



CANADA

# Debates of the Senate

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1st SESSION

•

39th PARLIAMENT

•

VOLUME 143

•

NUMBER 17

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, May 30, 2006**



THE HONOURABLE NOËL A. KINSELLA  
SPEAKER

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*Debates and Publications:* Chambers Building, Room 943, Tel. 996-0193

Published by the Senate  
Available from PWGSC – Publishing and Depository Services, Ottawa, Ontario K1A 0S5.  
**Also available on the Internet: <http://www.parl.gc.ca>**

## THE SENATE

Tuesday, May 30, 2006

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

Prayers.

### VISITOR IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I should like to draw your attention to the presence in the gallery of His Excellency Dr. Abdul Aziz Abdul Ghani, Speaker of the Shoora Council of the Republic of Yemen.

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

[Translation]

### SENATORS' STATEMENTS

#### THE LATE JACQUES BOUCHARD

**Hon. Dennis Dawson:** Honourable senators, Canada's communications and advertising community is in mourning. The father of French-language advertising in Canada, Jacques Bouchard, died a few days ago at the age of 75. Author of *Les 36 cordes sensibles des Québécois* and father of modern Canadian advertising, Mr. Bouchard has passed on.

In addition to creating countless memorable ad campaigns, he gave the francophone communications sector in Quebec and in Canada the foundation upon which to build our strength in communications worldwide.

Frustrated by the attitude of agencies that merely translated ads written in English, he and his partners founded BCP, which, in time, became one of the largest agencies in Canada and one of the most innovative in the world. He recognized Quebec's distinct character long before it became fashionable to do so and produced the first political ads targeting Quebec audiences.

Today, I would like to pay tribute to him with one of his best-known sayings: "Lui, y connaît ça!" Thank you, Jacques Bouchard, you really did know your stuff.

• (1410)

[English]

### MUSICFEST CANADA

CONGRATULATIONS TO ESTEVAN COMPREHENSIVE  
SCHOOL SYMPHONIC WIND AND JAZZ ENSEMBLE

**Hon. Leonard J. Gustafson:** Honourable senators, I wish to bring to the attention of the Senate that the Estevan Comprehensive School Symphonic Wind and Jazz Ensemble from Estevan, Saskatchewan and under the direction of Colin

Grunet, won gold in the instrumental jazz division and silver in the concert band/orchestra division of the MusicFest Canada 2006 competitions held here in Ottawa.

The band travelled here from Estevan by bus. I wish to add that many teachers and others put in a lot of time in arranging and working with these young people. We should appreciate their efforts.

I also want to say that my grandson played the solo in the jazz band.

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

[Translation]

### QUEBEC BLACK MEDICAL ASSOCIATION

#### FIFTEENTH ANNIVERSARY

**Hon. Lucie Pépin:** Honourable senators, this year the Quebec Black Medical Association celebrates its 15th anniversary. Through its scholarships, this association has, since 1991, enabled nearly 300 Black students to pursue higher education in the medical sciences. These talented young people, who come from disadvantaged economic and cultural backgrounds, are today doing medical research or working in the medical field. They are thus contributing to the vitality of our health care system and enriching Quebec and Canadian society at the same time.

The efforts of this foundation have produced excellent results not only through the generosity of many private and public partners, but also thanks to the energy of Dr. Elrie C. Tucker. Dr. Tucker, aged 74, established this association to ensure that other Black students did not face the difficulties he had to overcome. As the first Black student in the faculty of medicine at McGill University, through his desire to succeed and his perseverance, he became a "star gynecologist", as he humorously describes himself. We must remember that when, as a medical student, he told his professors he wanted to be an obstetrician and gynecologist, they told him that unfortunately no man in Westmount would ever refer his wife to him, a Black doctor.

Prejudice and financial obstacles did not prevent him from becoming a leader in the field of obstetrics and gynecology and a physician respected and appreciated by his patients and medical colleagues. Life smiles on him today, but he has not forgotten the road he travelled since his arrival in Quebec in the 1950s. The difficulties he experienced made him generous and ever ready to help. This altruism towards those close to him and all of Quebec society earned him the title of personality of the week in April from the paper *La Presse* and Société Radio-Canada.

I offer my congratulations and sincere thanks to Dr. Tucker and to all persons of goodwill who have supported the Quebec Black Medical Association these past 15 years.

[English]

### THE LATE STEVE STAVRO, O.C.

**Hon. J. Trevor Eyton:** Honourable senators, I rise today to pay tribute to a man known by many as “The Honest Grocer.” Steve Stavro, a member of the Order of Canada, passed away on April 24, 2006. Known for his love of sport, Steve made a mark for himself in both the business and sporting worlds.

Born in Gabresh, Macedonia, Steve and his family immigrated to Toronto when Steve was only seven years of age. In his early years, he worked in his father’s grocery store and eventually moved on to open his own business. He developed such a talent for running his grocery store that he opened another, then another, then another and so on. These stores eventually expanded into a chain of grocery stores known as Knob Hill Farms.

While creating Knob Hill Farms, Steve never forgot his love of sport. For example, Steve was involved in the management of the Continental Soccer League, the International Soccer League, the Eastern Canada Professional Soccer League, the United Soccer Association and the North American Soccer League. As a result of this support and contribution to soccer in Canada, Steve was honoured as a life member of the Canadian Soccer Association.

Steve’s passion for sport did not end there. He had another passion, a passion for horses. Steve once told me that he got into thoroughbred racing because he needed to find something that would fill in the hours between 4:30 a.m., when he was at the market pricing fresh goods for his stores, and 9 a.m. when his stores opened. What better way than to attend at Woodbine for the early morning workouts of his horses. Here, too, he had success because Steve bred and raced such champion horses as Benburb and Thornfield. Steve took pride in breeding and shaping his thoroughbreds as opposed to simply buying a winner.

• (1415)

Although soccer and horses were Steve’s passions, it is difficult for a sports fan living in Toronto not to be a fan of the game of hockey. Steve’s involvement with the Toronto Maple Leafs and, eventually, with the Toronto Raptors was solidified when, in 1991, he became Chairman of the Board of Maple Leaf Sports and Entertainment. He also became a governor of the National Hockey League and Chairman of the Board of the Air Canada Centre.

Honourable senators, Steve’s list of accomplishments is long and admirable. Steve was a director of the Liquor Control Board of Ontario, a member of the Executive Committee of the Economic Council of Canada, a trustee of the Ontario Jockey Club, a founding member of the Canadian Federation of Independent Grocers and importantly, at least to me, a founding sponsor of Canada’s Sports Hall of Fame; and the list goes on.

Steve Stavro’s contributions to business and sport in Canada will not be forgotten. He was a man that followed his passions and a man of self-made success coming from hard work and determination. I invite all honourable senators to join me in

honouring the life of Steve Stavro and in extending our condolences to his wife, Sally, who was such a great part of Steve’s life adventures, and to his four daughters, nine grandchildren and two great-grandchildren.

### THE HONOURABLE MARCEL PRUD’HOMME

#### CONGRATULATIONS ON RECEIVING HONORARY DIPLOMA BESTOWED BY THE FEDERATION COUNCIL OF THE FEDERAL ASSEMBLY OF THE RUSSIAN FEDERATION

**Hon. Yoine Goldstein:** Honourable senators, it is always a pleasure and an honour to this chamber when one of our members receives a special honour. I am privileged to report today that the Honourable Senator Marcel Prud’homme, a veteran of this chamber and of the other place in his time, has received the highest honour that the Federation Council of the Federal Assembly of the Russian Federation, the upper house of the Russian Duma, can bestow on a foreigner. He was awarded an honorary diploma from that council. The citation reads that the award is for long-standing, conscientious work and great contributions to the development of parliamentarianism.

About two weeks ago, the Speakers of both Houses of Parliament joined with Ambassador Georgy Mamedov of the Russian Federation to honour Senator Prud’homme for fostering a partnership between Canada and the Russian Federation.

Honourable senators will know that Senator Prud’homme and I do not see eye to eye about certain matters, and we will continue to have our differences in this respect, I hasten to add, because we are responding to our respective principles in this regard, which differ. Nevertheless, our very active discourse continues to be marked by civility and by politeness, as it should be.

Honourable senators, Senator Prud’homme’s outstanding contribution to fostering both interpersonal and interparliamentary relationships with former parliamentarians does honour to him and to this institution. Please join me in congratulating our colleague Senator Marcel Prud’homme.

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

### MEMORIAL CUP

#### CONGRATULATIONS TO QUEBEC REMPARTS

**Hon. Jean-Claude Rivest:** Honourable senators, the Memorial Cup is back in Quebec!

[Translation]

As we speak, Quebec City is welcoming the players of the Quebec Remparts, who won the Memorial Cup last Sunday. Of course, on the road to victory, it was relatively easy for the Quebec team to eliminate teams from Ontario and Western Canada. However, in the final game, we had to contend with an Eastern team, the Moncton Wildcats. As much as we appreciate and recognize the incredibly dynamic nature of our Acadian friends, we must not lose sight of the fact that this Acadian vigour and creativity was no match for the Quebec team.

I therefore ask all honourable senators, from the East and the West, as well as those from Ontario, to congratulate and recognize the undisputed superiority of these young hockey players from Quebec.

• (1420)

[English]

### CYCLE FOR SPIRIT

**Hon. Larry W. Campbell:** Honourable senators, I rise to draw your attention to a worthwhile cause working its way across Canada — the Cycle for Spirit. Three staff members from The Keg Steakhouse & Bar are in the midst of cycling across Canada raising money for children's charities through The Keg Spirit Foundation.

Steve Fidler from Vancouver, Adrian Pusiak from Toronto and Jeremy Cummings from St. John's began their Cycle for Spirit in Vancouver on April 24 and will finish in St. John's in early August. They have already crossed three provinces and are currently in Winnipeg. I personally drove my vehicle from Regina to Ottawa and I am still tired. I cannot imagine what it would be like to ride a bicycle all the way from Vancouver.

These riders are not avid cyclists. They are ordinary Canadians who wanted to do something extraordinary. At the start of the ride, they set a fundraising goal of \$150,000, and after five weeks they have already raised \$75,000. One hundred per cent of the money raised through the Cycle for Spirit will go directly to charities through The Keg Spirit Foundation, a foundation that has donated more than \$2 million to local charities since its inception in 2001.

For more information, you can visit [www.cycleforspirit.com](http://www.cycleforspirit.com).

Honourable senators, I hope that you will join me in supporting the Cycle for Spirit. Please keep an eye out for the riders and welcome them to your provinces and your home towns wherever possible.

I personally commend Jeremy, Steve and Adrian for what they are doing and The Keg Steakhouse & Bar locations from coast to coast for their support of the many children's charities that will benefit from this incredible adventure.

### INDONESIA

#### JAVA—EARTHQUAKE

**Hon. Daniel Hays (Leader of the Opposition):** Honourable senators, it is important that Senators' Statements not pass today without noting the tragic circumstances that occurred near Yogyakarta on the island of Java in Indonesia.

We are told that between 5,000 and 6,000 people have lost their lives to the tragic earthquake and that some 200,000 are homeless. Canada has announced \$2 million in aid. When the tragic events occurred in Aceh as a result of the tsunami, the number of dead and homeless continued to rise for some time. Canada's response to that tragedy was to increase the amount of support as their need increased.

Canada will be present in non-governmental organizations, and if specific assistance is requested of our government, I know that it will be provided.

I know that all senators join together in telling our Indonesian friends that we are deeply touched by their tragedy and that we will be there to assist them.

[Translation]

## ROUTINE PROCEEDINGS

### PRIVACY COMMISSIONER

#### 2005 ANNUAL REPORT ON PERSONAL INFORMATION PROTECTION AND ELECTRONIC DOCUMENTS ACT TABLED

**The Hon. the Speaker:** Honourable senators, I have the honour to table, in both official languages, the 2005 annual report of the Privacy Commissioner for the period from January 1 to December 31, 2005, pursuant to the Personal Information Protection and Electronic Documents Act.

