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(HANSARD)

**Wednesday, June 21, 2006**



THE HONOURABLE NOËL A. KINSELLA  
SPEAKER

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## THE SENATE

Wednesday, June 21, 2006

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

Prayers.

### VISITORS IN THE GALLERY

**The Hon. the Speaker:** Honourable senators we are pleased to have present in our gallery Ms. Marilyn MacDonald Forrestall, wife of the late Honourable J. Michael Forrestall. Soon to join us in the gallery will be General Rick Hillier, Chief of the Defence Staff. We wish to thank you for being in the Senate gallery during our modest tribute to our former colleague.

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## SENATORS' STATEMENTS

### TRIBUTES

#### THE LATE HONOURABLE J. MICHAEL FORRESTALL

**The Hon. the Speaker:** Honourable senators, I received a notice from the Leader of the Government, who requested, pursuant to rule 22(10), that the time provided for the consideration of Senators' Statements be extended today for the purpose of paying tribute to the Honourable J. Michael Forrestall, whose death occurred on June 8, 2006.

**Hon. Marjory LeBreton (Leader of the Government):** Honourable senators, it is with great sadness I rise to pay a tribute to a dear colleague, Senator Michael Forrestall, who passed away June 8. Although I know Senator Forrestall was admired by all who knew him, it is especially hard for those of us on this side of the chamber to lose such a thoughtful, intelligent man who provided his colleagues with a considerable amount of sound advice over the course of many, many years. We shall surely miss his counsel and friendship very much.

Michael Forrestall was born in Deep Brook, Nova Scotia, and was tremendously proud of his Maritime roots. After receiving an education at St. Mary's University, he briefly worked as a journalist with *The Chronicle Herald* in Halifax before embarking on a career in politics. This career would become his life's work.

Few parliamentarians can boast of a level of electoral success similar to that of Mike Forrestall. He was first elected to the House of Commons in 1965 as the Member of Parliament for Halifax. Mr. Diefenbaker was the leader. The election was called in September 1965, for November. I was working with Mr. Diefenbaker and I remember that was the first time I met Mike Forrestall.

In 1968, he was elected to represent the riding of Dartmouth—Halifax East and he was re-elected in the next five federal elections. For 23 years, Mike Forrestall served his

constituents the only way he knew how: with hard work and a deep commitment to public service.

In the other place, he was defence critic for the official opposition, and then under the Mulroney government, the parliament secretary to the Minister of Transport, the Parliamentary Secretary to the Minister of Regional Industrial Expansion and the Parliamentary Secretary to the Minister of State for Science and Technology.

Michael Forrestall was appointed to the Senate of Canada in 1990 by former Prime Minister Brian Mulroney. The strong work ethic he displayed as a member of the House of Commons continued here in the Senate. During his almost 16 years in this place, Senator Forrestall served as a member of almost every standing committee.

• (1340)

Honourable senators, I could not begin to pay adequate tribute to Senator Forrestall without emphasizing his deep admiration and constant support for the men and women of the Canadian Armed Forces. He was a tremendous advocate on their behalf. This was particularly evident during his work as Deputy Chair of the Standing Senate Committee on National Security and Defence. Honourable senators will well remember his tenacity in asking questions related to the Armed Forces, and particularly the replacement of the Sea King helicopters, during many of our Question Periods. I am sure Senators Austin, Carstairs and Fairbairn have vivid memories of these exchanges, and being on the receiving end of his very pointed questions.

For 40 years Senator Forrestall was completely dedicated to his work on Parliament Hill in service of his beloved Nova Scotia and Canada. His career serves as a model for all who aspire to public service, not just because of its longevity, but because of the integrity and decency he brought to it.

Senator Forrestall was a good man and he lived a good life. On behalf of all his caucus colleagues in this chamber and in the other place, I offer sincere condolences to his wife Marilyn and his children, and to his loyal and faithful staff.

**Hon. Daniel Hays (Leader of the Opposition):** Honourable senators, like many of us, I had heard from different sources that Senator Forrestall had been hospitalized in Halifax, suffering from serious problems. However, news of his death from cancer came as a surprise and the reality of his passing was a shock, although perhaps it should not have been. It does not seem possible that this constant force and presence of Canadian parliamentary life is really gone.

Appointed by Prime Minister Mulroney in 1990, in the time of the political storm surrounding the goods and services tax, Senator Forrestall nonetheless managed to earn the respect and friendship of senators on both sides of this chamber as a result of his integrity, hard work and devotion to the causes and constituencies he served so well over a long and illustrious

career. As a 40-year veteran of this Parliament, he earned the distinction of being the longest-serving Conservative in either House.

Senator ForreSTALL's career, of course, has been mentioned. He started as a journalist with the Halifax *Chronicle Herald* and I am not surprised to learn that he covered defence issues. He was elected in 1965, as has been said by Senator LeBreton. He immediately put his knowledge to work — the knowledge that he gained as a reporter — and he served as defence critic. Senator ForreSTALL's knowledge of those issues allowed him to make a most valuable contribution to this place, notably as Deputy Chair of the Standing Senate Committee on National Security and Defence. As Senator LeBreton has noted, we all know much more than we should, or would even like to, about helicopters and fixed-wing aircraft.

[Translation]

Nevertheless, honourable senators, Senator ForreSTALL's interests went beyond defence. He also made important contributions to health and the preservation of our national heritage. As you may recall, he introduced a private member's bill to develop a national cancer research strategy, which was welcomed by specialists, patients and the Canadian Cancer Society.

Our late colleague also tenaciously supported the protection and maintenance of heritage lighthouses through other private members' bills. A man of principle, Senator ForreSTALL was affable and particularly passionate about national defence, health and heritage issues. He touched the lives of everyone he knew and worked with.

His passing leaves a great emptiness in the hearts of his many colleagues and friends. On behalf of all Liberal senators, I would like to offer my condolences to his family, his wife, Marilyn, and his five children.

• (1345)

[English]

**Hon. Gerald J. Comeau (Deputy Leader of the Government):** Honourable senators, when I arrived on Parliament Hill 22 years ago as a brand new Member of Parliament, a veteran of the House, a friend, was there to greet me, to provide valuable advice and to guide me. Mike ForreSTALL continued to be that mentor through the years. Whatever the subject, Mike would somehow have inside knowledge, whether it concerned regional development, transport, the military, fisheries, government operations and much, much more. This might be due to the many friends and contacts he cultivated throughout his career, in his caucus, within other parties and with the civil service. Who knows how many other sources he seemed able to tap into because he had that insider knowledge.

I will greatly miss this great parliamentarian but, even more, I will miss a very dear friend. I offer Marilyn, his family, his staff and his army of friends my deepest sympathy. I share with them many fond memories.

**Hon. Bill Rompkey:** Honourable senators, I rise to add a few words in tribute to Mike ForreSTALL. When I arrived at the House of Commons in 1972, he was already there. In those days, the House of Commons sat until 10 p.m. Mike was a good buddy of Pat Nowlan, and I cannot think of one without thinking of the other because they were inseparable. Although they took their jobs seriously, they had a sense of humour too. I cannot think of Mike without a twinkle in his eye and his humorous approach to life, which stood him in such good stead.

I remember the Standing Senate Committee on National Security and Defence meetings that some of us in this chamber shared with him. Senator Meighen and Senator Kenny will remember when Mike was with committee members both here and abroad and the hours he put in and the dedication, insight and common sense that he brought to committee.

Those are memories that I have of Mike ForreSTALL but what will stick in my mind is a shared interest in the Eastern Shore of Nova Scotia. You will see that the plaque and his designation in the Senate reads, "Dartmouth and the Eastern Shore," because he was not simply a Dartmouth man — Mike's heart belonged to the Eastern Shore as well. There are some Rompkeys on that shore exiled from somewhere or other and part of the German immigration to Nova Scotia. Mike served those too and would check from time to time on *Ecum Secum*, *Necum Teuch* or Marie Joseph and other communities along the Eastern Shore. I would say, "Mike, are you looking after my people down there?" and he would say, "Yes, I am."

Mike ForreSTALL left an indelible mark. If I had to pick someone as a trusted and dedicated public servant for the people of Canada, it would be Mike ForreSTALL. He will leave a gaping hole in this chamber, and we will miss him. We pay tribute to him today, and I offer my deepest sympathy to his wife and family.

**Hon. Michael A. Meighen:** Honourable senators, I am honoured to pay tribute to my friend Mike ForreSTALL. Today, honourable senators mourn the passing of a respected colleague and close friend to many of us. While I knew and admired Mike ForreSTALL for over 35 years, particularly during my time in the 1970s as National President of the Progressive Conservative Party of Canada, it was not until we were both summoned to the Senate in the tumultuous fall of 1990 that I came to work closely with him. It was during that time that I came to truly understand and appreciate the depths of his talents and devotion not only to his country but also to Parliament and all that it represents.

Mike and I served together on the Joint Committee on Canada's Defence Policy, which Senator Rompkey mentioned, and more recently on the Standing Senate Committee on National Security and Defence. Indeed, the establishment of this committee in 2001 was due in no small way to his persistent efforts over a number of years. Make no mistake, honourable senators, this was no mean accomplishment, given the climate of the times that produced repeated cuts to the budget of the Canadian Forces and, at least to Mike, an alarming lack of interest in their welfare. However, Senator ForreSTALL, as we know, was nothing if not dogged. None of us will soon forget the determination with which he relentlessly and successfully pursued the question of the Sea King helicopters and their replacement.

During the funeral service in Dartmouth, the Speaker of the Senate delighted those in attendance with this prediction, and I quote:

The seraphim and the cherubim will now have to keep their wings in a good state of preparedness or he might wish to promote their replacement as he did with the Sea Kings.

• (1350)

Above all, Mike Forrestall was a prototypical parliamentarian and an adornment to the public life of this country. In the words of our former colleague, Senator Buchanan:

Because he loved politics and people so much, it was not a chore to him, not work. It was his passion.

As Mike's friend the Reverend Eric Theriault said during the homily:

We are living in an age when politics and service to country are met with cynicism and distrust...But I fully believe that Michael Forrestall's years in the House of Commons and the Senate give lie to that jaded stereotype, for he brought to his profession integrity, dignity, and honour.

