, that an inordinate number of our nation's economic and environmental ills can be attributed to Canada's seriously outdated and now flawed tax system, which has not been significantly reviewed or overhauled in some 35 years.

We are constantly being told by experts that our present tax system is inequitable, imbalanced and impractical. Just a few moments ago, Senator Meighen spoke of how appropriate tax changes will encourage charitable giving, and he then rose to talk about the anachronism of the jewellery tax, which is still on the books.

The government, in successive budgets, has seemed oblivious to the gravity of the problem. Any fiscal tinkering it has suggested or implemented has been, for the most part, counterproductive and has led to negative consequences for the Canadian economy, for Canadian business and for consumers at large.

A good example of ineptitude and bad policy and procedure in this regard is the current market uproar surrounding income trusts. This is a device or vehicle which, good or bad, was created in the first place and became widespread precisely because of imbalance in the tax system — a series of high and punitive corporate and capital taxes, the whole combined with sustained and unusually low interest rates.

Witness after witness at both the Energy and Banking committees have told us, honourable senators, that Canada's tax system today inhibits productivity, economic growth and entrepreneurship in Canada. It has also led, we are told, to a worrisome brain drain of our best and brightest young Canadians to the U.S. and elsewhere.

In addition, we are advised by respected bodies like the OECD, the Bank of Canada and the Conference Board of Canada, as well as by Canada's Commissioner of the Environment and Sustainable Development, that, although we have all the necessary fiscal, economic and technical tools at our disposal to deal with climate change issues and our deteriorating environment, we simply do not use them. This is most troubling, especially to the green or environmentalist community, and to all of us here. It is certainly the case for those of us on the Standing Senate Committee on Energy, the Environment and Natural Resources, but I believe it should be frustrating and troubling to all of us here in the Senate.

As the Conference Board of Canada reported last month, there is a troubling element of complacency in the land today. Canada is not living up to its brand as a wealthy, environmentally responsible, socially conscious and healthy society.

• (1530)

In short, honourable senators, there is an urgent and pressing need for tax reform in the country. Whether it is small measures like providing a tax deduction or a credit for public transit use, or a personal travel tax exemption of \$1,000, as suggested by Senator Kinsella, to deal with hardship resulting from high fuel costs, or major changes like the reduction in corporate dividend and capital taxes, it is clear that tax change is needed now. In this way significant benefits can be achieved for all Canadians, not only as relief from high energy prices, but also including a higher standard of living due to increased productivity and a fairer, more equitable sharing of the fiscal burden among all businesses and individuals in Canada.

I am confident honourable senators will agree that it simply is not right for us as Canadians to see our nation in free fall — from being in the top five out of 30 OECD nations to the bottom 10 in a whole host of key economic and environmental score cards. We can and must do better.

That is why the Banking Committee has decided, on an urgent basis, to hold two to four days of hearings on the state of Canada's taxation system, with a view to determining from experts just how serious our fiscal problem is and what measures could reasonably be adopted in the short term to effect at least the most pressing needed changes and improvements, and to set the stage for a more comprehensive reform of our tax system going forward. The Banking Committee expects to commence these hearings very soon, and I will commend them to the attention of all honourable senators.

In conclusion, one striking example of what can be accomplished in a simple, uncomplicated way is to be found in Senator Kinsella's suggestion of a tax credit for part of the cost of public transit passes. This idea is now an integral part of the Conservative Party's official policy platform. Implementation of this policy would allow commuters to deduct 16 per cent of the cost of their transit passes from their income taxes otherwise payable. At the same time, it would promote increased transit ridership and result in reduced road and highway traffic congestion, smog and greenhouse gas emissions.

We are told by Environment Canada that cars and trucks on our roads today are responsible for about 18 per cent of all greenhouse gas emissions in this country, amounting to more than 134 million tonnes of greenhouse gas released into the atmosphere every year in this country. By encouraging Canadians to use public transportation rather than fuel-consuming vehicles through a simple tax incentive, the government would achieve two goals: help to ease the transport costs for Canadians who would use this form of public transit and, on a larger scale, help us to meet our commitments under the Kyoto Protocol.