### CONSTITUTION ACT, 1867

#### BILL TO AMEND—FIRST READING

**Hon. Gerald J. Comeau (Deputy Leader of the Government)** presented Bill S-4, to amend the Constitution Act, 1867 (Senate tenure).

Bill read first time.

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

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

• (1425)

[English]

### FIRST NATIONS GOVERNMENT RECOGNITION BILL

#### FIRST READING

**Hon. Gerry St. Germain** presented Bill S-216, providing for the Crown's recognition of self-governing First Nations of Canada.

Bill read first time.

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

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

## FINANCIAL ADMINISTRATION ACT BANK OF CANADA ACT

### BILL TO AMEND—FIRST READING

**Hon. Hugh Segal** presented Bill S-217, to amend the Financial Administration Act and the Bank of Canada Act (quarterly financial reports).

Bill read first time.

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

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

## BANKING, TRADE AND COMMERCE

### NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXTEND DATE OF FINAL REPORT ON STUDY OF ISSUES DEALING WITH DEMOGRAPHIC CHANGE

**Hon. Jeremiah S. Grafstein:** Honourable senators, I give notice that at the next sitting of the Senate, I will move:

That the Standing Senate Committee on Banking, Trade and Commerce, which was authorized by the Senate on May 2, 2006 to examine and report on issues dealing with the demographic change that will occur in Canada within the next two decades, be authorized to retain until July 31, 2006 all powers necessary to publicize its findings.

## AGRICULTURE AND FORESTRY

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Joyce Fairbairn:** Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(a), I move:

That the Standing Senate Committee on Agriculture and Forestry have the power to sit at 5:00 p.m. today, Tuesday, May 30, 2006, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

Honourable senators, I am prepared to explain the reasons for this exceptional motion.

**The Hon. the Speaker:** Honourable senators, is leave granted?

**Hon. Senators:** Agreed.

• (1430)

**Senator Fairbairn:** If it would comfort honourable senators, the reason for making this motion is that our committee has invited the National Farmers Union to appear, and witnesses have come from various parts of Canada. In addition, due to the technical requirements for broadcasting the meeting, we must be finished no later than 6:30 p.m., since the Fisheries Committee will be holding a meeting in the same room with the Minister of Fisheries at 7 p.m.

With that in mind, I am seeking the adoption of this motion and would move that the Standing Senate Committee on Agriculture and Forestry have the power to sit at 5 p.m. today, even though the Senate may then be sitting.

**The Hon. the Speaker:** It has been moved by Senator Fairbairn, seconded by Senator Joyal, that the Standing Senate Committee on Agriculture and Forestry have the power to sit at 5 p.m. today, Tuesday, May 30, 2006, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto. That is the motion before us.

**Hon. Terry Stratton:** Honourable senators, I can appreciate the concern offered by the chair of the Agriculture Committee. For quite some time now in this chamber, no exceptions were allowed to the rule that no Senate committee could sit while the Senate is sitting. However, the unofficial rule that we have followed is that there would be an exception only if a minister was appearing before that committee, and for no other reason. As has been said before, if the Agriculture committee wants to meet today, then my committee also wants to meet today, and then it spins out of control. Tuesday, in particular, is always a difficult day because senators never know when the Senate will end. The sitting could go on until quite late.

Committees have the additional burden of trying to line up witnesses, to no avail when the Senate sits late. When Senator Stollery was chairman of the Foreign Affairs committee, he would be pacing up and down eternally on Tuesday afternoons, waiting for the Senate to adjourn.

I am against this exception. The only way I would agree to such an arrangement is if a minister is appearing as a witness before the committee.

**Hon. Joan Fraser (Deputy Leader of the Opposition):** With respect, honourable senators, I do believe I recall occasions when exceptional permission was given for committees to sit while the Senate was sitting, even when it was not for the convenience of a minister.

The chair of the Agriculture Committee has explained that the committee is faced with two problems: First, it bumps up against timing for another committee if we want to broadcast this important hearing. Second, the hearing is indeed important. The National Farmers Union, given the state of agriculture in this country today, is an important witness, indeed. I do not think granting this permission would do violence to the principle, which I share, that in general committees should sit at their regular time of sitting, and not when the Senate is sitting. We do make exceptions in this chamber when we believe those exceptions are justified, and I would argue in this case that it is justified.

**Hon. David Tkachuk:** Is there a problem with the National Farmers Union not being able to stay until 5:30 or 6:00 o'clock, in the event that the Senate runs over time?

• (1435)

**The Hon. the Speaker:** Honourable senators, just so that we maintain order, typically that question would be addressed to the last speaker, who was Senator Fraser. However, if it is the will of the house, we will waive that because the chair of the committee has special knowledge.

**Hon. Senators:** Agreed.

**Senator Fairbairn:** Honourable senators, the problem we have today is that our committee is here and witnesses are present. It is not a difficulty in having them stay; the problem is that there is another committee following us that has a cabinet minister attending, the Minister of Fisheries and Oceans, and both committees will be in that room where the broadcasting takes place. We would like to start at 5 p.m. so that we could complete our work and permit the committee following us to proceed.

**Hon. Larry W. Campbell:** Honourable senators, with all due respect, an unwritten rule is nothing. If we wish to make a rule, we should make it. Given that it is unwritten, there is nothing that means that we are setting a precedent. What we are saying in this particular instance is that the committee is backing up onto another committee where there is a minister, and there is a reason for doing this.

I agree with honourable senators that this should not be the norm. I believe this is an instance where we could allow leave to be granted. If we want a rule, let us make it. If we do not, do not drag out the old unwritten rule concept.

**Hon. Hugh Segal:** Honourable senators, I am in the unamiable position of wishing to seek leave, notwithstanding rule 58(1)(a), for a similar matter with respect to the Foreign Affairs Committee. It might be helpful if we considered both of them at the same time.

**The Hon. the Speaker:** Honourable senators, the matter before us is the motion of Senator Fairbairn. Are there further speakers on this motion?

**Hon. Marcel Prud'homme:** Honourable senators, for the last 13 years I have objected to that practice.

First, I would like very much to thank the highly civilized Senator Goldstein for his congratulations. I was chairing the new election of Canada-Morocco, when Senator Dawson was elected co-chair and Senator Losier-Cool was elected vice-chair. Senator Comeau was elected vice-chair and secretary-treasurer. Senator Nolin was elected director, and Senator Cordy was elected director. That is for the Senate. I protect the Senate.

I thank Senator Segal for helping me in my reflection. Even though that is not the subject matter at this minute, he is about to ask for the same privilege. How do we choose? Look at how many people we have here from the government. If we start with this request, how can we say no to Senator Fairbairn, for whom I have the greatest admiration? Regardless of what she asks for, I would be inclined to say yes, as I have known her since the Trudeau days.

Therefore, I think the principle that committees should not sit should be upheld.

**The Hon. the Speaker:** The honourable senator has spoken on this motion. Does he have something else?

• (1440)

**Senator Stratton:** This is on another topic. It is a supplementary question to Senator Fairbairn. I do not agree. However, I would appreciate it if the honourable senator would respect the numbers on our side, should this committee meet.

**The Hon. the Speaker:** Honourable senators, if there is no further debate, are you ready for the question?

**Hon. Senators:** Question!

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

**An Hon. Senator:** On division.

Motion agreed to, on division.

## FOREIGN AFFAIRS

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Hugh Segal:** Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(a), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit at 5 p.m. today, Tuesday, May 30, 2006, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

**The Hon. the Speaker:** Is leave granted?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Leave is granted. Are you ready for the question, honourable senators?

**Hon. Senators:** Question!

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

**An Hon. Senator:** On division.

Motion agreed to, on division.

## BANKING, TRADE AND COMMERCE

### NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY SOFTWOOD LUMBER AGREEMENT

**Hon. Pierrette Ringuette:** Honourable senators, after making many requests and not receiving any answers, I give notice that at the next sitting of the Senate, I will move:

That the Standing Senate Committee on Banking, Trade and Commerce study and report on the Canada-United States agreement on softwood lumber;

That the Committee analyze, among other things, the impact on Canada's resource management on sovereignty, the impact on the interpretation of NAFTA chapters 11 and 19, and provisions contained in the agreement with regard to financial support for the industry and its workers.

## KYOTO PROTOCOL

### GOVERNMENT POSITION—NOTICE OF INQUIRY

**Hon. Grant Mitchell:** Honourable senators, I give notice that on Thursday next:

I will call the attention of the Senate to the stated intention of the Canadian Government to weaken the Kyoto Protocol and to dismantle 15 climate change programs, including the One-Tonne Challenge and the EnerGuide program.

## ISSUES OF IMPORTANCE TO REGIONS OF ALBERTA

### NOTICE OF INQUIRY

**Hon. Grant Mitchell:** Honourable senators, I give notice that on Thursday next:

I will call the attention of the Senate to issues of importance to the regions in Alberta, with particular emphasis on Grande Prairie.

• (1445)

## QUESTION PERIOD

### HUMAN RESOURCES AND SOCIAL DEVELOPMENT

#### PROPOSED NATIONAL CHILD CARE PROGRAM

**Hon. Art Eggleton:** Honourable senators, my question is for the Leader of the Government in the Senate. Yesterday, the Minister of Human Resources and Social Development met with her provincial counterparts, and from press reports I understand that the provincial counterparts are quite unhappy. Minister Higgins from Saskatchewan said, “We are not sure where they’re going.” Minister Chambers from Ontario said, “I am disappointed — very disappointed.”

The Child Care Advocacy Association of Canada summed up what they meant when they said that this government does not understand the benefits of early learning and child care or how to develop it; an allowance to parents is not an early learning program for children.

Does the government not understand that this is not just about giving money to parents at \$1,200 per year, it is about accessibility to quality child care spaces. Fourteen thousand spaces were created in Ontario thanks to the agreements that the previous government signed with the provinces. However, now, because the current government is renegeing on those agreements, 11,000 more new planned child care spaces have been scrapped in Ontario.

These are actual spaces for children that parents can have confidence in. Does the government not see that the spaces were already being created, the money would give people a choice, and that we are now taking a step backwards?

**Hon. Marjory LeBreton (Leader of the Government):** I thank the honourable senator for the question. A simple answer would be that the Canadian electorate did not elect a new Conservative government to implement the failed plans of the previous government, or a child care plan that had actually delivered no child care spaces. There is an old saying: Nothing from nothing is nothing.

After 13 years of Liberal promises for child care and not delivering it, our government has taken action by introducing a universal child care plan. We are providing \$3.7 billion over two years for the universal child care benefit which will provide all families with \$100 per month for each child under the age of six, and we are also setting aside \$250 million to actually create new child care spaces. The goal is to create 25,000 additional child care spaces each year.

**Senator Eggleton:** I beg to differ on the interpretation of the honourable senator in regard to what the Canadian population was voting for. More than 60 per cent of Canadians did not vote for the Conservative child care program. That is the no mandate. The introduction of the taxable \$100 payment is also followed by a plan that sets out \$250 million in incentives to help create new spaces. That smells like a plan that Mike Harris tried in Ontario. That program did not create a single space.

They then talk about a new consultation process, but the consultation has already taken place. There have been discussions with parents in recent years, stakeholders, provinces and territories. Those same provinces signed the agreement with the federal government for early learning and child care programs.

My question is: Why is the government moving backwards once again; cancelling a program that was moving forward and returning to a consultation program — that is my emphasis here — on child care when there has already been consultation?