I am certain that the presence at his funeral of uniformed members of the three services would have touched Mike deeply. While he dedicated 40 years of his life to the people of Dartmouth as their MP and subsequently as their senator, there was no group that meant more to him than the men and women of the Canadian Armed Forces. How pleased and proud he was of their remarkable achievements and the honour they have brought to our country. How pleased and proud he was of their renewed sense of pride in their work and of the renewed sense of pride of Canadians in their Canadian Forces.

Parliament needs more Mike Forrestalls, more of his common sense and decency, and above all, more of his humour, humility and humanity. Mike understood better than most of us, perhaps, that we all have our strengths and our weaknesses, and he strove always to be non-judgmental in his dealings with colleagues.

We will all miss him dearly, but none more so than his wife, Marilyn, his five children, and of course his loyal and trusted assistant, Kathryn Meerburg. To them may I, on behalf of us all, extend our heartfelt sympathies.

As I listen carefully, honourable senators, I think I can hear those stalwart members of the Halifax Rifles as they welcome Senator Mike Forrestall into their ranks. Stand easy, Mike. Your duty is done.

**Hon. Wilfred P. Moore:** I too wish to be associated with the remarks of our colleagues here in paying tribute to our friend Senator Mike Forrestall.

My relationship with Michael has been at 35,000 feet or 40,000 feet during our weekly trips back and forth from Nova Scotia to Ottawa. During those time periods, I have often had the opportunity to speak with him and to seek his guidance and advice, political and otherwise.

[ Senator Meighen ]

A few months ago, I spoke to him about the possibility of seeking membership on the Standing Senate Committee on National Security and Defence. It was clear to Senator Mike. He said, "Look, Halifax is a Garrison City and you are from Nova Scotia. You must join us." It was not an order, but it was a pretty firm direction.

Recently, during his hospitalization, I called home and spoke with his brother, Tom, a noted Canadian artist, to check up on Mike. Tom said that he was in to see him the day before in the intensive care unit. Mike was insistent that he had to get out of the hospital, and back to Ottawa: that he had work to do.

I think that anecdote speaks volumes to the undeniable fact that Mike's work for his constituents and the Canadian Forces was underpinned by his strong sense of duty and his steered commitment to serve his country and his community. We shall miss him. I join my colleagues in extending heartfelt sympathy to his wife, Marilyn, his children, his siblings and his staff.

**Hon. Donald H. Oliver:** Honourable senators, Michael Forrestall had just become my seatmate. He sat right here in this empty chair.

We had both been summoned to this chamber 16 years ago. During the only two days we sat together in the chamber, we marvelled at the opportunity we both had to serve our country from the Senate of Canada. We giggled on realizing that two Nova Scotia country boys had made it to front-row seats next to our leadership.

Michael was a huge but humble man. He had a wonderful sense of humour. He had the common touch. He was a hard worker. For him, the job for the people was never done. He was a man of the people. That is just one of the reasons the citizens of Dartmouth elected him and re-elected him six times.

• (1355)

To me, the art of politics is more than being just a narrow partisan. Great people can rise above that and Michael Forrestall was one of those great people. He had a fine, almost innate sense of balance between what is important for the party and what is essential to the public good.

As I said to the *Ottawa Citizen* in Senator Forrestall's obituary,

He took the party line seriously when it had to be taken, but when it didn't, he had a broad and altruistic view of what public policy should be.

Mike had expertise in the military, defence, security and transportation, and he always stood up for Atlantic Canada. I learned a lot from Michael. He was an exemplary politician, a man with many, many talents. I will miss my seatmate. I extend to Marilyn and his family my deepest sympathy for the loss of a great Canadian.

**Hon. Terry M. Mercer:** Honourable senators, it is an honour to rise today to speak in tribute to the late Senator Michael Forrestall. I will never forget the support he offered and the kindness he showed to me when I was first appointed to the Senate in 2003.

A lifelong Progressive Conservative, Mike was elected to the other place six times between 1965 and 1984: no small feat. Having served Dartmouth, he often advocated for improved salaries and working conditions and better equipment for our Canadian Forces personnel. He was a tremendous partisan politician who continuously showed his dedication to the Progressive Conservatives. He was, in my estimation, the best of the Progressive Conservatives. He was one politician who truly understood that we all have a role to play, and had the reputation as one of the nice guys. Mike actually got it.

You could always count on Senator Forrestall to be the first one to pat you on the back and make a joke, even after a rigorous and raucous debate had taken place.

Mike was born, as you know, in Deep Brook, Annapolis County, and later moved to Dartmouth, where he did most of his political work. He and I would often discuss the beauty of the shore in the area of his new home in Joggins, Nova Scotia. He often spoke of his life there with his wife, Marilyn. I loved the stories he told about the winter of the big snow when they were snowed in for some time. He had a great way of telling a story.

Honourable senators, we have lost a great senator, a great supporter of our Armed Forces, a tremendous supporter of this honourable place, and an even greater man.

My sincere condolences to his family, friends and staff.

**Hon. Norman K. Atkins:** Honourable senators, it is indeed an honour for me to pay tribute to my friend, the Honourable J. Michael Forrestall, who at the time of his passing was the longest-serving Conservative parliamentarian in Canada and the second longest serving member of the Parliament of Canada.

Michael Forrestall was born in Deep Brook, Nova Scotia, in the Annapolis Valley, on September 23, 1932. After an early career as a journalist with the *Halifax Chronicle Herald*, and an airline executive, he worked for the Nova Scotia P.C. Party, and was a devoted supporter of Robert L. Stanfield. Michael entered politics and was first elected to the House of Commons in the general election of 1965.

How he decided to run is a story in itself. Michael happened to attend a meeting of campaign organizers to try to find a candidate for the dual riding in Halifax where Bob McCleave was the Protestant and they were looking for a Catholic. At some point in the discussion, someone said to Michael, "You're a Catholic. Why don't you run?" The rest is history.

Michael Forrestall was subsequently re-elected to the House of Commons for Dartmouth in 1968, 1972, 1974, 1979, 1980 and 1984. He was defeated in 1988, mainly because of the free trade issue, and because many former NDP votes went to the Liberal candidate.

He first became official opposition defence critic in 1966, and challenged the government of Prime Minister Pearson on the unification of the Canadian Forces.

He subsequently served as defence critic from 1966 to 1979, and served over that period of time as a member of the House of Commons Standing Committee on National Defence and Veterans Affairs.

• (1400)

On September 27, 1990, Michael was one of eight senators appointed by Prime Minister Mulroney that supposedly "swamped" the Senate during the GST debate. From 1993 to 1994, he was a member of the Joint Parliamentary Committee on Canada's Defence Policy, and served until the end as defence critic in the Senate. At the time of his passing, Michael was Deputy Chair of the Standing Senate Committee on National Security and Defence, a member of the Subcommittee on Veterans Affairs, a member of the Interim Committee of Parliamentarians on National Security, and he was also honoured to serve as Honorary Lieutenant-Colonel of 723 (Halifax) Communication Squadron.

Those things you likely read or knew about our colleague. Michael was one of my friends for over 50 years. We met in 1956 in the Nova Scotia provincial election campaign, the year Robert L. Stanfield became premier.

Here are a few things you might not know. He forever demanded baked beans and hash for lunch in committee. He loved apples, oranges and working on crossword puzzles to pass the time away. Michael's favourite place to eat on the road was the Irving Big Stop because he could have his favourite meal. He loved peanut butter and banana on raisin bread as a snack for long drives and he despised celery with a passion! He loved to drive back and forth to Ottawa to watch the Canada geese and snow geese come home along the St. Lawrence, and he drove up and down the Saint John River Valley doing the same thing. He drove our committee chair crazy, almost to distraction, by demanding the return of the Halifax Rifles to the reserve order of battle. He also loved to sit on "the bluff" at Grand Lake, New Brunswick, and visit Robertson's Point where he was known to have an occasional vodka martini.

Mike was down to earth, he was easygoing, he never wanted to say no, and he hated to deliver bad news. He was a gentleman, but he fought like a tiger for the military and the people of Dartmouth and the Eastern Shore of Nova Scotia. Who in this chamber will ever forget the rolling debate that was Question Period from 1990 to 2005 over the replacement of the Sea King helicopters?

Michael was totally devoted to his wife, Marilyn, and depended on her support and affection. He was always happy to speak proudly about his children and grandchildren.

The Senate and this country were made better by my friend, the Honourable J. Michael Forrestall, and he will be missed by all of us who worked and played with him over the years.

**Hon. Colin Kenny:** Honourable senators, as Chair of the Standing Senate Committee on National Security and Defence, I would like to take a moment to remember Michael Forrestall. Mike was a kind and warm man and a friend to all Canadians. He served as deputy chair of the committee. He was a driving force behind the reports that we produced over the past five years, ensuring that no area was neglected. Although he was fiercely partisan as a politician in his years in the House of Commons, when he came to the Senate, he recognized that one of the upper house's greatest values was the ability to attack issues on a

thoughtful, non-partisan basis. The committee's success over the past five years is in large part attributable to this non-partisan spirit. Mike was instrumental in setting that tone. One measure of the man is how appreciative he was of committee staff — always ready with greeting, a wink, a word of advice and a thank you.

The long hours the committee members sometimes spent travelling and in deliberative sessions in recent years were leavened by the gentleness and humour punctuated by his passion for important causes. His stalwart advocacy of the role of the Halifax Rifles in Canadian history is legendary. One sensed that Mike was convinced that if the Rifles could be revived, the world could be saved from the threats that face us today.

• (1405)

Two weeks before his death, caused by cancer, Mike was still diligently working on committee activities. He was a patriot and a friend, and is remembered with great affection by us all.

I extend condolences to his wife, Marilyn, his children Mary Ellen, Danny, Polly Sue and Michael, and to all of their children as well.