For these reasons, honourable senators, I urge you all to join with me in supporting Senator Kinsella's very thoughtful and sensitive motion.

On motion of Senator Rompkey, debate adjourned.

OFFICIAL LANGUAGES

COMMITTEE AUTHORIZED TO STUDY EFFECT OF RELOCATING FEDERAL DEPARTMENTS

On the Order:

Resuming debate on the motion of the Honourable Senator Tardif, seconded by the Honourable Senator Massicotte:

That the Standing Senate Committee on Official Languages study and report its recommendations to the Senate on the following no later than June 15, 2006:

1. The relocation of federal department head offices from bilingual to unilingual regions and its effect on the employees' ability to work in the official language of their choice;
2. The measures that can be taken to prevent such relocations from adversely affecting the application of Part V of the *Official Languages Act* in these offices, and the relocated employees' ability to work in the official language of their choice.—(Honourable Senator Segal)

Hon. Hugh Segal: Honourable senators, I am delighted to stand in my place and express my support for the motion put forward by Senator Tardif with respect to a study to be undertaken by a committee of this house dealing with the rights of public servants who are associated with the decentralization of various departments, and the assurance that those rights are protected under the Official Languages Act of Canada.

[Translation]

Honourable senators, I am proud to affirm the Conservative Party's support for minority language rights as advanced by Jean-Robert Gauthier while he was a member of this chamber, and for Bill S-44 sponsored by Senator Ringuette concerning the guarantees in place to protect the rights of applicants to the Public Service of Canada.

I support all the efforts made by the Senate to increase bilingualism within the federal public administration and to increase the federal presence in the various regions of Canada. As a new senator, I feel that the Senate ought to be actively involved in doing everything it can to ensure that, should federal government offices be transferred outside the National Capital Region, or new ones established, the rights of all affected workers are respected. The Senate ought to also establish clear policies and directives on this for the federal government.

[Senator Angus]

[English]

It was more than 30 years ago that the Royal Commission on Bilingualism and Biculturalism began its study to "inquire into and to report upon the existing state of bilingualism and biculturalism in Canada, and to recommend what steps should be taken to develop the Canadian Confederation on the basis of an equal partnership between the two founding races, taking into account the contribution made by other ethnic groups to the cultural enrichment of Canada and measures that should be taken to safeguard that contribution."

The work of that commission led to the Official Languages Act of 1969, part of the updates to this act in 1988, and through the hard work of Prime Minister Trudeau and premiers like Hatfield, Davis, Peckford, Lougheed, Bennett, and Senator Buchanan when he was the Premier of Nova Scotia, became part of the minority rights guarantee, the Constitution Act of 1982.

Continued study of official language policy in this country, including that recommended so competently by my colleague Senator Tardif in her motion to authorize the committee to study the effect of relocating federal departments, is an important part in the continued strengthening of bilingualism within the federal public service and across Canada.

[Translation]

The Official Languages Act recognizes English and French as the two official languages of Canada, and guarantees Canadians access to government services in both languages where numbers warrant.

I also agree that the matters raised in the motion concerning Canadians' language rights merit further study. The Senate could make a useful contribution to the preservation of linguistic duality everywhere in Canada.

[English]

Politicians and the public service should look at the decentralization of government as an opportunity. Our country is strengthened when the federal government is closer to the people they serve. A greater understanding of the realities faced by average Canadians in communities across this country — across the regions — would allow for greater inclusion, challenges and opportunities presented by our geography.

[Translation]

Canada offers great geographical diversity, with its numerous distinct regions and their unique interests.