**Senator LeBreton:** The honourable senator addressed this subject in a previous question when he spoke about the percentage of the Canadian electorate that did not support the Conservative party in the last election, as if that is a benchmark for legitimacy. If we were to follow that process, on the basis of the percentage of people that supported them, every election that Jean Chrétien and Paul Martin won would not have put them in a position to carry out any of their programs.

• (1450)

There is no question that some people have not supported our child care plan. I only need to make reference to the former minister Carolyn Bennett, who made the assumption on Mike Duffy’s program, that it was a good job that we were putting more money into prisons because of our lack of support in early childhood care. That was a really insulting comment to make, since parents in this country are trying to make proper choices for child care.

Minister Finley has been forthright and definitive about our plan. She is consulting with the provinces. There has been widespread support for the initiative in the budget of \$100 per month per child under the age of six. I believe most observers would acknowledge — child care advocates aside — that it is much better to put money directly into the hands of parents and not into the hands of advocates and bureaucracies or other governments. As has been said many times, parents are the best child care experts in the country.



## INTERNATIONAL TRADE

• (1455)

## SOFTWOOD LUMBER AGREEMENT

**Hon. Pierrette Ringuette:** My question is to the Leader of the Government in the Senate. Yesterday, the House of Commons Committee on International Trade started hearings on the proposed softwood lumber agreement. Industry representatives from across Canada say the proposed deal is worse than the current situation. They all agree that if the deal goes ahead as planned, Canada will lose at least 20 per cent of the current jobs within the next 12 months.

Can the leader not understand that this is a dreadful political deal, and that we will lose jobs, mainly in rural Canada?

**Hon. Marjory LeBreton (Leader of the Government):** I thank the honourable senator for the question. I believe that, as these negotiations go forward, there will be people who will have cogent comments and recommendations to make. However, it is clear that as the details are worked out with the stakeholders and the provinces, the view is that this softwood lumber agreement is far superior to anything we could have expected, and in particular, rather than having this issue drag on for another eight, nine or ten years with no resolution. We should let the process work its way through. In the end, the concerns of those involved in this issue will present themselves very well. I think the best possible solution will be the result.

SOFTWOOD LUMBER AGREEMENT—  
REQUEST FOR TABLING

**Hon. Pierrette Ringuette:** Honourable colleagues, the House of Commons and its Committee on International Trade is already hearing the concerns of the industry, thus reflecting on how futile this government renders the Senate under its secretive leadership. This is the fifth time I have asked: Will the Leader of the Government in the Senate table in this house the potential softwood agreement, put a dent in this culture of secrecy and refer the document for full study to the Standing Senate Committee on Banking, Trade, and Commerce?

**Hon. Marjory LeBreton (Leader of the Government):** I responded a couple of weeks ago to the question of the honourable senator about this document being tabled in the Agriculture and Forestry Committee. I will endeavour to obtain a copy and forward it to Senator Ringuette. Of course, I see that she has given notice of her own motion on the matter earlier today.

All this to say that there is nothing secretive or hidden about this agreement. Any documents that I am able to obtain, I will certainly table them here in the Senate.

**Senator Ringuette:** Does that mean that during the last three weeks since I have been asking the Leader of the Government to table this document, she has not made such a request?

**Senator LeBreton:** No, it does not mean that at all.

SOFTWOOD LUMBER AGREEMENT—  
ALLOCATION OF EXPORT CHARGES

**Hon. Pat Carney:** Honourable senators, we have been led to believe in various statements that any future export charges collected in the future would be returned to Canada, unlike the present agreement, where it goes to the American producers, and unlike the agreement I negotiated, where the money was returned to the provinces. The agreement that was tabled in the Senate committee is silent on this issue. I would ask the house leader, in order to contribute to the debate in this chamber, that she clarify where the funds will reside when they are collected in the future.

**Hon. Marjory LeBreton (Leader of the Government):** I thank the honourable senator for her question. I will take that question as notice and I will specifically point out her direct request for knowledge of where the funds are going. I will be happy to provide that.

## THE ENVIRONMENT

ALTERNATIVE FUELS—REQUEST BY IOGEN  
CORPORATION FOR LOAN GUARANTEES  
TO CONSTRUCT ETHANOL PLANT

**Hon. Daniel Hays (Leader of the Opposition):** Honourable senators, my question is on the issue of the environment. As we know from the minister's responses earlier, this is an area where the government has not yet developed policy, except for targeting ethanol levels in alternative fuels and in terms of transit with respect to the reduction of the cost of transit fares.

One of the articles in the news over the weekend dealt with something that seems to be right down the government's alley, and that is the creation of ethanol from biofuels. Iogen Corporation is a company in the Ottawa area that has been very successful and it is looking for loan guarantees to proceed with the construction of a \$260 million plant to create ethanol from biofuels; that is non-grains, but rather woodchips, straw and so on.

Would the minister tell us how Iogen Corporation is doing in terms of its request from the Government of Canada for loan guarantee assistance to build this very important plant?

**Hon. Marjory LeBreton (Leader of the Government):** The honourable senator is quite correct that Iogen Corporation is located in Ottawa. I drive by it every day; it is on Hunt Club Road in the south end of the city. Iogen is a great Canadian success story. The success of Iogen was confirmed when it was featured on an energy program on CNN. On that show they looked north and featured the oil sands in Fort McMurray and Iogen in terms of future energy supplies.

With regard to the question of loan guarantees, I do not know the status of the request from Iogen, but I will certainly take the question as notice and respond as quickly as possible.

**Senator Hays:** As I said in my preamble, Iogen is readymade for the government's made-in-Canada initiative. It is another matter in terms of whether that initiative is adequate or not; we do not believe it is.

In terms of developing the technology in Canada as opposed to somewhere else, in particular the United States, I draw the attention of the minister to the U.S. Energy Policy Act of 2005, which is a formal way for that country to offer incentives for the commercialization of cellulose ethanol technology. That is specifically what Iogen proposes to proceed with, and if they do proceed, Iogen will be the only cellulose-based ethanol producer in the country.

Would the minister bring this matter to the Minister of the Environment to point out that this is a competitive environment and it is important for us to succeed? The government's policy in this area should move quickly if we are to be competitive with our neighbour.

**Senator LeBreton:** I will do what the honourable senator has requested. As we move forward in dealing with the global problem of climate change and our plans for a made-in-Canada solution, the case he makes is a valid one.

• (1500)

While we are dealing with the issue of climate change, I think Environment Minister Ambrose and Agriculture Minister Strahl have a unique opportunity, in terms of diversification and biofuels and ethanol to work together to find a solution to the problem of our future fuel reserves.

[Translation]

## THE BUDGET 2006

### POST-SECONDARY EDUCATION— INVESTMENT IN RESEARCH AND DEVELOPMENT

**Hon. Claudette Tardif:** Honourable senators, the government recently released its Budget 2006 with a document entitled *Restoring Fiscal Balance in Canada*, which addresses post-secondary education. The budget mentions that, in today's knowledge-based economy, a more educated and skilled labour force is key to Canada's competitiveness in the world. Government investments in education and training are therefore critical to productivity and economic growth.

Given the intensive support that other countries provide for research and development as well as commercialization, and given Canada's current productivity gap, why is the government not allocating more funding to this priority and showing more leadership on this issue?

[English]

**Hon. Marjory LeBreton (Leader of the Government):** I wish to thank the honourable senator for that question. It is a little premature, I believe, to be saying to a new young government that we are not showing leadership, especially if the honourable senator has been following the statements and the actions of Finance Minister Flaherty, when he is dealing specifically with the whole issue of productivity.

I hasten to add that the delivery of education is a provincial matter. However, as late as yesterday in a speech to the Board of Trade in Toronto, Minister Flaherty talked about fiscal balance

and areas where the federal government and the provinces can sort out their various responsibilities. He is focusing his attention and efforts on the issue of productivity and on technology and education.

[Translation]

**Senator Tardif:** Honourable senators, many countries invest heavily in research and development. The United Kingdom, for example, invested 10 per cent in research and development in the past year. Korea has promised to double investment in research over the next four years, and countries like China, India and Brazil support research very aggressively.

In Canada, why are our three research councils — the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council of Canada — entitled to an overall budget increase of only 2.5 per cent to 3 per cent?

[English]

**Senator LeBreton:** Thank you for the statement but I think that Canada, through several governments of different political stripes, has been a world leader in research and development. I must say I wholeheartedly agree with the honourable senator's statement.

[Translation]

**Senator Tardif:** It was not a statement, it was a question. If we support productivity so much, why have we increased the budget for research by only 2.5 per cent? Support for indirect research costs has been reduced from 40 per cent to 27 per cent.

• (1505)

[English]

**Senator LeBreton:** I do not know what the honourable senator is relying on for her information, but I will take that question as notice and ascertain its factuality.

## HEALTH

### PROPOSAL TO CREATE MENTAL HEALTH COMMISSION

**Hon. Catherine S. Callbeck:** Honourable senators, my question is to the Leader of the Government in the Senate. Three weeks ago, the Standing Senate Committee on Social Affairs, Science and Technology tabled its report on mental health and mental illness and addiction. One of the report's major recommendations was to set up a Canadian mental health commission. A national organization would do a number of things, but mainly it would work with stakeholders to create a national mental health strategy, and Canada is the only G8 country that does not have one. It would be a knowledge exchange centre to share information on best practices. In addition, it would be responsible for an anti-stigma campaign.

Senators Keon and Kirby presented the committee's proposal for the commission to the provincial ministers of health last October and were well received. In November, the federal Minister of Health of the previous government announced that

[ Senator Hays ]

the federal government would establish a commission identical to the committee's recommendation. Is the current federal government committed to a mental health commission as outlined by the committee's report?

**Hon. Marjory LeBreton (Leader of the Government):** Honourable senators, I could not agree more that this report was yet another outstanding study of the Standing Senate Committee on Social Affairs, Science and Technology on mental health, chaired by Senator Kirby, with Senator Keon as deputy chair.

I am well aware of the former Minister of Health's commitment during the election campaign. This issue was raised with the then health critic for the Conservative Party, Steven Fletcher. During the election campaign, we did commit to a mental health commissioner. I understand that the Minister of Health, Tony Clement, will meet with Senator Kirby and Senator Keon to work out the government's response to this timely report of the Senate Social Affairs Committee.

**Senator Calbeck:** Thank you for that answer. I am glad to hear that the federal government is committed to a commission. Did the leader say a "commission" or a "commissioner"?

**Senator LeBreton:** I said a "commissioner."

**Senator Calbeck:** I hope that it will be identical to the committee's recommendation.

The honourable leader mentioned that the Minister of Health will meet with Senator Keon and Senator Kirby. Could she give the chamber a time frame as to when that meeting might take place? When might some action on this report be expected?

**Senator LeBreton:** Far be it from me to organize ministers' schedules because I can hardly organize my own. There is no doubt that this serious issue has widespread, non-partisan support. Each one of us knows someone — family, friend or acquaintance — who suffers from the stigma of mental illness.

I will commit to pressing my colleague Minister Clement to clear his calendar quickly so that he can meet with Senators Kirby and Keon in respect of the committee's recommendations. Committees make many recommendations and I do not know whether, at the end of the day, each one of these specific recommendations will be implemented. However, I know that Minister Clement and the government are sympathetic and supportive of the overall thrust of the Senate study.

## PUBLIC WORKS AND GOVERNMENT SERVICES

### SALE AND LEASING OF PUBLIC BUILDINGS

**Hon. Jack Austin:** Honourable senators, my question is for the Honourable Michael Fortier, Minister of Public Works and Government Services.

• (1510)

The previous Minister of Public Works was advised by officials of his department and of the Treasury Board to consider the possibility of the federal government recapturing capital by

putting public buildings on the market and then leasing them back. There appears to be substantial liquidity in the capital markets today and a number of possible investors would take positions.

Is the minister considering this particular policy?