**Hon. Marcel Prud'homme:** Honourable senators, in 1965 Mike Forrestall arrived in Ottawa, and the House of Commons was never the same again. I had the honour of meeting him. He was my tutor; he taught me not to confuse the Atlantic provinces and the Maritime provinces. That was the beginning of my education on the part of the country from which he came.

I had the honour to chair the famous committee on Foreign Affairs and National Defence in the House of Commons. If you think it is difficult to chair a committee of 12, just imagine chairing a committee of 30 known as "the committee of rednecks and do-gooders."

Among the members of that committee from the late 1960s to 1984 were Flora MacDonald, Bob Muir and the famous duo, Pat Nowlan and Mike Forrestall. That was the committee of the epoch; yet, it worked. When it did not work well, and when there was too much unanimity, in came Dr. Pauline Jewett, and the committee had to begin all over again.

Thanks to people like Mike Forrestall, we studied not once or twice, but three times, the renewal of NORAD. These people were open to be convinced. Some were never afraid to study the hot issues of the day. That is why we studied east-west relations. It was extremely difficult under the Cold War atmosphere not to be afraid to bring in people as different as the Chief Commander of NATO and Mr. Arbatov from Moscow. That was a no-no according to the security services of Canada. We were able to do that with the help, support and understanding of members like Heath Macquarrie, Pat Nowlan and Stan Darling. When things got unruly, Mr. Darling always reminded us, "It's enough." For those who may not know him, when Stan Darling said, "It's enough," even Pat Nowlan and Mike Forrestall stopped quarrelling and listened to his views.

They were not afraid to study the hot issues of that time, and I recommend that to the Standing Senate Committee on Foreign Affairs of today. Those people allowed us to study the east-west

[ Senator Kenny ]

relationship at the height of the Cold War. They were not afraid to study our relationship with Latin America.

If you were to read the debates of that committee without looking at the date, you would think it was published yesterday. That is the kind of work that our committee produced at that time. In the early 1970s, they were not afraid to call the greatest experts on the Middle East before the committee.

• (1410)

I could not attend the funeral for personal reasons. I went to pray for him, something about which I have no hesitation in sharing.

We shared the same building here in Ottawa and he gave me a ride home on many late nights.

I want to say to his wife Marilyn and members of his staff that I assure you of my prayers and my memories. My office at the entrance of the Senate is now yours until November 30, 2009, God willing that I stick around until that time. My sympathy goes out to you.

[Translation]

**Hon. Jean Lapointe:** Honourable senators, in my early days as a senator, the first few times I heard Senator Forrestall speak, I had to stifle my laughter. In his loud distinctive voice, he constantly reminded us of our Armed Forces' desperate need for operational helicopters. When he would rise, I would quip out loud, "We are about to hear more about helicopters". Invariably, he would expound on the urgent need to replace our aging birds, like birds that can truly fly on their own wings. He had been around the block and knew what he was taking about. When our machines started dropping like flies, I had to admit just how right he was. I regretted having doubted his expertise.

Over time, I surprised myself by becoming very close to this great man. We chatted often, since we were both on the fifth floor. Later, I always supported his projects, including his Canadian lighthouse project. Two weeks ago, I cut out a very good article that appeared in the *Journal de Montréal* on Quebec lighthouses, and I had it translated. When I went to give it to him, he was not in his seat, so I took it to his office.

As a symbol of my friendship with Senator Forrestall, I will end this tribute in English.

[English]

Over the years not only did I like the man, I loved him. He was such a great old man and an old great man. To me, Mike will always have a huge place in my heart, more than Forest Hills, more than Forrest Gump, simply Forrestall.

**Hon. Mira Spivak:** Honourable senators, I spent a lot of time with Mike Forrestall on the Transport Committee, especially one long hot summer in the early 1990s when we were changing the entire transportation policy. He was intelligent, knowledgeable, humorous, courteous and very gentle in his criticism, even of that fierce guy Doug Young, the then Minister of Transport. You could not help but like and admire him.



He taught me so many things about a world I knew nothing about — the Maritimes, the sea, the Armed Forces, the helicopters and so forth. He even taught me something about the environment.

He told me a story of how he would fly his small plane to Sable Island and would see the fishing boats dragging their dragnets across the bottom of the ocean destroying everything. He had a good sense of that problem. I said to him, “Mike, you have to do something.” He said, “They are not listening to me.”

I want to express my sympathies to members of his family and to tell them, as other senators have done, that he will be truly missed here in the Senate.

• (1415)

**Hon. Joyce Fairbairn:** Honourable senators, listening to the very fine comments you have all made is like having one’s life pass by before one’s eyes.

Mike Forrestall was a friend of mine. He was in the House of Commons back in the 1960s, and I was there as well. I was a journalist. It is interesting to know that our paths went somewhat the same way. For some reason, which I had no idea of at the time, everyone I worked for as a journalist kept putting me on the National Defence beat. That was what they did with Mike Forrestall as well, and that was something we had in common.

He was a wonderful man. He was big in every way and also had a tremendous sense of humour. The last time I saw him was in the elevator down the hall. He and I exchanged the customary hug. I said, “How are you?” He grinned at me and said, “Just fine.” So he was, and so he still was when he left us in Nova Scotia just a week ago at his funeral.

Mike was a very special kind of politician because he could be as ornery as they come. He could drive people crazy. I think Senator Atkins mentioned that. He often drove people in his own party crazy.

I remember an occasion after I stopped being a journalist and began working with Mr. Trudeau, he very often drove him crazy, too. Then afterwards he would come out of the House of Commons with a big smile on his face and say, “Wasn’t that great?” Truly, it was.

When I became the Leader of the Government in the Senate back in 1993, in much the same position as my friend the current leader, we were a small but feisty group on that side. I was trying to think of all of the things I had to learn and understand as we went into what turned out to be a very lively period.

One part I did not think of, sure came up fast. I do not think I was sitting in that chair more than a day before Senator Forrestall stood up and started lambasting me about the Sea Kings. To this day he would still be doing that.

He made a tremendous contribution to Parliament. He made a tremendous contribution to Canada and to his beloved province.

Most importantly in some ways, he made one of his greatest contributions to the people who serve in the Armed Forces of this country. When I go to any Legion hall, even in Lethbridge, Alberta, people will ask me if I know Mike Forrestall. Very proudly, I say yes.

I think he felt more proud of me when I became an honorary colonel of our regiment in Lethbridge than anyone in my own family. We shared all sorts of concerns about the military situation in our country and ensuring our folks got a fair chance.

I can tell General Hillier that Senator Forrestall would have been very touched to know you are with us today in the Senate gallery.

Senator Forrestall left a mark on all of Parliament. He is not a person who can be replaced. There is no one else who can fill those shoes. We will hold him high in our memories, our sense of humour and our affection.

I extend those words to Marilyn and to the family. You are left with wonderful memories of a wonderful man.

• (1420)

**Hon. Art Eggleton:** Honourable senators, I did not know Mike Forrestall until I became Minister of Defence — then I heard from him very frequently. I used to go to cabinet meetings and the Leader of the Government in the Senate would say to me, “I have all these questions about Sea Kings that are being asked in the Senate. How do you answer this and that?” I must admit that I did not disagree with all of the criticism that Mike had about some of the policies that we operated under; I did not disagree with him on the Sea Kings, either. I found him to be a person with great passion about the military and about those who serve this country. He served this country very well, both in this chamber and in the other place. He was an outstanding Canadian and we will all miss him.

**The Hon. the Speaker:** Honourable senators will have noticed that we have exhausted our time for tributes and Senators’ Statements. The chair apologizes for not being as disciplined as the chair ought to have been.

Before turning to the tabling of documents, let me express on behalf of all honourable senators our appreciation that Marilyn Forrestall and the Chief of Defence Staff, General Hillier, are in the gallery. We appreciate your presence.

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[Translation]

## ROUTINE PROCEEDINGS

### STUDY ON CURRENT STATE OF CANADIAN MEDIA INTERESTS

REPORT OF TRANSPORT AND COMMUNICATIONS  
COMMITTEE TABLED

**Hon. Lise Bacon:** Honourable senators, I have the honour to table, in both official languages, the second report of the Standing Senate Committee on Transport and Communications, entitled *Final Report on the Canadian News Media*.

I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

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

[English]

### STUDY ON NATIONAL SECURITY POLICY

REPORT OF NATIONAL SECURITY AND DEFENCE  
COMMITTEE TABLED

**Hon. Colin Kenny:** Honourable senators, I have the honour to table the second report of the Standing Senate Committee on National Security and Defence.

I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

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

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

### STUDY ON PRESENT STATE AND FUTURE OF AGRICULTURE AND FORESTRY

INTERIM REPORT OF AGRICULTURE AND FORESTRY  
COMMITTEE TABLED

**Hon. Joyce Fairbairn:** Honourable senators, the Standing Senate Committee on Agriculture and Forestry has the honour to table its third report. Your committee, which was authorized by the Senate on Wednesday, April 26, 2006, to hear witnesses from time to time, including both individuals and representatives from the organizations on the present state and the future of agriculture and forestry in Canada, now tables its interim report entitled *Agriculture and Agri-food Policy in Canada: Putting Farmers First*.

I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

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

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

• (1425)

### BOY SCOUTS OF CANADA

PRIVATE BILL TO AMEND ACT OF INCORPORATION—  
PRESENTATION OF PETITION

**Hon. Consiglio Di Nino:** Honourable senators, I have the honour to present a petition from the Boy Scouts of Canada, a body incorporated by chapter 130 of the Statutes of Canada 1914, praying for the passage of an act to amend its act of incorporation in order to consolidate the statutes governing it, to change its name to "Scouts Canada" and to make such other technical and incidental changes to the acts as may be appropriate.

[ Senator Bacon ]

### CANADA-AFRICA PARLIAMENTARY ASSOCIATION

ORDINARY SESSION OF PAN-AFRICAN PARLIAMENT,  
MAY 1-2, 2006—REPORT TABLED

**Hon. A. Raynell Andreychuk:** Honourable senators, pursuant to rule 23(6), I have the honour to table in both official languages the report of the Canadian delegation of the Canada-Africa Parliamentary Association respecting its participation to the fifth ordinary conference of the Pan-African Parliament, Midrand, South Africa, May 1 and 2, 2006.