[English]

As recently as last month, requirements for public service workers to live in the National Capital Region have been removed thanks to the efforts of our colleague from the other place, Conservative Member of Parliament Bill Casey. This is a good first step toward equality for people of all regions in employment opportunities within our national government. We now need to ensure that the language rights of those who could be moved out to other regions, especially those not designated as bilingual regions, are in fact protected under the act.

[Translation]

In economic terms, the government would do well to try to decentralize part of its operations to benefit other communities in the country, so long as it does so in keeping with the law and the rights of all employees and the public, and in compliance with the Official Languages Act. This idea warrants serious study and consideration by Parliament.

[English]

This process could potentially allow the federal government to make a meaningful contribution with increasing employment in areas of the country where there is an economic downturn or recession, or where traditionally there are lower levels of employment. It could also increase the ethnic and demographic diversity of regions when the federal government is able to establish substantive operations outside the main cities.

Certain economies of scale can be better achieved by moving government agencies and services out to different regions. Local, skilled labour forces can be utilized, rent in smaller centres across Canada could be more cost-effective, job opportunities for people who live in those regions can be increased, and the ability to use new and modern technology would eliminate the need for travel to Ottawa on a regular basis.

Benefits to the regions would be substantive. There would be an influx of educated and trained people into areas where they may not have settled previously, or potentially allowing more people to settle into areas where they were raised and increasing population and tax base capacity in those areas. Technology infrastructure would be greatly enhanced, contributing to a better educated and better trained workforce, who would greatly increase the prospects for a region's future.

• (1540)

Perhaps the most important benefit of potentially relocating federal departments outside the capital region is that it makes the federal government more relevant to the people it serves. Our country is strengthened when the federal government recognizes the realities faced by all Canadians, and not just those in the National Capital Region. Our democratic values are enhanced by the recognition that all Canadians are able to make a contribution to, and be part of, the system.

[Translation]

Some problems, such as Western alienation, could be lessened if the regions were given the opportunity to play a meaningful role in the operations of the federal government. The Canadian Tourism Commission's move to Vancouver sends a strong signal to the regions that they are trusted to manage federal departments. The motion under consideration concerns the protection of cultural and language rights within the context of this project.

[English]

This promotes an understanding of the cultural and linguistic needs of other communities and contributes to a greater understanding of and respect for national unity. The

multicultural makeup of our country is an important legacy for which Canada is recognized around the world. Further study of how the Official Languages Act will operate and, perhaps, should be improved to facilitate this decentralization, is very much in the national interest.

[Translation]

Honourable senators, the number of francophone Canadians defined by their mother tongue continues to decline in relation to the Canadian population as a whole. The effects of this decline must be looked into. The arrival of francophone workers in undesignated regions could further understanding and acceptance of both official languages in regions not previously exposed to this phenomenon.

[English]

There are many examples of the successes of these programs being located outside the National Capital Region. I remember when the Government of Ontario moved the Ontario Health Insurance Corporation to Kingston — nobody died; the work continued; and the doctors' bills were paid. The City of Kingston was enriched by a substantive and wonderful workforce that represented every colour and race in the world who moved from Toronto, came to Kingston and offered an immense number of jobs to the local community. We should be doing that more and more wherever we can.

The strengthening of regions, the relationship of citizens to their government, the potential economic and employment opportunities for regions and cultural and language benefits are immense, but we must ensure that the statutory rights of public servants are protected when these events take place.

Following the best practice models employed by both successive private and public sector groups, we can create centres of excellence in many parts of the country by virtue of a decentralized government presence, locating agricultural departments in rural areas or at the University of Guelph, for example, as the Province of Ontario did. It is the largest post-secondary farming education facility in Canada, and locating it in Guelph was a logical choice. Locating the Department of Fisheries and Oceans and head office functions somewhere other than Ottawa would be of great value to the country.

[Translation]

I think it is vital to debate the questions inherent in this motion to ensure rigorous attention by the federal government to minority language rights and the entitlement of all Canadian federal public servants to work in the official language of their choice. I think it would be wise to evaluate the effects of this move on the communities involved. Canada's Official Languages Act offers, in my opinion, singular socio-economic benefits for all Canadians.