**Hon. Michael Fortier (Minister of Public Works and Government Services):** Honourable senators, I wish to thank the honourable senator for his question. As the honourable senator may know, this matter has indeed been studied by the department. I reviewed the RFP that went out last year and saw that it was trying to do a lot, which is why it failed. As the honourable senator knows, no one was able to qualify. Hence, the initiative unfortunately died.

I have been looking at this issue for a few weeks. It is clear that this is not only driven by what the markets can or cannot tolerate. It should also be driven by how much capital the government and the country is willing to put back into these assets. One of the big issues with these assets is that they are undercapitalized and they have been neglected for, I dare say, decades. We must address this issue, and we will be addressing it. We are studying various alternatives and will be making announcements when we are ready.

**Senator Austin:** Honourable senators, it is clear that the capital for repair and updating of federal property assets will come either from the Consolidated Revenue Fund or from the private sector as part of a package of offering these properties and requiring that, if acquired, they be brought up to certain necessary standards. However, liquidity may currently be easier to obtain than at other times. As the minister knows, these things move in cycles.

May I understand that the minister is giving active consideration to the possibility of at least some properties being placed on the capital markets?

**Senator Fortier:** Honourable senators, everything is on the table. I would not want to mislead the Senate by stating that we will be doing one thing rather than another. I will say that when considering the entire portfolio one must also take into consideration the issue that has been raised many times in this house by Senator Fox, which is the equilibrium in the National Capital Region in terms of where the real estate is situated. As honourable senators know, there is a disequilibrium vis-à-vis the Quebec side of the river. We are also in need of more space in the National Capital Region.

In addition to considering the buildings themselves and the ability of private capital to assist, I must keep in mind issues such as the need for extra space and the need to address this real estate imbalance that disfavours the Quebec side of the river.

[Translation]

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. Gerald J. Comeau (Deputy Leader of the Government):** Honourable senators, I have the honour of presenting delayed answers to the question raised by the Honourable Senator Dallaire on May 4, 2006, regarding the location of new recruits

that the Canadian Forces plan to enlist, and to the question raised by Senator Ringuette on May 9, 2006, regarding the impact on the Atlantic provinces and Quebec of free trade with Korea in the shipbuilding industry.

## NATIONAL DEFENCE

### LOCATION OF PROPOSED NEW RECRUITS

*(Response to question raised by Hon. Roméo Antonius Dallaire on May 4, 2006)*

At the present time, there are no plans to create a new brigade group in Gagetown.

A DND/CF team is currently developing options for accommodating the additional personnel that will come with the expansion of the Canadian Forces.

As promised during the election campaign, the government is committed to recruiting, training and equipping additional regular force personnel at CFB Gagetown. The new personnel will serve to fill out existing units at CFB Gagetown that have been left understaffed by previous government defence cuts.

As we move ahead with expansion, one of our key aims is to ensure that equipment, infrastructure, personnel and training are synchronized.

It is important to keep in mind that the expansion of the Canadian Forces will be a gradual process.

## INTERNATIONAL TRADE

### SOUTH KOREA—POSSIBLE FREE TRADE AGREEMENT

*(Response to question raised by Hon. Pierrette Ringuette on May 9, 2006)*

Canada launched negotiations for a free trade agreement (FTA) with Korea in July 2005.

FTAs help ensure Canadian companies are competitive in key markets vis-à-vis their foreign competitors. Other countries, including the United States, are aggressively negotiating FTAs, including with Korea. Canada has a similar interest in actively negotiating improved access to foreign markets.

The primary purpose of FTAs is to enhance economic prosperity through more open competition that results from reduced barriers to trade and investment. However, this also inevitably creates certain areas of sensitivity for both parties.

The challenges facing the shipbuilding sector arise from a range of factors, and even with the 25 per cent most-favoured nation (MFN) tariff in place, employment in the sector has declined over the past decade.

In respect of a potential Canada-Korea FTA, however, while Korea's shipbuilding industry does produce across a full spectrum of the market, and tariff reduction could

increase Korea's ability to compete with Canadian shipbuilders, there are a number of factors that are expected to mitigate the impacts resulting from tariff elimination.

First, Korean and Canadian shipbuilding industries primarily focus on different market segments. Korea's major yards focus production on building larger, higher value-added vessels while Canadian yards are oriented towards the building of smaller vessels.

Second, Canadian sensitivities in the shipbuilding sector will be addressed through FTA provisions specific to the industry. These may include longer phase-out periods for the most sensitive types of vessels and product-specific rules of origin. Such provisions will be developed in close consultation with domestic stakeholders, including the Canadian shipbuilding industry, provinces and territories.

Third, Canada will not open up its procurement market in shipbuilding in the context of a Canada-Korea FTA. Consequently, federal and provincial departments and agencies will continue to have the option of restricting their tenders to Canadian yards for the purchase or lease of vessels. Government procurement has generally represented a major share of the new-build business for Canadian industry.

It should be noted that the government consulted extensively with Canadians across all sectors of the economy, as well as provincial and territorial governments, prior to launching negotiations with Korea. The vast majority of responses have been positive, including from agricultural and other natural resources sectors, as well as some manufacturing and services areas. We continue to actively engage stakeholders to ensure that their interests and concerns are taken into consideration in our negotiating positions.

Korea is an important trade and investment partner for Canada. Our two countries traded \$8.2 billion in 2005, while bilateral investment was over \$1 billion in 2004. Building on this strong relationship, an FTA with Korea has the potential to deliver significant commercial benefits across a wide range of the Canadian economy, including: fisheries, agriculture, machinery and equipment, and financial and professional services.

In addition, an FTA with Korea would create a secure and more predictable investment climate in Korea for Canadian business and would help attract Korea investment in Canada. It could also open doors for Canadian businesses in other key markets in the region such as China and Japan. Intra-regional trade has been growing exponentially, and Korea could be used as an entry point to this vibrant economic region. Further information is available on the "Trade Negotiations and Agreements" website of the Department of Foreign Affairs and International Trade.

## QUESTION OF PRIVILEGE

### SPEAKER'S RULING

**The Hon. the Speaker:** Honourable senators, I have a ruling regarding the question of privilege raised by Senator Ringuette.

On Wednesday, May 10, Senator Ringuette gave notice of a question of privilege under Senators' Statements. The adjournment of the sitting at 4 p.m. that day kept the senator from presenting her question of privilege at the conclusion of Orders of the Day. As a consequence, the senator was not able to present her case until the following day. Senator Ringuette claimed that the Leader of the Government misled the Senate in explaining her absence from Question Period, May 2. It is Senator Ringuette's contention that this account is contrary to certain evidence she had since collected. This assertion was denied by the Leader of the Government, who stated that her absence during part of the sitting that day, including Question Period, was because of a cabinet meeting.

• (1515)

[English]

After hearing different views on this matter, I agreed to take it under advisement. I am prepared to declare my ruling.

Let me begin by stating that there is no *prima facie* basis to support a question of privilege. In my opinion, this case is the result of a misunderstanding or miscommunication. I heard nothing to persuade me that what happened breached privilege or involved contempt since the misunderstanding was neither intentional nor deliberate.

In making her case, which she was careful to identify as a contempt, Senator Ringuette assumed that the cabinet meeting took place at the same time as Question Period in the Senate which, as it happened, overlapped Question Period in the other place, making a cabinet meeting at that time unlikely. For her part, the Leader of the Government in the Senate explained that Question Period in the House of Commons is held at a fixed time, from 2:15 p.m. until 3:00 p.m. She also advised that the meeting of the cabinet committee started shortly after 3:00 p.m.

[Translation]

There is no rule that prohibits the government leader from leaving the chamber to attend to government business. The statement made by Senator LeBreton concerning her activities does not affect the authority or dignity of the Senate, nor did it impede the Senate or senators in the performance of their duties. As well, the senator's explanation did not purposely mislead or deceive, which is a necessary condition to establish a charge of contempt as noted in Beauchesne's, 6th edition, citation 62 at page 19. In the end, it seems obvious that there was a misunderstanding as to certain facts. It seems to involve nothing more than that.

[English]

Questions of privilege and contempts are intended to deal with genuinely serious matters. The privileges of Parliament are not a sword to assault the rights of others, but a shield to protect

Parliament and its members in the fulfillment of their duties and responsibilities. Rule 43 states, in part:

The preservation of the privileges of the Senate is the duty of every Senator.

A violation of the privileges of any one Senator affects those of all Senators and the ability of the Senate to carry out its functions outlined in the Constitution Act, 1867.

Among the privileges that we must be vigilant in preserving are freedom of speech and control over our proceedings and deliberations. Similarly, contempts allow the House, the Senate or the House of Commons, to vindicate its authority and dignity when challenged.

[Translation]

Procedures have been incorporated into the *Rules of the Senate* to "fast track" the consideration of possible questions of privilege and contempts. Criteria have been established that I, as Speaker, must use in evaluating the *prima facie* merits of any question of privilege or contempt. These rules and procedures are also meant to provide guidance to senators when they consider whether an issue should be treated as a possible breach of privilege or a contempt.

I do not believe that rule 43 should be used to address a simple complaint or grievance, especially when it is the result of a misunderstanding. It does not meet the threshold required for a question of privilege or contempt. Such disputes do not "directly concern the privileges of the Senate or its committees" nor are they "raised to correct a grave and serious breach".

[English]

## ORDERS OF THE DAY

### HAZARDOUS MATERIALS INFORMATION REVIEW ACT

#### BILL TO AMEND—THIRD READING

**Hon. Wilbert J. Keon** moved third reading of Bill S-2, to amend the Hazardous Materials Information Review Act.

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

Motion agreed to and bill read third time and passed.

### INCOME TAX ACT

#### BILL TO AMEND—SECOND READING— DEBATE ADJOURNED

**Hon. Jack Austin** moved second reading of Bill S-215, to amend the Income Tax Act in order to provide tax relief.—(*Honourable Senator Austin, P.C.*)

He said: Honourable senators, Bill S-215, which I introduced at first reading on Wednesday, May 17, is a private member's bill to amend the Income Tax Act. As honourable senators know, this is the second private member's bill I have introduced in this chamber in recent weeks. The last one, Bill S-212, which was identical to this bill but included two other clauses, was ruled out of order by the Speaker on May 11. Happily, in his ruling the Speaker noted that had the bill only contained the clauses now contained in Bill S-215, he would have ruled it in order, so we can debate this bill without worry that it is in any way beyond our constitutional jurisdiction.

I am content to drop the contentious clauses. They would have helped families with children who have disabilities by increasing the maximum annual child disability benefit to \$2,300, starting in July 2006, and they would have helped low income working Canadians with high medical- and disability-related expenses by increasing the maximum amount of the refundable medical expense supplement from \$750 to \$1,000 for the 2006 taxation year.

As honourable senators will recall, I introduced Bill S-212 on April 26. On May 2, the Minister of Finance in the Conservative government presented his government's budget to Parliament. I am happy to say that both of these clauses were reflected in the budget. It is with a light heart that I set those aside, knowing that my objective has been achieved. However, I cannot say the same for the other two issues and, therefore, I have tabled this bill before.

Last November, in the economic and fiscal update, the then Liberal government, of which I was a proud member, reduced Canada's personal income taxes, tax cuts that all Canadians recently saw concretely as they filed their tax returns — tax cuts that let all working Canadians keep more of their hard-earned cash. The new Conservative government of Stephen Harper announced — and this was confirmed in the budget — that it will raise income taxes, rolling back the tax cuts we introduced in order to pay for the proposed GST reduction. These changes to Canadian payroll deductions will become effective July 1, 2006, the time when many Canadians normally see their paycheques get a little fatter because of the end of the EI and CPP contributions.