### QUESTION PERIOD

#### NATIONAL DEFENCE

MULTI-MISSION EFFECTS VEHICLE—  
STATUS OF UPGRADE TO WEAPONS SYSTEM

**Hon. Roméo Antonius Dallaire:** Honourable senators, my question is to the Leader of the Government in the Senate. Six months ago, the Liberal government announced the upgrade of a weapons system, the Multi-mission Effects Vehicle, at a cost of \$750 million. This was funded within that Liberal budget increasing the capabilities of the Canadian Forces. This weapons system was a self-defence missile system for troops deployed in missions like Afghanistan, as well as a national asset in air defence that was used at the G8 conference in Kananaskis and probably will be essential in the air defence capabilities of the 2010 Olympics. We have been informed that this weapons system has now been cancelled or scrapped. Can the Leader of the Government in the Senate confirm that this essential operational requirement, this sophisticated missile system that was bought by the previous Conservative government in 1986 for \$1.6 billion, will no longer be upgraded and will be scrapped?

**Hon. Marjory LeBreton (Leader of the Government):** Honourable senators, I thank Senator Dallaire for the question. I am not familiar with that particular matter, and I will take the question as notice.

**Senator Dallaire:** Honourable senators, the government did announce with great fanfare an increase in funding for the Canadian Forces in the last budget in the amount of \$5.3 billion, although the bulk of the money is considered at times "funny money," being in the years three, four and five. The government also announced that, with new projects, there would be incremental funding to the funding base for those major projects. That is exactly what was said by the Conservative government in 1987 during discussions on the white paper, where that incremental funding was called "bumps." Two years later, the whole program was scrapped. Not one bump appeared. In fact, only warts appeared on the bums of the soldiers trying to survive.

Is the government now renegeing on bringing in the modernization of the Canadian Forces by scrapping funding for new systems and moving to the right projects that are already essential and a high priority? This project, if scrapped, will mean the loss of nearly 500 high technology jobs in Saint-Jean-sur-Richelieu?

**Senator LeBreton:** Honourable senators, I do not think there is any question that the new Conservative government and our new Minister of Defence, Gordon O'Connor, are totally committed to strengthening the Canadian Armed Forces.

• (1430)

The Defence Minister and the Chief of Defence Staff are working hard and we are making great progress. I would suggest to all honourable senators that when Minister O'Connor makes his announcements, they will be well received not only by the military, but also by the Canadian public. I would never expect to have anyone refer to the major commitment that we are making to the Canadian military as "funny money."

#### ARCTIC SOVEREIGNTY— POSSIBLE ACQUISITION OF ICE BREAKERS

**Hon. Bill Rompkey:** Honourable senators, my question for the Leader of the Government also refers to defence policy. The subject of the question was first raised with her on June 1 and concerns the Prime Minister's commitment during the campaign to have three Arctic ice breakers in a deep water port in the Arctic. We are now heading into the end of June.

There was no money in the budget for Arctic ice breakers, but several high-priced projects appear to be going ahead, such as heavy lift aircraft. The minister suggested on June 1 that I wait until the Minister of National Defence has brought forward his proposals. He has not done so yet. When will the minister keep the Prime Minister's commitment from the campaign. All of us who represent the Arctic thought it was an excellent commitment and long overdue. The honourable senator made the point it had not been done before. I acknowledge that. There is an opportunity to do it now. The commitment was made. When will it be fulfilled?

**Hon. Marjory LeBreton (Leader of the Government):** I thank Senator Rompkey for his question. The Minister of Defence, the Chief of Defence Staff and the government have been working assiduously on the issue of funding and buying proper equipment for our military forces. I expect that there will be announcements very shortly from the Minister of National Defence.

I was there when the Prime Minister spoke about the issue of Arctic sovereignty. I also hasten to remind honourable senators that when the Prime Minister laid out the party's platform in the last election campaign, most people did not expect that platform to be completed within two months, but rather over the extent of the government's mandate.

Major announcements will be forthcoming on the subject of national defence. I will keep my eye on the timetable with regard to the issue of Arctic sovereignty and the ice breakers.

#### ARCTIC SOVEREIGNTY—REFIT OF CCGS *J.E. BERNIER*

**Hon. Bill Rompkey:** Honourable senators, I appreciate, as Senator Dallaire has said, that funding is done over a period of years. We will not get into the heavy funding until we are farther down the road. However, the planning and the specs have to be

done. The minister and the cabinet have to decide before the Minister of Public Works goes to tender. These costs are relatively small and could be done right away. The commitment would be important.

Let me give the honourable senator another option. The previous Liberal government committed to the refit of the Coast Guard's largest ice breaker, the CCGS *J.E. Bernier*, to refit her at a cost of \$4 million and to place her in Goose Bay, Labrador. Not only would that provide search and rescue, fisheries surveillance, mapping, and a presence in the Arctic, but also it would create 60 jobs in a community that is suffering as a result of the withdrawal of the NATO air forces.

I understand that this project has been cancelled. I know the honourable senator wants to do something and I know the government wants to do something. This is a relatively inexpensive way to put an ice breaker in the subarctic. I remind honourable senators that Goose Bay is a day's steam from Iqaluit and that the entrance to the Northwest Passage is at the tip of Labrador. This is a relatively inexpensive way to refit a ship to put her in service and to do the job that the government wants done. Will the honourable senator ask Transport Canada to revisit that decision and to fulfil the commitment of the previous government?

**Hon. Marjory LeBreton (Leader of the Government):** I thank Senator Rompkey for his question. I will specifically ask about the one area that he mentioned in regard to the previous government. We will not get into the issue of Sea King helicopters or submarines sitting in dry dock.

• (1435)

With regard to the specific proposal about the Coast Guard ship, I think when the honourable senator asked the question a couple of weeks ago, I put a request in for a delayed answer, but I will again refer that question to the authorities in the Department of National Defence.

#### PUBLIC WORKS AND GOVERNMENT SERVICES

##### FRAMEWORK FOR PROCURING INFORMATION AND COMMUNICATIONS TECHNOLOGY

**Hon. Daniel Hays (Leader of the Opposition):** Honourable senators, I want to return to a matter I raised with the Minister of Public Works yesterday involving concerns of the Canadian Advanced Technology Alliance, which I am advised is the largest high-tech association representing high-tech suppliers.

I must acknowledge, in rising again today, that I have had an opportunity to speak to the minister and he has confirmed that he has taken notice of that question. However, today I want to emphasize that an early response would be helpful.

In so doing, I also want to highlight the importance of this kind of question at this time, when we will embark on our consideration of Bill C-2; and the importance of the kind of thing that was raised by the alliance, namely private-public sector consultations, which were designed to produce maximum opportunity for Canada to benefit from public procurement.

The minister yesterday acknowledged that importance and I look for a comment today. Before I take my seat, however, I want to put on the record the minister's comments, on June 8 of this month, before the Standing Committee on Government Operations and Estimates, when he said:

We are the Government's experts in procurement, and we will lead the way in reforming the process to ensure that it is fair, open and transparent.

If the complaint of the alliance is correct, I think that we need to know more so that we can satisfy ourselves, or not, that the minister's words and intentions are followed. I know how sincere he is about that; but it is an important matter and, if possible, we would like to hear an answer before we recess, which may be this week or possibly next week.

**Hon. Michael Fortier (Minister of Public Works and Government Services):** I thank the honourable senator for the question. The answer will be available to him tomorrow and, hopefully, he will be satisfied by it.

## PARLIAMENT

### HOUSE OF COMMONS— MOTION TO DEEM THIRD READING OF BILL C-2

**Hon. Lowell Murray:** Honourable senators, this question is rhetorical. I want to bring to your attention the latest example of collegiality, cooperation and unanimity in the House of Commons.

Yesterday they passed a motion, to be found at page 2694 of the *Debates of the House of Commons*. I will not weary you by reading it all. Effectively, it provided for some time allocation with regard to the report stage of Bill C-2, which I do not object to.

Then they added — and listen to this:

...and when no member rises to speak to the third reading debate of Bill C-2 or at the end of government orders on Wednesday, June 21, 2006, whichever is earlier, Bill C-2 shall be deemed read a third time and passed on division.

Before they finished dealing with the amendments at report stage, they have passed a motion to deem the bill to have been passed, on division, at third reading.

**Some Hon. Senators:** Shame.

**Senator Murray:** I say to the Leader of the Government in the Senate, we have a number of items here on the Order Paper; if we could pass a motion like this, we could clean up the Order Paper and go home right now.

It is idle to ask where the Liberals, the NDP and the Bloc Québécois were; they are in the same bag as the government when it comes to something important, such as starting their vacations on time. Where are the overpaid journalists and the Parliamentary Press Gallery?

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

[ Senator Hays ]

**Senator Murray:** Where is Jack Aubry when the country needs him?

• (1440)

**Hon. Marjory LeBreton (Leader of the Government):** Thank you for the question, Senator Murray. Far be it from me to comment on what transpires in the other place. I remember many years ago, when I was working for Senator Murray I commented on something that someone else was doing. He said to me, very sternly, "Marjory, tend to your own knitting."

[Translation]

## ORDERS OF THE DAY

### BUSINESS OF THE SENATE

**Hon. Gerald J. Comeau (Deputy Leader of the Government):** Honourable senators, I ask leave of the Senate to call at this time motion no. 78, standing on the Notice Paper in the name of the honourable Senator Fraser.

The reason is that Senator Fraser and other senators will be absent this afternoon; for our part, we agree to this motion being moved now.