Like Senator Tardif, I consider this an important question. I support her motion to have the Standing Senate Committee on Official Languages study this motion seriously and make recommendations for the protection of the rights of all Canadians.

[English]

Honourable senators, it is an honour to make my second speech in this chamber, one in support of the motion of Senator Tardif. I commend to all honourable senators the notion of moving her motion on to committee at the earliest possible time.

Hon. Sharon Carstairs: Honourable senators, I would begin by thanking Senator Segal but, more important, thanking Senator Tardif for raising this matter in the Senate chamber. I will say only a few words on this subject, honourable senators, expressing my particular concern.

Honourable senators, I think we have all experienced, particularly in our dealing with younger children, how easy it is for them to learn a second language. We also have experienced, some of us personally, how difficult it is to learn a second language when we are much older. I am particularly concerned with respect to those public servants who have worked diligently to achieve bilingual status. However, I recognize now that, if they have done it as adults, their lack of opportunity to use that second language — if they are put in that situation — will quickly eliminate their ability to speak that second language.

Therefore, having worked so hard to do what I think we all should try to do, and having achieved that proficiency, by removing them from an area where they can speak both their languages to a unilingual area, would do them an enormous disservice. It would also do a great disservice to the public service.

Should those individuals then find themselves in the future being brought back to a bilingual district, they will no longer be proficient in their second language. As a result, their prospects for promotion may be somewhat diminished.

This is an excellent study for the Official Languages Committee. Once again, I congratulate Senator Tardif on her motion. I hope the members of the committee will take into particular consideration those public servants who, as adults, have become fluently bilingual.

[Translation]

Hon. Joan Fraser: Honourable senators, I support the motion of Senator Tardif and I commend her for moving it. There is no subject more appropriate to the Senate, with its concern for minority rights.

[English]

Like Senator Carstairs, I shall not speak long. I could not improve on Senator Segal's speech, even if I did speak long, so I will not try.

I did want to say that I think this issue is vital because, unless a careful watch is kept and careful rules are established, anything to do with minority rights falls off the table. That would not be out of malice, that is just the way things are. That is how institutions operate. It is always administratively easier, tidier, more efficient in a narrow dollars-and-cents way to say, "We need not worry about that. We'll serve the majority."

[Senator Segal]

Decentralizing the operations of the Government of Canada would be a positive step. It would be good for the regions where employees are sent, and it would be good for the centre which would have to deal with those new people in the regions, remembering that the universe does not end one mile from this chamber where we speak.

However, even if we decentralize offices to bilingual regions, the natural tendency will be, unless great care is taken, for those institutions to operate in the majority language of the region. It is just the way it is. Thus, we will lose something that we have spent more than 30 years building. We will lose it within the public service, as Senator Carstairs suggests, and we will lose it for the people of Canada, for the minorities of Canada who have come to have faith that their government will serve them in their official language of choice. We cannot let that happen. We cannot let the one good goal of decentralization do a disservice to the other wonderful, constitutionally required goal of providing service in both official languages. This may take some adjustment to the Official Languages Act, but the Official Languages Act, like the Constitution, is a living tree, I expect. It can be fixed, if it needs to be, and I know that our Official Languages Committee is as well situated as any body anywhere to determine what would need to be done, the most efficient way to do it and the safeguards that should be established. Therefore, I strongly support this motion, and I urge all honourable senators to do so speedily.

• (1550)

Some Hon. Senators: Question!

[Translation]

Hon. Marcel Prud'homme: Honourable senators, it is not my intention to delay consideration of this important motion by the Standing Senate Committee on Official Languages.

There is a lot more to this than what has been said in this afternoon's excellent speeches. Other principles could enter into play and other precedents could be cited in the future. That is why we must be extremely prudent. I notice that the Foreign Affairs Committee that I actively take part in has become increasingly unilingual English. We could also look at the progress made on this at the Department of Foreign Affairs. If there is one department that should reflect the image of Canada's duality, it is foreign affairs followed by international trade.