Honourable senators, these tax cuts are helping all Canadians, especially those Canadians in the lowest income bracket. We cannot sit idly by as the Conservatives raise income taxes, hitting hardest at those who most need the tax breaks. My bill would enshrine in the legislation the following tax cuts from last November: first, a permanent cut in the tax rate for the lowest tax bracket, that is, for income under \$35,595, from 16 per cent to 15 per cent; second, a \$500 increase for the personal exemption that is defined as the "basic personal amount" for 2005 and a further \$200 increase in 2006.

During the election campaign, the Conservative Party said they wanted to cut taxes in such a way that would help families, seniors and young people just getting started in life. They said that they wanted to "help everyone deal with the rising cost of living, put money in peoples' pockets and spur the economy immediately." If this is their objective, honourable senators, then the Conservative

government should now joyfully embrace my private member's bill. The economics are clear: The best way to achieve these laudable goals is to cut personal income taxes.

I will elaborate. The issue, as we all know, is that the Conservative government of Stephen Harper is committed to cutting the GST by 1 per cent immediately and then by a further 1 per cent over the next five years. They have estimated that the federal tax revenues lost by cutting the GST would be \$32.3 billion over five years. However, to be able to afford this GST cut, the government has said it needs to raise personal income taxes for Canadians, to roll back the tax cuts introduced in November.

In the May 2 budget, we saw how the government planned to do this. I am happy to tell honourable senators that the government backed off its original statements and did not completely cancel the Liberal tax cuts. Evidently, we in the opposition, economists across this country and the Canadian people generally were successful in persuading the government that the plan was terrible economics for the country and would impose great hardships on many Canadians, especially lower income working Canadians. Instead of raising the tax rate for the lowest income bracket to 16 per cent, as the Prime Minister had suggested would happen, the Conservatives have raised it to 15.5 per cent and made it effective as of July 1, 2006. In other words, not being mean-spirited in a way that would claw back tax savings already in the hands of Canadians, they have provided that relief. A newspaper had earlier reported that the Canada Revenue Agency was ready to doubly increase the payroll deductions for July through December 2006 if required to implement the Conservative plan and to claw back the savings enjoyed from January through June. Happily, it appears now that will not be necessary.

The Harper government was quite upfront about raising this tax rate to 15.5 per cent. They were not quite so straightforward about their plans for the basic personal amount or basic personal exemption, as many of us think of it. As honourable senators know, the Liberal government had a plan in place to raise the basic personal amount to \$10,000 by 2010. In the November economic and fiscal update, we announced that we were going to accelerate the increases to reach that goal. In particular, we put in effect a raise for 2005 of \$500 and a further raise for 2006 of \$200. These increases helped all Canadians, but especially low-income Canadians.

• (1530)

What did the Harper government do with these tax cuts to help them afford the GST cut for the high spenders? They were rather disingenuous about this one, honourable senators. In the budget speech and the pamphlet entitled — in my view, misleadingly — *Helping Individuals and Families*, the Harper government claimed that they were:

... increasing the basic personal amount — the amount that an individual can earn without paying federal income tax — so that it grows each year and remains above currently legislated levels for 2005, 2006, and 2007.

Buried deep in the budget documents, at page 218 of Annex 3, is the real Harper plan. It is not worded — surprise, surprise — in quite the same clear language as the pamphlet, and tells a different story as follows:

The basic personal amount — the amount that an individual can earn without paying federal personal income tax — will be increased by \$500 to \$8,648 for the 2005 taxation year. For the first half of 2006 it will then be increased by indexation plus a further \$200, for a total of \$9,039. The basic personal amount will be reduced by \$400 to \$8,639 on July 1, 2006 at the same time as the GST rate is reduced.

When you read on, you learn that their plan does reach the Liberal goal of a \$10,000 exemption by 2010, but by loading most of the increase way off in 2009 when the basic personal amount “will be increased by indexation plus the greater of \$600 and the amount required to raise the basic personal amount to \$10,000.”

While it is literally true that the “currently legislated levels” of the basic personal amount will be raised by this budget, that is only because the Conservatives brought down the Liberal government before we could introduce legislation making permanent the increases we put in place last November through a ways and means motion. The facts are clear: The Conservative government of Stephen Harper is reducing the basic exemption, thereby raising taxes and forcing more low-income Canadians to pay tax who are now exempted because they earn too little. This is bad public policy and wrong, honourable senators.

I am not alone in noticing the sleight of hand by the Harper government. Dale Orr, described by *Maclean's* as “the top Canadian economist with the international forecasting firm Global Insight” on May 23 last, published a report on Budget 2006, which he entitled “Budget 2006, Real Tax Relief Much Less than Advertised.”

Honourable senators may remember the name Dale Orr. The Conservatives relied on him during the election as endorsing their platform, even though that endorsement was tepid at best. He was quoted in news reports during the federal election as saying that the Conservative platform added up, although he cautioned that the promises had not been fleshed out, the wording in the platform was too vague to allow a reasonable costing, and a lot more detail was required. We have that detail now. I am sure my Conservative colleagues opposite will be equally quick to accept Mr. Orr's views today as they were during the campaign. In his report last week on Budget 2006, Mr. Orr said the following:

The changes to the lowest marginal rate and to the basic personal amount indeed provided tax relief from *currently legislated* rates — but they were actually tax increases relative to the rates *currently in effect*. More pointedly, the impact of Budget 2006 was to make the lowest marginal rate higher than it otherwise would have been as well as to make the basic personal “taxfree” amount less generous than it otherwise would have been for the entire period covered by Budget 2006. By carefully referring to changes from *currently legislated* levels, (generally those of Budget 2005, February 2005) as opposed to the tax levels *currently in place* — and those which would have remained in place in the absence of Budget 2006, Budget 2006 was able to claim “tax relief” when it was actually raising taxes!

Mr. Orr looked at the impact of the budget's proposed changes to the lowest marginal tax rate. He concluded as follows:

*(In the case of the lowest marginal rate, Budget 2006 reported “tax relief” of \$1.670 billion, when more appropriately they should have reported a tax increase valued at \$1.030 billion. For 2007-08, they more appropriately should have reported a tax increase valued at \$1.370 billion instead of “tax relief” of \$1.370 billion.*

Honourable senators, this is the government that was elected on a promise of transparency and accountability, but perhaps the meaning of those words is evolving under Prime Minister Harper's leadership.

With respect to the changes to the basic personal amount, Mr. Orr noted the following:

Budget 2006 claimed “about 665,000 low-income Canadians will be removed from the tax rolls altogether.” About 350,000 of those 665,000 were estimated to be removed because of the “tax relief” on the Basic Personal Amount provided by Budget 2006. (The Canadian Employment Credit and Pension Income Credit remove about 300,000 people from the tax rolls.)

As noted above, Budget 2006 didn't really provide tax relief on the BPA. Budget 2006 actually caused the BPA to be only \$8,839 for 2006 when it otherwise would have been \$9,039. Rather than the change in the BPA of Budget 2006 removing about 350,000 Canadians from the tax rolls altogether, the change in BPA of Budget 2006 will actually cause about 200,000 Canadians, who thought they wouldn't be on the tax rolls in 2006 (at a BPA of \$9,039) to be pushed back onto the tax rolls. What the Finance Minister did not say in presenting Budget 2006 was, “Mr. Speaker, with this *reduction* in the tax free amount from current levels, I have today pushed about 200,000 of the lowest income Canadians back on to the tax rolls.” That wouldn't have had a very nice ring to it!

That is the end of my quotation from Mr. Orr. I find his arguments compelling.

Honourable senators, the budget tries to link these tax increases to the implementation of their famous GST cut. I will address the merits of that trade-off, but first I want to briefly anticipate one argument that may be made by honourable senators opposite on this issue, namely, that the Conservatives have cut back on the basic personal amount but included a new \$500 Canada Employment Credit — which is really \$250, since it is being introduced in July 2006 — and which will be raised to \$1,000 in 2007.

Recognizing work-related expenses of employees is a laudable idea but is no substitute for the basic personal exemption. The Conservative Party of Prime Minister Harper said, as I quoted earlier, that they would cut taxes in a way to help “families, seniors and young people just getting started in life.” However, honourable senators, it is far from clear that the traditional 1950s company employment model is accurate today, or a realistic model of the Canadian labour force of the 21st century. According to a 2005 Statistics Canada report, temporary

employment, including contract workers, seasonal workers and casual employees, increased almost twice as rapidly as permanent employment in recent years, despite economic growth and good economic conditions.

I was particularly interested to note that 40 per cent of temporary employees were between the ages of 15 and 24, and nine per cent were workers 55 and older. Neither statistic is or should be surprising. Temporary work is a good transition, whether into retirement for older workers or into the labour force for younger people.

• (1540)

However, it is far from clear to me the extent to which these new young workers and senior citizens will be able to take advantage of the new employment credit. I do know they would benefit 100 per cent from an increase to the basic personal amount.

I include that only in anticipation of what honourable senators opposite may have argued with respect to the Harper cut in the basic personal amount. We know, because it is explicit in the budget, that this government is linking the cut to its GST promise.

Honourable senators, I am not against cutting the GST, although it is not the direction I believe tax policy should take. I am proud to say that the Liberal governments of the past decade have left the finances of this country in better shape than they have ever been, with eight successive surpluses. I believe we can afford both the GST cut and all the Liberal income tax cuts; but if indeed, as Stephen Harper has suggested, a choice is required, then to me and most Canadian economists, the personal income tax cuts are the better way to go.

During the election, *CBC News* reported the views of a number of economists. Several economists with institutes that usually line up right behind the Conservative Party on this issue — at least at that time — were prepared to go on the record disagreeing with the Harper plan. Bill Robson, Senior Vice-President of the C.D. Howe Institute, told *CBC Newsworld*:

From an economic point of view, it [the GST cut] wouldn't be my first choice.

He continued:

If you want tax cuts that are going to promote work, going to promote saving, help us invest more and raise living standards in the future, the GST is not the tax you would go after.

According to the CBC, Robson said it would be better to cut personal income taxes. After the election, with the Conservative government taking office, the C.D. Howe Institute issued qualified reports finding some justification for the GST policy of the Conservative government.

Jason Clemens, an economist with the Fraser Institute, said he opposed cutting the GST. Jim Davies, who teaches economics at the University of Western Ontario, also said he would prefer income tax cuts. On the Conservative proposal, he said, "Stupid, stupid, stupid, stupid."

David Douglas Robertson, a tax specialist with a Toronto law firm, wrote an extensive article on "Why Cutting the GST is the Wrong Choice for Canadians." Herb Grubel is a well-known economist and former member of Parliament for the Reform Party. His views on fiscal matters were held in such high esteem by that party that he served as their finance critic. Mr. Grubel said:

Cutting the GST rather than business or personal income taxes may be good politics but it is definitely very bad economics.

Honourable senators, I would add that it will be "good politics" only until Canadians realize that it is bad policy.

This theme was picked up in an editorial of April 25, 2006, in *The Globe and Mail* and further developed in a column on April 26 by Jeffrey Simpson, under the title, "Great politics, lousy policy, but who gives a hoot?" I recommend honourable senators read these two short items for a good summary of the issues.

As my colleague Senator Bryden reminded us in his speech in reply to the Speech from the Throne, the current Finance Minister, the Honourable Jim Flaherty, certainly used to share Mr. Grubel's view. In November 2001, when he was Minister of Finance in the Ontario government, he said it would be a mistake to cut the GST because:

...all you get is a short-term hit, quite frankly... It has no long term positive gain for the economy.

He also said that he was not interested in such "short term, knee-jerk actions."

I appreciate the views of these economists and commentators, honourable senators, but I must tell you that my biggest concern is for low and lower middle-income working Canadians. Prime Minister Harper was reported in the press recently as boasting that the GST cut is a good measure because it benefits everyone, "including those who have modest or low incomes." The facts, however, are quite different.