### THE SENATE

#### MOTION TO STRIKE SPECIAL COMMITTEE ON SENATE REFORM ADOPTED

**Hon. Joan Fraser (Deputy Leader of the Opposition),** pursuant to notice given June 20, 2006, I move:

That a Special Senate Committee be appointed to undertake a comprehensive review of the Senate Reform or any other related matter referred to it by the Senate;

That, notwithstanding rule 85(1)(b), the Special Committee comprise ten members namely the Honourable Senators Adams, Austin, P.C., Bacon, Baker, P.C., Banks, Biron, Andreychuk, Angus, Carney, P.C. and Murray, P.C., and that four members constitute a quorum;

That, pursuant to Rule 95(3)(a), the Committee be authorized to meet during periods that the Senate stands adjourned for a period exceeding one week;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to engage the services of such counsel and technical, clerical, and other personnel as may be necessary for the purpose of its examination and consideration of such bills and subject-matters of bills as are referred to it;

That the Committee be authorized to permit coverage by electronic media of its public proceedings with the least possible disruption of its hearings; and

That the Committee submit its final report no later than September 28, 2006.

Honourable senators, first I wish to thank the Deputy Leader of the Government and his colleagues for granting leave. As he pointed out, several of us have imminent commitments this afternoon. However, it seemed important for the Senate to consider this motion.

[*English*]

Honourable senators, the Senate is once again the subject of much conversation. Of course, Bill S-4 is before us but there is a much broader discussion of matters concerning the Senate. All honourable senators know that other changes to this institution were part of the government's election platform. Senator Murray said yesterday that he hopes to propose a constitutional motion shortly. There is a great deal happening in respect of the Senate.

It seems that it would be exceedingly appropriate to name a special committee to look at Senate reform and other related matters beginning this summer. We hope that this motion will be adopted in the Senate today so that the Standing Committee on Internal Economy, Budgets and Administration can consider the matter of a budget for the special committee when it meets tomorrow.

Discerning senators will note that this motion lists a number of members and that there is a pattern to their names. On the government side, we have Senators Andreychuk, Angus and Carney. On our side, we have Senators Adams, Austin, Bacon, Baker, Banks and Biron. Discerning senators will have noticed the alphabetical order of these names. The reason, honourable senators, is that the assignment of members to a committee of this importance is obviously a matter that requires serious consideration on both sides of the House. We agree that the committee should be formed but we have not yet reached agreement on the precise membership. However, it seemed advisable to flesh the motion out. Once a committee has been constituted, the whips can substitute members. Our side has warned senators who had not expected to be serving on a Senate reform committee that the inclusion of their names on the motion does not necessarily commit them to that service. The membership will be determined after consultation not only with the senators involved but also between both sides of the chamber.

• (1445)

The rest of the motion speaks for itself, that we give the committee authorization to meet during periods when we stand adjourned for a period exceeding one week. In this way, the committee could work during the period when we are on summer break, perhaps not every single day, but to get some serious work done during that period so that we would have the benefit of the work of the committee when we return in the fall. I urge honourable senators now to support this motion.

**Hon. Anne C. Cools:** Honourable senators, the whole situation is somewhat curious. I wish to ask a few questions about the motion.

First, the motion does not tell us what is to be studied. The honourable senator has used the words "Senate reform," but my experience has been that the phrase "Senate reform" does not tell me anything. Perhaps Senator Fraser could give us a better idea of what the committee will actually be studying.

It is a good practice that when a motion asks the chamber to do something, the members of the house should know what it is that they are being asked to do, lest they discover later that the committee is doing something quite different from what the members thought was to be done.

Perhaps the honourable senator could tell us about the so-called "plan to work" for the committee. I notice a few other things in this motion, such as "a comprehensive review of Senate reform." Once we have established what is meant by "Senate reform," I can deal with comprehensive review.

How can we have a comprehensive review? We are nearing the end of June and this committee has to report at the end of September. Nothing comprehensive can be studied in three months. I do not understand that.

Would it not make more sense, for example, to have the committee report in December or some other realistic time frame? At least the proposition should sound serious. It really does not sound serious, to my mind.

**Senator Fraser:** I thank Senator Cools for her question. It is as Pilate said jestingly, "What is truth?" One cannot learn the whole truth about anything in any period of time, however long that period of time may be.

It seemed to us that a period of time ending in September ought to be sufficient for such a committee to do some serious work. The Senate can always give an extension to any committee's deadline if it wishes. I am not telling the honourable senator anything that she does not know.

For a time, we would also be bearing in mind that there is a bill before this chamber which does merit consideration in due course. We would assume that during the fall the chamber would want to examine that bill, which brings me to the question of what precisely we would be referring to this committee.

We are not there in our proceedings yet, but I would earnestly hope that it would be this committee that would examine the subject matter of Bill S-4. Senator Murray said yesterday that he plans to present a constitutional motion that he hoped would be referred to this committee, and from his speech, it sounded to me as though they would fit comparatively well together. I do not wish to prejudice the content of his motion.

Senator Cools has touched on a nerve of mine. I do not really like the phrase "Senate reform."

**Senator Cools:** Neither do I.

**Senator Fraser:** It is, however, the label in common use to refer to changes in this institution.

We were hoping that this committee would examine the various proposals that have been made for Senate reform, or for change in the Senate, and the implications and, so far as can be discerned, the consequences of those changes, singly and, more important, together. As the honourable senator knows, perhaps better than anyone else, this institution is not something that can be lightly changed without there being consequences. That is why we think it is very appropriate and important to have a committee to study not just the narrow labelling of a specific bill, but also the context in which that bill would operate.

• (1450)

**Senator Cools:** Perhaps, honourable senators, a better title for the reference would be “a special committee to study the various proposals about changes in the Senate.”

The words “Senate reform” tell me absolutely nothing. I no longer know what the word “reform” means. It just means change of anything. You can go from bad to worse, and that is change, but certainly it is not reform.

I thought I heard Senator Fraser say that this committee is being constituted to receive Bill S-4, although I hope that is not what she said.

**Senator Oliver:** That is what she said.

**Senator Cools:** That is what I thought I understood, but that is not proper. One does not constitute a special committee before the Senate has even determined that the bill ought to go to a committee. The Senate may determine that the bill should go to Committee of the Whole. The honourable senator should not prejudge the disposition of a bill before senators have expressed what they want to do with it.

I have a whole host of questions. Why is only Senator Fraser answering questions?

**Senator Fraser:** Honourable senators, I very carefully did not prejudge this chamber’s decision on Bill S-4. I said that I hoped that this committee would be in a position to study the subject matter of Bill S-4, which is a very different expression. Far be it from me to prejudge what this chamber will decide to do.

**Senator Cools:** My particular question was how can a committee do a comprehensive review of anything in only three or four months? This is the sort of thing that makes us the laughingstock of the nation. One does not use words like “comprehensive” with that kind of deadline. I have done many studies and I know the time that is required to research any one particular point, and here we are dealing with a thousand points. I do not like it when we move capriciously.

As Senator Fraser is the mover of the motion, seeks authority to do many things, but she did not seek authority for the committee to travel. How, in this day and age, can any committee pretend to be studying these issues without traveling in Canada?

**Senator Fraser:** We thought that, given modern technology such as teleconferencing and whatnot, for the next three months at least, the committee could accomplish a significant amount

without physically traveling. Should the Senate decide that it wants the committee to broaden its range and travel across the land, that would be a completely different situation, and the Senate would consider it at that time.

We are now talking about a committee that would hear witnesses, examine expert testimony and do the background reading to the extent possible. I agree that one cannot get comprehensive answers to everything, but I think the committee could provide a useful body of work to feed into the work of this chamber in the fall.

**Senator Cools:** Senator Fraser speaks with absolute certainty on what the Senate can and cannot do in the future with respect to orders of reference. However, my experience has taught me that you tell the Senate what you want, not part of what you want. You cannot expect the Senate to know what you may want in the future. An order of reference is an order of the Senate and is a serious matter. It is supposed to mean what it says and to say what it means.

I do not understand why there is not a request for authority to travel in this motion and I find it curious. I would be happy to move an amendment to this motion to request such authority for the committee.

I do not understand how the honourable senator could use the word “comprehensive.” She could perhaps have said “preliminary,” but not “comprehensive.” The very words of the motion undermine what Senator Fraser is saying.

• (1455)

Will the chair of this committee be a Liberal or a Conservative?

**Senator Fraser:** The committee will elect its chair. I think the honourable senator can rest assured that on both sides, the fundamental element that everybody will be looking for in a chairman of such a committee is skill, experience, knowledge and judicious capacity and temperament.

**Senator Cools:** The honourable senator seems to have ways of ensuring such a person will come forward.

**Senator Fraser:** I have faith, honourable senator.

**Senator Cools:** I also wonder if in the sphere of the honourable senator’s concept of studying senate reform the honourable senator intends to look at the whole of Parliament. Parliament is a totality. Parliament is a whole entity. This notion has been destroyed very recently. Unfortunately, many people no longer seem to understand this. I fear that many people no longer believe in Parliament. One cannot contemplate a change in one of the coordinate institutions of the Constitution without a change in the other.

To bring my point home, I shall not name the minister, but some years ago, there was a relatively new minister who was one of those ministers that had been appointed as minister even before he ran for the House of Commons. I will not go into all the details lest we identify the individual. He came here with a great notion that the Senate was undemocratic because we were not elected. He made statements one time in the party caucus to that effect.

[ Senator Fraser ]

**The Hon. the Speaker:** Honourable senators, order. Senator Fraser's time has expired and Senator Cools may continue debate.

**Senator Cools:** If you will not allow me to ask a question so I can let it go, then I will adjourn the debate. You will then vote me down. I am used to that.

**Senator Fraser:** Honourable senators, I explained earlier why we believed it to be very helpful to have a vote on this motion this afternoon. I appreciate, however, Senator Cools' concern that things be properly done. If the Senate wishes to give leave for five more minutes and then move to a vote, I would be happy to abide by that decision.

**The Hon. the Speaker:** Whoever has that cell phone will get rid of it. Senator Fraser is asking for five more minutes. Is it agreed, honourable senators, to allow five more minutes?

**Hon. Senators:** Agreed.

**Senator Cools:** I would like to make the point to Senator Fraser that leaders give agreement, but leaders are not binding until they have spoken to all caucus members. This is the first I am hearing of this. I knew nothing of this. I do not care if I was at caucus or not. The honourable senator should have gotten on the phone and spoken to me. I do not have to clean up my act, let them clean up their act.

I am prepared to let it go, but I have questions to ask. I need questions answered. I do not understand this phenomenon of people who will not debate. Close the place down! You are closing the House of Commons down, close this place down too.