After 40 years in Parliament, I see that things have improved somewhat. When I arrived, only one person at foreign affairs spoke Spanish, despite the fact that we live in the Americas. No one spoke Arabic. Now, there are 22 countries where the situation could blow up in our faces at any time. When things first started to heat up, no one knew the culture or the language, not even the Prime Minister in office back then. I would almost like to name him. It was not the Right Honourable Jean Chrétien, my friend; it was an even newer Prime Minister, who believed that Muslim meant "Arab", when God knows that there are 1.2 billion followers of the Muslim religion. That is why I urge my colleagues to keep themselves better informed. We cannot make generalizations.

Some young students who come to see me are planning a career in foreign affairs. Why wait until they join the labour market to suddenly realize that they are unilingual French speakers? When I was an MP, I would invite groups to tour Parliament. Thousands of people came each year. I told them: "Come see the Parliament of Canada, our house is your house!" However, sometimes when people from my riding came and excitedly asked to see me, they were told: "Sorry, I don't speak French."

I have always encouraged my colleagues to try to put themselves in my shoes and imagine their guests arriving from Winnipeg, for example — it is a long trip for seniors to travel all the way from Winnipeg by bus — say:

[English]

"Hello, I would just like to see my member, Mr. Axworthy," and to be answered as follows:

[Translation]

"I am sorry, we do not speak English." I have always tried to get everyone to understand the situation, but am I asking people for a miracle? Try to put yourself in the shoes of the people you are talking about. Try to get into the head, heart, mind, soul, of those you attack gleefully without doing anything. Just imagine for a minute you are on the other side of the fence. You will perhaps understand the feeling of those who are ill at ease in Canada, who think things would be better differently.

How many of us here could go and defend Canada anywhere in Quebec if there were a referendum? How many senators could say they would be comfortable in Chicoutimi? I am going to be pretentious and say that I have kept my roots. I can go anywhere in Quebec. Is it because I am an independent? Péquiste, bloquiste, sovereignist, socialist or Maoist, I go because I believe we have to make a commitment. So it takes considerable sensitivity, and that is why I am delighted with Senator Segal's speech.

[English]

For the third time in two days I am in agreement with Senator Segal. Some new development is taking place. He made a good speech.

I thank Senator Carstairs because she understands the difficulty.

I know it is four o'clock, so I will sit down. However, if Senator Corbin asks me to be present for the committee's hearings, I would be more than honoured and happy to be there.

The Hon. the Speaker: No senator rising to speak or adjourn the debate, are honourable senators ready for the question?

Some Hon. Senators: Question!

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

Motion agreed to.

THE SENATE

MOTION TO URGE GOVERNMENT TO REDUCE CERTAIN REVENUES AND TARGET PORTION OF GOODS AND SERVICES TAX REVENUE FOR DEBT REDUCTION—ORDER STANDS

On the Order:

Resuming debate on the motion of the Honourable Senator Kinsella seconded by the Honourable Senator Stratton:

That the Senate urge the government to reduce personal income taxes for low and modest income earners;

That the Senate urge the government to stop overcharging Canadian employees and reduce Employment Insurance rates so that annual program revenues will no longer substantially exceed annual program expenditures;

That the Senate urge the government in each budget henceforth to target an amount for debt reduction of not less than 2/7 of the net revenue expected to be raised by the federal Goods and Services Tax; and

That a message be sent to the House of Commons requesting that House to unite with the Senate for the above purpose.—(*Honourable Senator Day*)

Hon. Noël A. Kinsella (Leader of the Opposition): Honourable senators, noting the time, the item has been called, and I will call the question.

The Hon. the Speaker: We have been overtaken by time, honourable senators. This item will appear on the Order Paper again tomorrow.

The Senate adjourned until Thursday, November 3, 2005, at 1:30 p.m.

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