I referred to David Douglas Robertson, a partner with Fasken Martineau, a prominent national law firm, who practises tax law and tax litigation, and is a specialist in sales tax, including the GST. He analyzed the choices and crunched the numbers. His findings, which he set out in his paper dated March 24, 2006, were revealing, stark and, for me, frightening.

After seeing the budget, I called Mr. Robertson and asked about the impact of the 0.5 per cent increase in the lowest marginal personal income tax rate. He kindly ran the numbers and sent me the results.

Honourable senators, most necessities of life are not subject to the GST. That was something many of us in this chamber remember fighting very hard for some years back to achieve. Rent and mortgage payments are not subject to the GST. Groceries are not subject to the GST. Prescription drugs, health care services, tuition, child care, insurance, loan payments — none of these are subject to the GST.



Robertson found that a person with a taxable income between \$22,000 and \$50,000 would have to spend more than half of his or her disposable income exclusively on goods and services that are subject to the GST — in other words, on things other than rent, groceries and health care services — to derive the same benefit from the GST cut that they would from the personal income tax cuts provided in the November 2005 fiscal and economic update.

Let me quote some concrete examples from Mr. Robertson's paper. Let us take a married couple with no children whose annual family income is under \$12,500. The C.D. Howe Institute apparently wrote that such a family would save \$141 annually through Mr. Harper's 1 per cent GST cut. However, as Mr. Robertson points out, to save that kind of money the family would have to spend \$14,100 every year on GST-taxable goods and services. That is \$1,600 more than their annual family income. That would be over and above their spending on food, rent and other non-GST items.

Honourable senators, it is all fine and well for Prime Minister Harper to say that the GST tax cut would apply to everyone, but that is an abstract truth only true in a rarefied academic consideration of the issue at best. In the real world, people worry first about putting food on the table for their families. They worry about paying to have a roof over their heads; they worry about paying for medicine for themselves and their children; and they worry about putting their kids through college so they can get a better start in life. These are the real priorities.

Robertson's numbers are very clear: These families will not see much benefit from the Harper government's 1 per cent GST cut. They are, however, benefiting from the personal income tax cuts introduced in the November 2005 update, and that this bill would make permanent.

A person with a taxable income of \$10,000 would have paid \$80.29 in federal income taxes in 2007 under the Liberal November tax cuts. Under Harper's budget, the same person will have to pay \$113.96 in federal income taxes. By the way, I am using 2007 because of the intricate changes the budget would make to the basic personal amount in 2006, raising the amount in January and then lowering it even more in July; 2007 seems simpler.

Honourable senators, that is a significant tax increase, yet how much will a person realistically benefit from the 1 per cent GST cut? How many new cars does one expect a low income working Canadian with a taxable income of \$10,000 to buy?

Jack Mintz and Finn Poschmann of the C.D. Howe Institute recently wrote an article in the *Financial Post* in which they tried to attack Mr. Robertson's numbers and conclusions. In essence, they argued Mr. Robertson is wrong because he ignores statistics from Statistics Canada that suggest many low-income Canadians actually spend more than their income in a given year. They go into debt. As a result, the C.D. Howe Institute concludes these people will benefit from Harper's GST cut.

Honourable senators, we must apply some common sense to this debate. Should Canadian public policy encourage our lowest earning citizens to pile up more debt? Once again,

please remember that the items that carry the GST are the non-necessities of life. Many economists have condemned the Conservative policies for not encouraging Canadians to save. This policy will do the opposite; it will encourage the least able to afford luxury goods to buy them, even going into debt to do so.

The real truth of the Harper government's GST tax cut is that it will benefit the wealthy. It will help them to buy luxury goods that most Canadians cannot afford. Remember, honourable senators, to benefit each year from the GST cut, one would have to buy an expensive item, not just once every few years, but literally every year. One would have to buy a new Lexus or Porsche every year to benefit from this cut.

• (1550)

Honourable senators, I may be one of those who, no doubt, can take advantage of this windfall. I am very fortunate, and can afford the high ticket items that will carry significant savings from a 1 per cent GST cut, but even I will have trouble buying enough every year to truly make the tax cut translate into significant tax savings for me. Note this point: The tax savings of people like me will be at the expense of those low income Canadians who need the tax savings much more.

**An Hon. Senator:** Shame.

**Senator Austin:** This policy upsets me. By raising personal income taxes on the lowest tax bracket, even though it is now only a 0.5 per cent increase rather than the full 1 per cent increase we all expected and feared, the government is asking those working Canadians at the bottom of the earning scale to subsidize those at the top end as they buy their expensive new cars, build fancy new homes and purchase plasma TVs.

In his article, Robertson also pointed out that the Liberal cuts to personal income taxes meant all the money — 100 per cent — went straight into the pockets of individual Canadians. By contrast however, a GST cut must be shared by individual Canadians and those industries that are so-called "exempt suppliers" under the GST regime. According to Statistics Canada, only 83 per cent of GST revenues are from individual Canadians. The rest are from banks, insurance companies, and landlords, to name a few. Cutting the GST by \$32.3 billion will put at most \$26.81 billion in the hands of Canadians, \$2.58 billion would go to banks, insurance companies and other financial institutions. Almost \$1 billion would go to residential landlords.

My Conservative colleagues may argue that these wonderful, upstanding corporate citizens will of course pass on their savings to consumers; the trickle-down theory so popular with Conservative philosophy. Honourable senators, do you think Canadians will truly expect bank service charges to drop as a result, or is it more likely that tax savings will find their way into increased profits to finance the banks' bottom line?

Mr. Robertson notes that only the savings from personal income tax cuts is guaranteed to make it into the pockets of individual Canadians. With every paycheque, the tax savings go directly into the individual's pocket, and he or she has the additional cash, regardless whether the person chooses to save it,

invest it, pay down a mortgage or debt, or spend it on personal consumption. With a reduction in GST, a person does not get extra money; they only benefit if they spend their money on those products and services that are subject to the GST.

The Harper budget has improved matters from what the Conservatives had originally said. He is keeping some of the Liberal tax cuts, but still raising income taxes on the lowest tax bracket. The tax cost to most individual Canadians is \$150. To get that back, as Robertson's numbers demonstrate clearly, individual Canadians with taxable income — that is taxable income, not gross income — up to \$50,000 will have to spend more than half their after-tax income on GST-taxable goods and services. The choice is \$150 guaranteed in your pocket — from the personal income tax cut set out in my bill — or pay an additional \$150 in federal tax and then see whether you spend enough to get the \$150 back.

Honourable senators, Mr. Harper proclaimed loudly and frequently during the election that his was the party of choice for Canadians. Unlike those evil Liberals who seek to tell Canadians what to do, he would give Canadians their money and let them choose.

When you look closely at his policies, however, the truth is different. His choice in child care is in fact no choice, as the questions from Senator Eggleton earlier today made clear. Here the tax policies are clearly skewed to encourage spending on certain items at a time when economists agree that stimulating consumer spending is the wrong way to go and can encourage inflation with higher interest rates as a result.

Robertson is also highly suspicious that many businesses will not pass on the 1 per cent GST saving to their customers. Over time, he believes the cut will simply be absorbed into a higher ticket price. Particularly for items that are priced with the tax included, he believes many businesses will simply take the money as increased profits, if not immediately then over time. He gives the examples of movies, gasoline prices, tickets and taxi fares. Then he addresses the big items, things that many of us would assumed would carry a savings. Let me quote from his article:

Consider big-ticket items like motor vehicles and new houses. It has been suggested by some commentators that reducing the GST by 1 per cent will save Canadians on the price of a new car. For example, if the price of the car is \$40,000, then a 1 per cent reduction in the rate of GST will save the purchaser \$400! With respect to those commentators who have used such examples, they have clearly never purchased a vehicle or a new home.

When the average Canadian purchases big-ticket items like a vehicle or a new home, the question the vendor discusses with the purchaser is not "what is the selling price before adding on the GST". The issue discussed is "how much can you afford." The negotiations that take place aren't based on a "taxes not included" basis, but rather on a "what's the total — all taxes and surcharges included — price" or even more likely — "How much can you afford to pay for a month". In that type of negotiation, a 1 per cent

reduction in the GST could be either a \$400 savings to the customer or an additional \$400 in profit for the car dealer, depending, of course, on who has the stronger negotiating power and who is the better negotiator.

Mr. Robertson is not alone in concluding that the Conservative GST cut is disproportionately skewed to help the wealthy at the expense of low- and middle-income Canadians. The Canadian Centre for Policy Alternatives recently published a study in which they concluded that 15.6 per cent of families with the highest incomes — that is over \$100,000 — will get over 37 per cent of the tax relief, while 48.6 per cent of Canadian families with the lowest incomes — that is under \$40,000 — will receive only 23.3 per cent of the benefit.

Honourable senators, it is interesting to note that, as reported by *The Globe and Mail's* Report on Business of Monday, April 24, 2006, officials of the Department of Finance advised against the GST cut and in favour of their advice to the Martin government that income tax cuts were preferable from an economic policy point of view.

As the report states:

Canada raises more of its revenue as a share of GDP from personal and corporate income taxes than any other G7 country. Correspondingly, Canada raises relatively less tax revenue from consumption taxes, the tax that least damages productivity and the standard of living.

The report of the finance officials continues:

While Canada's personal and corporate income tax burdens are the highest among G7 countries, the broader trend favours consumption taxes. Of all OECD countries with a value added tax, Canada has the second lowest rate.

Honourable senators, economists strongly favour consumption taxes over income taxes or levies on business. As *The Globe and Mail* reports:

They consider consumption taxes such as the GST, the least evil among taxes because they are the least damaging to economic growth. The consensus is that other taxes on personal or business income or corporate assets, are far more harmful in terms of dulling the incentive to work, save and invest.

Honourable senators, the Liberal government of Paul Martin followed the sound advice of the finance department and cut income taxes and increased benefits to low income Canadians. The Harper government has made a flashy political promise to lower the GST instead and to cancel the Liberal income tax cuts and raise personal income taxes.

Honourable senators, the Liberal governments of the past decade worked hard to improve the economic position of low-income Canadians. I, like all of you, I am sure, was delighted to see the recent Statistics Canada report that fewer Canadians slipped into low income in 2004, while more were able to climb out. To quote from the report:

Using new income data from 2004, the study showed that only 3.3 per cent of Canadians who were not living below Statistics Canada's low-income cut-off in 2003 had slipped into low income in 2004. This was a much lower rate than a decade earlier.

Honourable senators, allow me to remind you that a decade earlier was shortly after a decade of the Conservative government of this country. To continue:

About 5.5 per cent of Canadians who were not in low income in 1993 fell into it by 1994. By 1998, the proportion of those entering low income dropped below 4 per cent.

At the same time, one-third (34 per cent) of individuals living below the LICO threshold in 2003 had climbed out of low income by 2004. A decade earlier in 1994, the proportion of individuals who had exited low income was only about 28 per cent.

Honourable senators, I fervently hope that this Conservative government does not repeat the choices of the Mulroney Conservative government.

• (1600)

**Senator LeBreton:** Free trade, GST.

**Senator Austin:** This proposed tax policy does not bode well, but there is still time for Prime Minister Harper to recognize his mistake and correct it by keeping the Liberal personal income tax cuts.

Conservative senators will remember my quotation of former premier of British Columbia, W.A.C. Bennett, who was in power for more than 20 years because, he said, he ran a good-second-look government. Honourable senators, in the interest of low-income Canadians, please take another look at the budget and adopt Bill S-215.