Some honourable senators do not want to answer questions and they do not want to debate. This is what this place is, a debating forum.

**The Hon. the Speaker:** Order. Honourable senators, Senator Cools has a question for Senator Fraser.

• (1500)

**Senator Fraser:** As I said at the outset of my remarks — and I did give notice of this motion in due form yesterday — the reason why we would hope to have a vote today was so that Internal Economy could consider the matter at its regular meeting tomorrow. We all share the concerns of the honourable senator that on this subject, more than any other, the committee do solid, good work, observing the rules, written and unwritten, of the Senate, and produce results of which we can all be proud and in which we can all have some confidence — though they will not, and cannot ever be, the last and final and comprehensive answer to anything. I believe that this committee will do careful, solid work, which will contribute to the work of all senators.

I would be more than happy to meet with Senator Cools at any time to discuss this motion or any other element if that would help. Certainly, there has been no intention on our side or, I believe, anywhere in this chamber of trying to pull fast ones or pull anything over anyone's eyes. The idea is to serve the Senate.

**Senator Cools:** Honourable senators, I am sorry if I sounded as though I was trying to cast aspersions on the Honourable Senator Fraser or trying to suggest that she was trying to pull the wool over anyone's eyes. If I did that or sounded that way, I would like to apologize.

We take much for granted in this place. There are always ongoing negotiations between the two sides. To be clear, my point is always that negotiations are purely suggestions; that is all they are. They are supposed to be suggestions for debate and for dialogue. They are not supposed to be imposed on senators, without their agreement.

As Senator Fraser is posing the question, I think she can recall a particular committee, a special committee which was constituted in this place several years ago to study the Clarity Act. One of the reasons that committee was constituted was to do an end run around certain members on the Standing Senate Committee on Legal and Constitutional Affairs. Honourable senators will remember that a fair amount of grief came out of that. Quite frankly, I thought it was a pox upon us all.

The wonderful thing about debate is that one can listen to ideas, one can exchange ideas, and one can even arrive at places where one can disagree with great respect. However, it is in the absence of debate and in the absence of attempting to use intellect and to use reason that, quite often, bad things happen.

All I am saying is that we cannot have it both ways. We are members of this place. We have rights and we have privileges. Some of us even know how to use them. Many do not, but some of us do know how to use them. With a little more effort we could have spelled out clearly what it is we are asking the committee to do. Honourable senators should know and should be informed in as thorough and comprehensive a manner as possible. I see many bad bills go through here and I see many bad provisions in bills go through here that most people do not know or do not notice. I do not think that is good enough.

One of the issues that I am interested in is whether or not we will be looking at the constitutional relationships. We used to think of Parliament and the two Houses; now we have to look at a new monster that has been created, which has no legal existence, called the Prime Minister's office. I want to know if we will look at the system as a whole. This is something that means much to me.

Honourable senators, I am in favour of change. As far as I am concerned, recent governments have been killing off this chamber. I am not opposed to change. I am not a dinosaur, but I do believe that change should be conducted in a manner consistent and consonant with the Constitution. The notion of change should not be used to overthrow the institution or the principles that undergird the institution.

**The Hon. the Speaker:** I am afraid, honourable senators, the five extra minutes has been exhausted. We are into further debate.

**Hon. Senators:** Question!

**The Hon. the Speaker:** It was moved by the Honourable Senator Fraser, seconded by the Honourable Senator Cook, that a special Senate committee —

**An Hon. Senator:** Dispense!

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

Motion agreed to.

### BUDGET IMPLEMENTATION BILL

#### THIRD READING—DEBATE ADJOURNED

**Hon. W. David Angus** moved third reading of Bill C-13, to implement certain provisions of the budget tabled in Parliament on May 2, 2006.

He said: Honourable senators, as I mentioned during the debate at second reading of this bill on June 7, Bill C-13 will be good law and proposes to implement the key financial provisions of the government's Budget 2006, including those that would implement the government's Universal Child Care Benefit, the UCCB, and reduce the Goods and Services Tax, GST, by 1 percentage point. The Minister of Finance stated at the Standing Senate Committee on National Finance:

We promised in the election campaign that we would reduce the GST and we have done that. Canadians will have more money in their pockets starting July 1. That applies, of course, to all Canadians, not just Canadians who pay income tax. About one third of Canadians do not pay income tax and therefore they do not benefit from income tax reductions. The GST is a benefit for everyone who purchases in Canada.

Honourable senators, should we see fit to give third reading to this bill before the end of this week and Royal Assent is achieved by no later than June 23, the machinery is in place to enable the initial UCCB payments to be sent out as scheduled by July 1, 2006 and other measures to take effect without delay. Otherwise, it is likely for a number of reasons, many of them technical, there will be delay of three or four months in mailing these payments to millions of families across Canada. As the minister stated at committee we have much to celebrate this Canada Day. Honourable senators, let us not put a damper on these celebrations which all Canadians deserve to enjoy.

It is clear that Bill C-13 cries out for third reading and expeditious enactment by the Senate. Such action by the Senate would be fully in accord with long-standing tradition and custom respecting government budget legislation which has passed the House of Commons.

Budget 2006 and its implementation legislation, Bill C-13, received a full and complete study and hearing in the House of Commons and was passed there on June 6 without a single amendment and, more importantly, without a single negative vote.

After receiving second reading in the Senate, Bill C-13 was referred to the Standing Senate Committee on National Finance and was carefully examined and reviewed there on Monday and Tuesday of this week. Yesterday, the bill was reported back to the Senate without amendment or commentary. The Honourable James M. Flaherty, Minister of Finance, supported by senior officials from the Department of Finance, OSFI, CRA, HRSD, and other departments concerned with this complex and intricate

legislation, appeared before the committee on Monday evening. The minister reviewed for committee members the main provisions of the proposed legislation, as well as the public policy reasoning behind them and answered numerous questions from committee members, including Senator Eggleton, who had many piercing and interesting questions. His questions were satisfactorily answered, I am sure, by Minister Flaherty.

• (1510)

Among other things, honourable senators, the minister reported with pleasure that his initial budget, Budget 2006, had been well received by economists, businesses and individuals from all walks of life and all income levels across our nation.

As well, the minister indicated that impressive results had already been reported to him respecting a number of recent and generous charitable gifts, some as high as \$50 million, made as a direct result of the special capital gains tax reduction measures announced in his Budget 2006.

Honourable senators may have noted at page A9 in *The Globe and Mail* today, it is reported as follows:

Toronto sports and construction magnate Larry Tanenbaum yesterday donated \$25 million to the Mount Sinai Hospital to support biomedical research. The money, the largest single donation ever received by the hospital, will create a research fund to support activities of the Samuel Lunenfeld Research Institute.

Honourable senators, the minister also reported on and expressed satisfaction about positive reactions he had received from stakeholders respecting a number of other tax reduction and tax credit measures in Budget 2006 totalling nearly \$20 billion over two years.

As well, he explained that Budget 2006 is only a first step — a work in progress. He confirmed that Bill C-13 implements a number of Prime Minister Harper's election campaign pledges. As I said in my speech at second reading: "Promises made, promises kept."

The minister stated his strong view that Canadians are seriously overtaxed and referred to the government's intention to make further tax reductions in future budgets, following appropriate, careful study of their effect on Canada's complex and intricate tax structure.

The minister responded to questions about those budget measures designed to open up the "playing field" in the business of mortgage default insurance in Canada where there are at present only two players, and just one of them from the private sector.

As well, two witnesses were heard on this important subject, one from Genworth Financial Canada and the other from AIG United Guaranty Canada.

Minister Flaherty explained that the new mortgage insurance measures to be implemented via part IX of Bill C-13 were introduced by the government so as to permit increased competition which, he said, will ultimately benefit all stakeholders.



He added that the new mortgage default insurance regime will benefit consumers, financial institutions, capital markets and the Canadian economy.

It will, he said, make our government-backed insurance system safer by spreading the risks among more players.

Finally, the minister said, it will create more liquidity in the market and constitutes a public policy initiative designed to create real competition in this particular field.

I should add that the witness from Genworth Financial, whilst supporting increased competition in the sector, raised a precautionary note and said:

The government's intent to increase competition and benefits for home buyers is indeed commendable. However, we believe the legislation before you does not go far enough. It does not go far enough in ensuring that the government will achieve its objectives and, in fact, could put the excellent market we have in place in peril.

We have two key recommendations for your consideration today. The first is that market conduct rules be required to ensure that Canadian home buyers — and I stress homebuyers — be the ones who actually benefit from this increased competition.

Second, the federal government needs to provide the same level of government guarantee to all mortgage insurance providers, including the CHMC.

Without these two measures, I firmly believe this legislation will not achieve its intended goal of benefiting Canadian homebuyers, and perhaps hinder a booming housing market.

Honourable senators, the minister is aware of these concerns, as are the relevant officials at the Office of the Superintendent of Financial Institutions and in Finance Canada. I understand that the appropriate steps will be taken to accommodate these two concerns when the new insurance regime is formally put in place.

On the issue of hidden budget surpluses as well as on the actual budgeted surplus of \$3 billion in Budget 2006, Minister Flaherty told the committee:

What is a balanced budget? Is a balanced budget when a government hides surpluses, when a government puts in the closet billions and billions of dollars that they know will likely be surplus at the end of the year? Is that prudence? I think it is something less than prudence. In fact I think it is quite undesirable in a democracy that elected people, running the Government of Canada, would budget in a manner where they ought to know they would end up with substantial so-called surprise surpluses. Prudence to me is budgeting a surplus, as we have done this year, of \$3 billion plus. We did not end up with zeros at the end of each column; we put in the figures that we think will actually be left based on the assumptions that we have done, the surplus

that will be there. Is it more risky than hiding money in the closet? Sure, it is. It is open, it is transparent and the people of Canada can see it. It is based on the assumptions we made, and we think they are prudent assumptions based on the advice we have and the analysis of the department and so on.

I believe in balanced budgets. I do not believe in pretend surpluses that masquerade as prudence.

Honourable senators, a panel of economists and fiscal experts from the Fraser Institute, Global Insight Canada and the Canadian Taxpayers Federation appeared before the committee yesterday morning, and they applauded this refreshingly transparent approach to budgeting generally and surpluses in particular.

These economists, when questioned closely by senators, gave Budget 2006 their approval.

There was a lively and informative discussion at committee yesterday morning respecting the government's new universal child care benefit, UCCB.

Articulate witnesses, holding widely divergent views, appeared before the committee — I believe the Honourable Senator Cools is responsible for getting these fine people to the committee — to inform us how they see the UCCB working. We heard from Leslie Wilson, vice president of Wee Watch; Ken Battle of Caledon Institute of Social Policy, Lana Crossman of the Canadian Child Care Federation and Gwendolyn Landolt of REAL Women of Canada.

Ms. Wilson and Ms. Landolt clearly supported the government's child care initiative, whereas Ms. Crossman and Mr. Battle were four-square against it. On balance, all these witnesses agreed that child care in all its aspects raises complex questions and issues that are susceptible to a wide range of policy solutions. The one in Bill C-13 is the policy choice this government, rightly or wrongly, has chosen to go with. Importantly, both Mr. Battle and Ms. Crossman admitted that neither they nor the members of their organizations were surprised at all when the UCCB appeared in Mr. Flaherty's budget. After all, they agreed, it was clearly described in the Conservative Party election platform and promised by Prime Minister Harper during the election campaign. Dare I say again, honourable senators: Promises made, promises kept.

Federal government budgets never please everyone and often please no one. In the case of Budget 2006, the new Conservative government appears to have done a relatively competent job with its first crack at the exercise. The approvals amongst Canadians seem to outweigh disapprovals.

For this, Minister Flaherty and his colleagues, I respectfully submit, deserve and have earned our respect and support, especially because they seem to have done something that is rare in this game of politics — they have done what they said on the campaign trail they would do if they were elected. Well, honourable senators, they were elected, and bravo to them — promises made, promises kept.

Before closing, I want to commend particularly the chairman of the Standing Senate Committee on National Finance, Senator Day. I have been on many committees and have attended many

meetings. He did a fantastic job of running that committee, ensuring there was a fair and balanced hearing, allowing the witnesses to have a full expression of their views and allowing the senators to have full expression of their questions. I was impressed, and I thank him very much on behalf of all senators.

• (1520)

Honourable senators, let us support this budget and its implementation legislation by giving third reading to Bill C-13 and moving forward to a happy and restful Canada day for all Canadians including all honourable senators — except those sitting on the Bill S-4 committee.

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

**Senator Angus:** Yes.

**Hon. Francis Fox:** Honourable senators, I should like to know if the new criterion for the soundness of good public policy in this country is in response to the question as the honourable senator put to the witnesses yesterday. Is he surprised at this initiative?

**Senator Angus:** I do not think that was the issue and I know that the honourable senator knows that it was not, but I thought the question was brilliantly posed and the answer was the one I liked.

**Hon. Jeremiah S. Grafstein:** The Honourable Senator Angus was the deputy chair of a very important report of the Banking Committee recommending charitable givings to the government and a broad range of subjects. Does the honourable senator think the government went far enough in this bill to meet the recommendations of his Banking Committee?

**Senator Angus:** As the honourable chairman of that Banking Committee, Senator Grafstein will know that we were delighted to see this budget.

This is perhaps a place to give some kudos where they are due. There is a man in Toronto who is a recently retired senior executive of Bank of Montreal who has been campaigning on a crusade for 15 years. His name is Donald K. Johnson. He has gone tirelessly at his own expense from sea to sea in this country lobbying, cajoling, arguing and trying to make a rational submission to the powers that be to increase generally charitable giving in the country and to find and identify ways and means to encourage it, including these tax measures.

We have seen him at the Banking Committee and other committees a number of times. The previous government made an admirable step forward when the Banking Committee was chaired by Senator Kolber. I believe the rationale was that these measures were to be tried out for five or six years. They had positive results, but clearly did not go far enough. This government, under advice and based on many representations by Mr. Johnson and the report of the Banking Committee, decided to go this far. There is still further to go, but there is one caveat left and that is private foundations.

We have had representations made to us. There are many of these private foundations in Canada. They are represented in one case by the daughter of our former colleague the Honourable

Senator Pearson. As far as the committee is concerned, we would have recommended that the government go all the way. There are legitimate concerns that were outlined by the officials that we were not aware of before, and are not necessarily aware of now, about abusive practices by some alleged private foundations. These matters need to be closed off. That will be the next step and we have already had discussions with the minister.

**Hon. Jack Austin:** Honourable senators, I would like to give my friend Senator Angus an opportunity to crawl back from the edge of a ledge. After he has jumped into the river, I would like him to move back from the ledge he has just crawled onto. The argument of Senator Angus bears an implied premise that the previous governments of Mr. Chrétien and Mr. Martin somehow deliberately went out of their way to misrepresent the size of surpluses. If I do not understand that argument to be what I have just said it to be, then of course the honourable senator will correct me. However, that is how I understood it. I wish to inform Senator Angus that that was not the case.

In the last 10 years and in the current year we are living in quite dramatic, changing economic circumstances and it is very difficult to budget as one would see in any country. In that time, the U.K., the U.S. and particularly Australia has had surprising surpluses. The reason being that the world was caught unawares by the commodity pricing systems, brought on by the newly industrializing China and India, and also by the demand for energy. As honourable senators will know, Canada is a supplier of energy, particularly to the United States, and natural resource commodities to the world.

I would invite the honourable senator to come back off the ledge because given the current performance of those commodities, I would hate for the present government to discover that it had a surprising surplus and be accused of deliberately under-representing the performance of the Canadian economy. I am sure that Senator Angus would share that concern.

**Senator Angus:** As the honourable senator can see, I am not out on any ledge, but he is about 18 feet across the hall from where he was when he last gave that speech. I am delighted to know that he has not changed his tune about these surpluses. The reality is that when the honourable senator answered questions about surpluses the last time, he was a member of the government with the kind of knowledge I unfortunately do not have. That is why I took pains to quote the minister on the subject. I stand by my quote and the matter should lie there.

**Hon. Anne C. Cools:** Honourable senators, would Senator Angus take a question?

**Senator Angus:** Yes.

**Senator Cools:** We heard some extremely compelling testimony from two gentlemen, one being Mr. Peter Vukanovich from Genworth Financial Canada and other was Mr. Andy Charles from AIG United Guaranty Canada. The minds of committee members were opened in a way that they had not previously been. During clause-by-clause consideration of the bill, there were no officials from the Department of Finance to respond to some of the concerns they had raised.

[ Senator Angus ]

In the 24 hours or so that have lapsed, has the honourable senator had a chance to talk to the minister? If so, perhaps Senator Angus could provide some sort of answer or some sort of assurance, reassurance or comfort to those particular gentlemen on the important issues that were raised. This is an important subject and I may expand on it if I decide to speak on this bill.

**Senator Angus:** I thank the honourable senator for her question. I am sorry she was not listening to my speech. I will read back what I said about five minutes ago because that is a little disappointing to me.

I should add that the witness from Genworth Financial, while supporting increased competition in the sector, raised the precautionary note and said:

The government's intent to increase competition and benefits for homebuyers is indeed commendable. However, we believe the legislation before you does not go far enough. It does not go far enough in ensuring that the government will achieve its objectives and, in fact, could put the excellent market we have in place in peril.

We have two key recommendations for your consideration today. The first is that market conduct rules be required to ensure that Canadian homebuyers, and I stress homebuyers, be the ones who actually benefit from this increased competition.

Second, the federal government needs to provide the same level of government guarantee to all mortgage insurance providers, including CMHC.

Without these two measures, I firmly believe this legislation will not achieve its intended goal of benefiting Canadian homebuyers, and perhaps hinder a booming housing market.

The minister has been made aware of these concerns as have been the relevant officials. I understand that the appropriate steps will be taken to accommodate these concerns when the new insurance regime is formerly put in place.

**Senator Cools:** I thank the honourable senator for his response, however, I was hoping for a more fulsome explanation of the testimony because it was compelling; I heard what Senator Angus had to say.

• (1530)

Since the honourable senator is the sponsor of Bill C-13, I wonder if he could comment on the following. If he looks at page 168, in the sections 196, 197 and 198, he will see that sections 197 and 198 do a peculiar thing. They actually repeal, in a sort of funny way, parts of the appropriation bill that we just passed a few weeks ago — Bill C-8, which was Appropriation Act No. 1 received Royal Assent on May 11, 2006.

Could we have some sort of an explanation as to why this unusual, and I would say bizarre technique has been used? Perhaps, for the record, I should put the clauses on the record.

Clause 197 states:

If a bill, entitled Appropriation Act No. 1, 2006 = 2007, is introduced in the first session of the 39th Parliament and receives Royal Assent, Finance vote 10 of that act is repealed.

Then Clause 198 goes on to say:

If a bill, entitled Appropriation Act No. 1, 2006-2007, is introduced in the first session of the 39th Parliament and comes into force before section 196 of this act, section 196 of this act is repealed.

This bill is both enacting and repealing the same clause in the same breath. Has anybody looked at that? This bill is permeated with many unusual things like that. I wonder if the honourable senator has wrapped his mind around that. If he has not, I understand that. I am just wondering if it has caught his attention or if he wants to share anything with us.

**Senator Angus:** Thank you, Senator Cools.

Honourable senators, the honourable senator raised that exact same question at the committee, from her seat, as deputy chair. There were many officials in the room. Nobody seemed to think it was unusual draftsmanship, given the intricate nature of taxation implementation and fiscal measure implementation legislation.

This is one of the cautions that I highlighted in my speech at second reading. When you tinker with a bill like this, the change of one comma or one word, whether it is in the body or in the schedules — which is what the honourable senator is referring to there, I believe, because I think the bill itself is only 186 pages. I may be wrong. Is that not one of the schedules?