All honourable senators are aware of the terrible income disparity gap south of the border between the rich and the poor in American society. Perhaps the Harper government is standing in envy of the economic policies of the Bush administration in the U.S., or perhaps they actually believe in deficit financing but are simply not explaining their policy to the Canadian people. I must tell this chamber that I am not alone in remarking this irony. The Conservatives try to present themselves as the party of fiscal prudence that will lower taxes, be judicious with spending to avoid deficits and, in fact, pay down the debt. They paint Liberals as evil spendthrifts who tax and spend and drive deficits ever higher, but the facts are different. Time and again — not only here, but also provincially; just ask any Ontarian who remembers the legacy of hidden deficits from the Tory government of which Mr. Flaherty was a member —

**Senator Angus:** Ask Bob Rae.

**Senator Gustafson:** What about David Peterson?

**Senator Austin:** I am talking about the former government of Grant Devine, which Senator Tkachuk served. Let us talk about deficits. That government had to scurry to the government of Mr. Mulroney to save it from bankruptcy.

Honourable senators, the Conservative government under Brian Mulroney left the worst GDP-to-debt ratio in the history of this country, except during wartime. Now, Prime Minister Harper has the audacity to berate the Liberal government of the past decade for its success in turning around the fiscal mess that the Conservatives had left us.

**Senator LeBreton:** Trudeau did.

**Senator Austin:** Honourable senators, I am reminded of an old story referring to Prime Minister Louis St. Laurent. During his campaign speech in 1949 he said, "And my friends, I want to remind you that Liberal times have been good times, and Tory times have been bad times for Canadians," whereupon someone called out, "That is only a coincidence," to which Mr. St. Laurent replied, "Yes, my friend, it may only be a coincidence, but tell me, which coincidence would you rather have?"

Honourable senators, I invite you to support my private member's bill. Personal income taxes should not be raised because it is bad economics and it is bad social policy. Conservatives should pay attention to the substance of policy, not just to cosmetic policy to try to persuade people to give them a majority government.

**Senator Comeau:** Support the GST.

**Senator Austin:** Low-income Canadians will pay the price of a cosmetic approach. Honourable senators, Canadians deserve better from their government.

**The Hon. the Speaker *pro tempore*:** Would the honourable senator take a question?

**Senator Austin:** Certainly.

**Hon. Gerry St. Germain:** My question is to the Honourable Senator Austin. Can the honourable senator tell me exactly when this conversion to the GST took place? If I recall correctly, it was the Liberal government that wanted to scrap the GST. The horrific deficits that the honourable senator mentioned accumulated under the Trudeau administration. How could the honourable senator forget about these things in his delivery, because he is an honest man and I have known him for some time. I do not know how he could stand up and make such statements. The GST was brought in under former prime minister Brian Mulroney. It is an excellent tax that has generated huge revenues over the last 10 years. The only thing that the Liberals did was to cut the transfer payments to the provinces and destroy our health care system.

My question is: When did the conversion take place such that, all of a sudden, the GST is a great tax, which we always knew? I would like to know when this conversion took place and what happened.

**Senator Austin:** Honourable senators, I will reply carefully to Senator St. Germain's observations. The reality is different from his presentation. The GST is a major, new intervention of tax reform that was not presented to Canadians in the 1988 election.

**Senator Comeau:** Yes, it was.

**Senator Austin:** It came after.

**Senator LeBreton:** It was a recommendation from the Finance Committee.

**Senator Comeau:** I lost my election on that.

**Senator Austin:** The only theme on which the Mulroney government campaigned in 1988 was the Free Trade Agreement, and it hid the GST and its consequences.

**Senator LeBreton:** It did not.

**Senator Comeau:** It did not.

**Senator Austin:** I remember well when the then leader of the opposition, the Right Honourable John Turner, tried to start a debate on GST during the 1988 election.

**Senator LeBreton:** It was on the table.

**Senator Austin:** The Mulroney government brushed it aside. Let us move on and conclude that the Conservative government of Mr. Mulroney was not honest with Canadians with respect to its intentions regarding the GST.

**Senator LeBreton:** Three years from 1987.

**Senator Austin:** This country fell into a rather serious depression in 1980-81, following the U.S. depression, which caused then chairman of the federal reserve, Paul Volker, to raise interest rates way past double digit. That brought serious economic consequences to both the U.S. and the Canadian economy. The government of which I was a member had to make a decision: Should it allow the capital losses to fall on the balance sheets of the private sector and the public sector — hospitals, schools, provincial governments and major corporations — causing, in all likelihood, the collapse of prominent corporations and serious financial stress in public entities; or should the federal government take those costs on to its own balance sheet. That gave rise to the deficit when the Trudeau government took on that responsibility on the national balance sheet.

The Trudeau government of 1980-84 followed the advice of officials of the Department of Finance when they said that when the economy began to recover, the government would have to introduce higher taxing budgets. Guess what? Former Finance Minister Wilson did so in 1985, but the prime minister of the day, scared by a woman of less than five feet in stature, backed off the budget of 1985, and thereby cascaded the deficit of the Mulroney era. That deficit accumulated because the government was afraid that if it did not continue to spend, it would be defeated in 1988. That is the answer to the question.

**The Hon. the Speaker:** The honourable senator's time has expired.

**Hon. Consiglio Di Nino:** Honourable senators, I wish to say that there is a reality check in all of this.

**Senator Austin:** The honourable senator can only move an adjournment at this point in the debate.

• (1610)

**Senator Di Nino:** In the moving of the adjournment, I would make a little preceding statement about the fact that on January 23, the Canadian public, in its wisdom, looked at your program and your plan, looked at our program and our plan and, guess what, my honourable colleague? They chose our plan.

**Senator Austin:** This is not in order.

On motion of Senator Di Nino, debate adjourned.

## CANADA'S COMMITMENT TO DARFUR, SUDAN

### INQUIRY—DEBATE ADJOURNED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Dallaire calling the attention of the Senate to the situation in the Darfur region of Sudan and the importance of Canada's commitment to the people of this war-torn country.—(*Honourable Senator Fraser*)

**Hon. Sharon Carstairs:** Honourable senators, I rise today to speak to the inquiry brought forward by my colleague, Senator Dallaire. First, I wish to congratulate the government for its contribution and its announcement of \$40 million for humanitarian aid and for peace support assistance to the people of Darfur. It is a good first step, and I acknowledge it as a good first step. However, I have serious doubts, as do I think most who have knowledge of the situation, about whether it will be enough. Unfortunately, with deep respect, I suspect it is not.

I want to begin with Senator Dallaire's opening remarks in his inquiry entitled "Are all humans human, or are some more human than others?"

Honourable senators, we must look at what has been happening in terms of the Sudan and more particularly with respect to Darfur. Millions of Darfurians have been ethnically cleansed. They have been killed. They have been raped. They have been forced to leave their homes. They are living in refugee camps where there is inadequate food, inadequate potable water and inadequate living standards in general. Other people in that poor country have been abducted, some to become child soldiers and/or sex slaves. Many are children. The question we have to put before us in the chamber is the one so eloquently expressed by Senator Dallaire: Are all humans human, or are some more human than others?

As we all know in this chamber, there was a ceasefire in April 2004, but it has not worked. We know that there is another ceasefire, and one hopes that this one will work, but all indications are that we should not place too much faith in that ceasefire.

I begin this part of my address by congratulating my colleagues Senator Jaffer and Senator Dallaire, former Senator Wilson and our ambassador to Italy, Robert Fowler, for the very fine work they have done in this area. All of these people spoke out on behalf of Darfurians. Their voices have been muted, and I think that in itself is a tragedy. I believe they should still be encouraged by representatives of this government to speak out on this particular issue.

We are all hopeful that there is some good news on the horizon with respect to the peace agreement. However, we must acknowledge that we have been here before and we have failed. The question we must address is this: Why have we failed? I think it is clear that we have failed because there has been an inadequacy of enforcement. Despite the efforts of the AMIS force, the force is not large enough and has often experienced bureaucratic delay.

Canada may need to play a much higher role. We may need to step up to the plate and provide more than money. We may need to send troops, and we know that in this area we have some very limited options. We need some serious strategic thinking about Canada's role in the world. We, as world citizens, stood by and watched the Rwandan genocide. We did nothing. We did the same during the Ethiopian famine until it was far too late. When will we get it right? When will we and other Western nations step up? When will we take and retake a leadership role in this area?

I want to put some very specific questions based on the theme of Senator Dallaire before this body. Is the rape of a girl in Darfur any less a crime, any less a personal tragedy, than the rape of a Canadian girl? Is a Darfurian child less a human being than a Canadian child? Is a Darfurian child dying of starvation any less a member of the human family? How would we as Canadians react to a Canadian child dying of starvation? We know how we would react. One only has to look at the excellent and fulsome coverage given to the death of Jeffrey Baldwin who was starved to death by his grandparents. Canadians were horrified. They were angered, and rightly so. Is a Canadian child's life worth that much more than the life of a Darfurian?

Personally, I think Canada is wrong in accepting soldiers under the age of 18, even though they are kept out of combat. I do not believe we should allow them in the Armed Forces at all until they reach the age of 18. However, we certainly do not allow for child soldiers. However, Canada and other nations turn a blind eye when children as young as six are made child soldiers in this tragic country.

Kidnapping is considered a heinous crime in Canada, whether a child or an adult is kidnapped. Just cast your mind back a few short months ago when Canadian hostages held in Iraq were freed. There was, as there should have been, great jubilation. Yet in Darfur whole families are kidnapped and we do little or nothing.

Honourable senators, are all human beings equal? Sad to say, in the world in which we live, some humans seem to be more special. Some humans' lives seem to have more value. As Canadians, we are a most fortunate people, for our lives seem to have more value. Surely we can share that value and our value system with the people of Darfur. We can step up to the plate. We can do more.

**Hon. Gerry St. Germain:** Honourable senators, I listened very carefully to Senator Carstairs, and I agree with what she said. I have used this term before, and it is not an original term. They are and have been "children of a lesser god," unfortunately.

• (1620)

I have watched the situation in Rwanda and other acts of atrocities that have taken place in various countries around the world. The honourable senator is correct, there seems to be different values on different lives. Unfortunately, that value appears to be based on the colour of one's skin.

Honourable senators, we should take a page out of the book of Stanley Burke. I do not know if any of you remember him, but he was an anchor on CBC.

He read the news about Biafra night after night. He had the courage to step down from his position as anchor. He took a giant step and volunteered to go to Biafra. I suppose he was the equivalent of our Peter Mansbridge. It is easy for those of us who sit in this place. However, until we step out from our comfortable pews, wherever they may be — and I address these remarks not only to all Canadians but to all the peoples of the world — we will continue to have situations like the situation in Darfur.

When I am asked who my heroes are, I generally answer that Stanley Burke is one of them. He had the courage of his convictions. He stood up. He saw what was wrong and he made a difference. He sacrificed something in his life. He went out and did something about Biafra. Mr. Burke will always stand out as one of my heroes, just like Terry Fox and Mother Teresa stand out as my heroes.

These are people who have gone out and done something deliberate. They sacrificed something in their lives. They did not just make eloquent speeches — any one can do that. They paid the ultimate price and gave up something close to their hearts for their fellow man.

I cannot believe that if there is a God that judges each and every one of us that he will ever be able to forgive us for watching this and not doing something deliberate. I ask the government and I ask each and every one of you, honourable senators, especially those who hold the majority in this place, to work together.

Senator Jaffer did great work. I used to ask what she was doing — I could never get an answer. I hope that the government of the day will not operate in the same manner. We all deserve an answer. All of us should consider doing more and doing it better.

On motion of Senator Fraser, debate adjourned.

## THE SENATE

### MOTION TO TELEVISION PROCEEDINGS— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Segal, seconded by the Honourable Senator Keon:

That whenever the Senate is sitting, the proceedings of the upper chamber, like those of the lower one, be televised, or otherwise audio-visually recorded, so that those proceedings can be carried live or replayed on CPAC, or any other television station, at times that are convenient for Canadians;

And on the motion of the Honourable Senator Munson, seconded by the Honourable Senator Peterson, that the question be referred to the Standing Committee on Rules, Procedure and the Rights of Parliament.—(*Honourable Senator Tkachuk*)

**Hon. Consiglio Di Nino:** Honourable senators, I should like to make a short comment in particular on the motion of Senator Munson to refer this matter to the Standing Committee on Rules, Procedure and the Rights of Parliament. When he made his motion he was doing so simply “to get a proper understanding of costs, logistics and benefits.”

As chair of the Rules Committee, I question whether ours is the appropriate committee to which this motion should be referred. Matters concerning logistics, benefits, et cetera would normally be referred to the Standing Committee on Internal Economy, Budgets and Administration as opposed to the Rules Committee. As servants of the Senate, we will obviously do whatever the Senate wishes. However, I would like to put on the record that we should reconsider whether the Rules Committee is the appropriate committee to which this matter should be referred.

On motion of Senator Tkachuk, debate adjourned.

## THE SENATE

### MOTION URGING SUPPORT FOR STABILIZATION AND RECONSTRUCTION OF AFGHANISTAN— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Dallaire, seconded by the Honourable Senator Day:

That the Senate expresses its support of Canada's diplomatic, defence and development contributions for the stabilization and reconstruction of Afghanistan; and

That the Senate commends Canadian Forces personnel, diplomats and humanitarian assistance officials for their contribution in re-building a stable and prosperous Afghanistan.—(*Honourable Senator Di Nino*)

**Hon. Consiglio Di Nino:** Honourable senators, I am pleased to join Senator Dallaire in praising Canada's contribution to the difficult and daunting stabilization efforts in Afghanistan. The greatest praise must go to the men and women of the Canadian Forces who toil every day in a hostile land where danger lurks around every corner and every hill. Since moving to the Kandahar region earlier this year, the risks to our soldiers, the soldiers of the Afghan army, as well as the men and women wearing the uniforms of our allies, have greatly increased, as we have sadly seen.

We must also recognize the valiant effort of those who toil without uniforms, the diplomats and the aid workers, whose contributions are nonetheless critical to the stabilization program. They, too, are targets of the inhumane and cruel enemy.

As honourable senators will recall, in 2001, Afghanistan was a failed state, one of the poorest in the world which suffered under the bureaucratic rule of the medieval Taliban regime. This government not only systematically and brutally abused the rights of its citizens, particularly women, and sought to destroy the country's cultural heritage, but also supported and gave sanctuary to Osama bin Laden and his terrorist al-Qaeda network.

The Taliban's support for al-Qaeda and for the attacks of September 11, 2001 put an end to all of this. The United States took the lead, working with Canada, other allies and local Afghan forces, removed the Taliban regime that harboured al-Qaeda and set Afghanistan on a path to democracy.

Five years later, Afghanistan has a newly elected parliament, led by an elected president. For the first time in decades the economy is growing and security has largely returned to many areas of the country, particularly the major cities of the north and west, including the capital, Kabul. Children, both boys and girls, are going to school again. The future, which for millions of Afghans was once only a horizon of dark clouds, now looks brighter.

Five years is a very short time to accomplish much in any country, but in Afghanistan, much has been accomplished nevertheless, with much left to do. The Taliban and al-Qaeda insurgency, while quelled in most of the country, still rages in the east and south, particularly around Kandahar where our Canadian Forces are located. Local warlords who helped remove the Taliban regime are becoming rich from the proceeds of opium poppy cultivation. The power and autonomy this money buys them is already proving to be a major political challenge for the new government in Kabul. Afghanistan remains a desperately poor country with decades of development ahead before it reaches the level of wealth of its neighbours, none of whom are particularly prosperous themselves.

Honourable senators, since the attacks of September 11, 2001, the question of Canadians has always been: What can we do to help? On that fateful day, we moved quickly to help our American friends in a number of ways, from welcoming airline passengers diverted to our country, to helping with the emergency response in New York.

• (1630)

In the months that followed, we participated in the U.S.-led military coalition to oust the Taliban. Afterwards, we joined in and led the NATO International Security Assistance Force, ISAF, which brought security to Kabul and then the entire north of Afghanistan. Our military presence in Afghanistan is also supported by diplomatic and development efforts in an approach which has pointed toward a new kind of engagement for Canada abroad, which is designed to help locals establish an acceptable level of freedom, democracy, rule of law and basic human rights.

Canadian initiatives in Afghanistan include helping with demining and destruction of ammunition stockpiles. Savings and micro-loan services have been provided to more than 100,000 clients, some 90 per cent of them women. More than 8,000 villages will receive funding to access basic rural infrastructure. Through a CIDA-funded program, more than 62,000 former combatants have been disarmed, demobilized and reintegrated into civilian society. Assistance in areas of education, policing, justice reform, provision of clean water and reconstruction is also helping establish a sense of normality for Afghans.

In his speech on May 17, 2006 in the other place, Foreign Affairs Minister MacKay referred to the impressive statistics of the many accomplishments in Afghanistan. He said:

These statistics do not adequately convey the profound human dimensions of such striking progress. They do not capture the many individual triumphs that Afghans have achieved since 2001: the little girl going to school for the first time; the widow becoming self-sufficient; the voter being empowered by choice; and the family of refugees finally coming home.

Earlier this year, the Canadian Forces took over command of the Kandahar region campaign. Their mission and objective is to bring to this region the same level of security and stability that they helped to establish in Kabul. Canadian soldiers, whose training and experience in this sort of peace support operation is the envy of our allies, including the Americans, did very well in Kabul and made a real difference there. Security, after all, is the indispensable foundation of development and democracy. This is clearly one example of how we can add significant value in future peace support operations abroad. During my visit to Kabul last August, the soldiers I met expressed confidence that they would achieve the same results in Kandahar as they did in Kabul.

During his visit to Afghanistan in March of this year, his first trip abroad since becoming Prime Minister, Mr. Harper held the men and women of the Canadian Forces serving there:

On behalf of all Canadians, I want to tell you how proud I am of the work you are doing. You have put yourselves on the line to defend our national interests, ensure Canadian leadership in world affairs, and help Afghanistan rebuild into a free, democratic and peaceful country.

During the years that Canadian soldiers have been posted in Afghanistan, life for the men and women of the Canadian Forces has not been easy. They are far from friends and family. When not on patrol or on a mission, they are confined to camp and must

be alert for the ever-present threat of rocket attacks. Sadly and tragically, they have suffered the loss of comrades, most recently the tragic death of Captain Nichola Goddard, a brave officer. Despite all of this, their determination has not wavered, and neither must ours.

Honourable senators, Afghanistan is a country which has been in a near constant state of war for over 25 years. There is an entire generation of Afghans who have known only two times when the spectre of war seemed to recede — once under the Taliban and again now under the democratically-elected government of President Karzai, supported by coalition and NATO troops. It is essential that they are convinced that the democratic option is the only one that will lead to lasting security and prosperity. This is the work of decades, but I am confident success will be achieved, first because the Afghans yearn for it, and second because the world is answering their plea for help. When that happens, it will in large part be thanks to the hard work, professionalism and bravery of the members of the Canadian Forces and their allies.

Honourable senators, the Afghanistan mission is facing a cruel and heartless enemy whose obsession borders on madness. On May 17, 2006, during the debate in the other place on extending the Afghan mission, the Prime Minister said:

Al-Qaeda and the Taliban are not interested in peace. They target civilians. They target women and children in a quest to impose once again their will and their dark and backward vision of life on the Afghan people.

Honourable senators, the enemy does not lack courage and will not easily be defeated, and it does have some support among the citizens of Afghanistan. The soldiers serving in that faraway land are well aware of the risks and, as they told me during my visit, they recognize that some of them will pay the ultimate price. Yet, they are prepared to continue the mission because they have experienced the warmth, gratitude and respect of the vast majority of the people of Afghanistan, who see them as liberators and friends. They have not only seen but felt the emotions of smiles on the faces of boys and girls as they wave to our troops while going to and returning from school.

To experience the sensation of genuine and heartfelt gratitude is a powerful and infectious tonic that makes the risk worth taking. It reinforces your resolve — as a matter of fact, it steels it. When confronted with difficult choices dealing with helping others in danger or in need, I believe that if you can help, you must. Our soldiers believe they can help.

During his recent visit with Canadian troops in Afghanistan, Foreign Affairs Minister Peter MacKay also assured the troops of the support of the Canadian government for them and their mission and informed President Karzai that Canada will not abandon the Afghan people and will be there to help finish the job. As Minister MacKay said during debate in the other place on May 17, 2006:

An extended and enhanced Canadian commitment to Afghanistan will demonstrate clearly, unequivocally and tangibly to ordinary Afghans that they are right to hold out hope that tomorrow can be better than today.

I was therefore pleased that the debate in the other place reflected overwhelming support for our troops and their mission in Afghanistan, and was heartened by the approval of the extension of the mandate, although by a slim majority, for a further two years.

Honourable senators, we as parliamentarians also have an important role to play. First, we must be strong advocates of the brave men and women on the front lines of this conflict, particularly by ensuring that they have all the resources they need to perform the dangerous tasks ahead as safely as possible.

Second, we must act as their voices and appeal to Canadians not to weaken their resolve in support of their mission to bring smiles to the faces of all the children of Afghanistan.

Finally, as well as extending our warmest wishes to our soldiers for a safe and successful conclusion to their mission, let us express our heartfelt gratitude to the children, spouses, mothers and fathers, brothers and sisters, family and friends of our soldiers, our diplomats and our aid workers. To all of them we say: Thank you for your sacrifices, and God bless.

On motion of Senator Fraser, debate adjourned.

• (1640)

## ABORIGINAL PEOPLES

### COMMITTEE AUTHORIZED TO STUDY CONCERNS OF FIRST NATIONS RELATING TO SPECIFIC CLAIMS PROCESS

**Hon. Gerry St. Germain**, pursuant to notice of May 16, 2006, moved:

That the Standing Senate Committee on Aboriginal Peoples, in accordance with rule 86(1)(q) of the Senate, be authorized to examine and report on the general concerns of First Nations in Canada related to the federal Specific Claims process, the nature and status of the Government of Canada's Specific Claims policy, the present administration of the policy, the status of the Indian Specific Claims Commission, and other relevant matters with a view to making recommendations to contribute to the timely and satisfactory resolution of First Nations' grievances arising

out both their treaties with the federal Crown and the Government of Canada's administration of their lands, monies, and other affairs under the *Indian Act*.

That the Committee report to the Senate from time to time, but no later than June 14, 2007 and that the Committee retain until September 1, 2007, all powers necessary to publicize its findings.

He said: Honourable senators, on May 17, Senator Harb proposed a friendly amendment that was out of order at that particular time because I had not moved the motion as of yet.

I have had conversations and discussions with Senator Harb in regard to the motion that I put forward, and he would like a certain amount of expansion on this particular reference. I believe it is covered in other affairs in this particular motion. I assure the Senate that we will focus on specific claims. Specific claims, in a nutshell, are, first, the non-fulfillment of a treaty or other agreement between First Nations and the Crown; second, the breach of an Indian Act or the statutory responsibility; third, the breach of an obligation arising out of government administration of First Nations funds or other assets; and, fourth, illegal sale or other disposition of First Nations land by government.

We will most likely come forward with an interim report on the specific claims aspect, not ignoring the concerns of Senator Harb on other affairs that are affected by the Indian Act.

**Hon. Mac Harb:** Your honour, with your permission, if the chair of the committee was to undertake that once he does the thing that the committee is asking the Senate to allow them to do, that he will further look at the specific motion that I have proposed that I would be moving today I am happy to proceed.

**Senator St. Germain:** Without question, honourable senators, we will take this into serious consideration.

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

Motion agreed to.

The Senate adjourned until Wednesday, May 31, 2006, at 1:30 p.m.



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