**Senator Cools:** No, it is clauses 197 and 198 of Bill C-13.

**Senator Angus:** Of which part? There are 13 parts. In any event, because the honourable senator's question was so technical and it clearly resulted from reading the whole bill, I asked the officials if there was an anomaly there, or a possibility of an error or an omission, and I was assured that there were not any problems. That is the best I can do for the honourable senator.

**Senator Cools:** I appreciate the honourable senator's response. That is part 9 of the bill, which is the bill in respect of Genworth Financial Canada. By clauses 196, 197 and 198, the bill repeals sections from appropriation acts. In section 196, it repeals vote 16B from Appropriation Act 2003-2004. That is sort of understandable; that appropriation act is from two years ago. The question that I had for the honourable senator is a parliamentary question, and it is not a question I had raised previously in committee.

The question I raised yesterday was about the phenomenon of clause 181, which was about deeming to have come into force. It was a different parliamentary point. This question bears directly on the testimony of the gentleman from Genworth Financial Canada and from AIG United Guaranty Canada.

I understand that the honourable senator does not have it in front of him. Perhaps it has not caught his attention. I certainly did not raise it before. The reason I did not raise it before is I did not want to embarrass the minister who was before us. It is a very

queer situation, because Bill C-13 has clause 196, which repeals a vote of the Appropriations Act, 2003-2004. Clause 198 then repeals clause 196. The bill both enacts and repeals in the same breath. I just thought it had caught the honourable senator's attention.

I suppose some people think it is no big deal, but it is a big deal. If honourable senators look to the fact that sections 197 and 198 are repealing parts of the Appropriation Act 2006-07 that only came into force on May 11, 2006, you really wonder what could have happened that these sections are being repealed two or three weeks later. Parliament should know that this kind of thing is happening.

**Hon. Grant Mitchell:** Honourable senators, I have a question of Senator Angus as well.

I am quite struck by the apparent confidence of Senator Angus and the Minister of Finance in committee in their projection of the surplus. They established it to be in the order of \$3.6 billion. It is very interesting to me. I would be more concerned about overestimating the surplus than I would be about underestimating it.

It is an interesting contradiction. The Conservatives in Alberta made an absolute virtue out of underestimating the surplus. What they did — and I must say there is some sense to it, although I do not see that sense applied with the federal Conservatives — is they used very conservative assumptions in their budgetary projections. Essentially, this budget, as projected, has about a 1.5 per cent leeway.

The accuracy of that projection will, of course, be based upon a number of things that are highly speculative. What will happen to interest rates, commodity prices and the value of the Canadian dollar? Those three things will affect directly the success of our economy and, therefore, tax revenues to the treasury.

My point is this: What is it about this government, given its history of absolute inaccuracy in being able to deliver a balanced budget — previous Conservative governments, that is; I think 1912 was the last time they ever did it — where do they get the confidence they can actually predict these three important assumptions so successfully that they know they are going to come within 1.5 per cent? Certainly, they will not in any way, shape or form, overestimate their surplus. Has the government run any kinds of models where oil prices are maybe \$65, or they are \$60 or \$55 or \$50 — and that interest rates are not 5 per cent or 6 per cent but maybe 7 per cent or 8 per cent? What if the Canadian dollar is not worth 91 cents or 92 cents, but maybe 95 cents or 97 cents or 80 cents? How can your government be so confident?

The concern I have is not that your government would end up with extra money that you could put on the debt or use for programs or lower taxes; my concern is your government will end up with far less money than the honourable senator thinks. Remember, based on those very volatile and difficult assumptions, the honourable senator is within 1.5 per cent of disaster. Your history in government has been literally fiscal disaster.

**Senator Angus:** Honourable senators, I did not hear a question, but I think it is a very nice point and it is noted.

**Senator Mitchell:** Honourable senators, I did ask a question. What models has the government run, under what assumptions, to establish what the government might do if it does not meet this 1.5 per cent leeway that the honourable senator has established so confidently?

**Senator Angus:** As the honourable senator knows, he asked the same questions not only to the minister, but also to the economists.

**Senator Mitchell:** Honourable senators, I did not get a reply.

**Senator Angus:** Honourable senators, I cannot answer the question any better than the minister is able to answer the question. However, as I said, charitably, in your view as maybe a professional, maybe an amateur economist, you have made a valid point. We have noted it. Let us see how it turns out. The minister is very confident and I think he is very competent as well.

• (1540)

**Hon. Art Eggleton:** Honourable senators, I rise at third reading of Bill C-13 to oppose it. I opposed it at second reading when I indicated that it did not meet the needs or interests of Canadians. I cited the deficiencies in the provisions within the bill with respect to the GST, the income tax increase, the meagre child care provisions compared to needs, and the tax credits, et cetera. I noted those things that unfortunately were not in Budget 2006 such as the Kelowna agreement, the climate change plan, the Kyoto Protocol, post-secondary education and provisions for innovation and research leading to greater productivity. Many issues are not included in this budget bill. After Bill C-13 was referred to committee, where we heard from various witnesses and had discussion amongst ourselves, I became all the more convinced that this budget does not meet the needs or interests of Canadians.

I will focus on two aspects of this bill today, Part 1 and Part 6, which deal with the main provisions of the GST and income tax, and the child care component. All three witnesses that came before the committee with respect to GST reduction versus income tax reduction, — indeed, any economist and editorial writer we have heard from — said it is a bad idea to put in a GST reduction when you could use that same money for income tax reductions.

Dale Orr, Managing Director of Canadian Macroeconomic Services at Global Insight Canada, said:

...an across-the-board reduction in each marginal personal income tax rate...could have a very beneficial impact on productivity and economic growth over the longer run.

To use up our valuable fiscal room by focusing on reductions in the GST and the scatter of targeted tax credits will do little to strengthen the Canadian economy.

He went on to say:

Another benefit of our overall tax structure from reducing income taxes, as opposed to consumption taxes, in Canada relies much more heavily on income taxes, which directly impact our international competitiveness relevant to consumption taxes that most other developed countries adhere to.

Clearly, he and others on the panel testifying before the Standing Senate Committee on National Finance, including John Williamson from the Canadian Taxpayers Federation — no friend of the liberals; and Niels Veldhuis, from the Fraser Institute, said that given the choice, a much better impact on the economy could be felt by a reduction in income tax as opposed to a reduction in the GST rate.

I want to move an amendment to the bill that the money allocated for the reduction of the GST be reallocated for a reduction in income tax and bring it back to the level of the liberal government, a level that the current government has increased. I will get back to that issue in a moment.

Another good piece of evidence along these lines came from Davis Douglas Robertson, who is a tax lawyer. The title of his paper is meaningful in terms of this issue, “Don’t tax me when I earn it, tax me when I spend it.” Mr. Robertson claims that cutting the lowest marginal personal income tax rate by 1 per cent, increasing the basic personal amount to that of the previous government, is worth about \$320 annually to most individual Canadians. For an individual to obtain the same tax savings through this 1-per-cent reduction in GST, an individual would have to spend at least \$32,000 annually on goods and services that are subject to GST. A good many things are required on a day-to-day basis by moderate and low-income people, such as rent, mortgage, groceries, prescription drugs, et cetera, that are not subject to GST provisions. Yet, they have to spend \$32,000 on other than the necessities. As I indicated at committee, unless they are about to buy a Mercedes, many of them will never come close to spending \$32,000 in one year to take full advantage of the 1-per-cent reduction.

Honourable senators, there is another aspect to this. Who is to say that merchants, who will charge only 6 per cent instead of 7 per cent, will pass that on to the consumer? How are merchants required to pass this on to the consumer? They might well decide to increase their profit margin and not pass it on. For the big-ticket items, the amount would be more noticeable so they will pass it on but when someone buys a \$5 item or a \$10 item, it will not be as noticeable. Will merchants give customers the reduction? Possibly they will not do that. People of modest income will not realize the kind of benefit that the government has indicated.

There is one more person that I wish to quote. I had hoped that the members opposite would listen but I can see that they are well into conversations over there. However, they might be interested in this next quote, which states much the same thing, by the former Minister of Finance for the Province of Ontario, the Honourable Jim Flaherty.

When I posed these questions to him at committee, he said, “I meant them in a very specific context at that time. It had to do with automobiles, it was very specific.” I read them again, and to me, they look like generalized statements. He said:

You could reduce the retail sales tax, which is another way of making goods more affordable, but you could do it another way. You can put money right back into people’s pockets directly by saying, here is a reduction in your personal income tax, spend it as you see fit.”

That is very much in accordance with Mr. Robertson’s comment: “Don’t tax me when I earn it, tax me when I spend it.”

Mr. Flaherty said something else that is noteworthy. He said:

The member opposite again raises the question of reducing the sales tax. I must say that with respect to tax cuts, I agree with Paul Martin. With respect to reducing the GST federally and the RST provincially, I also agree with the federal minister that all you get is a short-term hit, quite frankly. You accelerate spending. You put it ahead by a month or two. It has no long-term positive gain for the economy.

Honourable senators, those comments were made in 2001 by the current Minister of Finance. You cannot help moderate and low-income people with a reduction in the rate of sales tax. The better way is to reduce income tax.

Minister Flaherty tried to argue before the committee that he had lowered the income tax by going from 16 per cent to 15.5 per cent. However, the economists present at the meeting did not buy it. In his paper, Mr. Orr says of such a claim that a reality check is in order. He pointed out that the current rate in effect from the position implemented by the Canada Revenue Agency on the basis of a ways and means motion — the traditional way these things are done — is indeed a tax rate increase from 15 per cent to 15.5 per cent. In addition, the basic personal amount, BPA, will also go up. This is to the disadvantage of people in the lower income tax brackets.

Mr. Flaherty also claimed that there were about 665,000 low-income Canadians being removed from the tax rolls altogether. Mr. Orr said that this change in the basic personal amount, from \$9,039 to \$8,639, would put about 200,000 people back on the rolls. The claim, Mr. Orr pointed out, requires a reality check.

Mr. Orr also took issue with the \$20-billion claim of Mr. Flaherty over the next two years as being the tax savings passed on to Canadians. He said that the amount was greatly inflated and that it would be closer to half that amount.

I do not understand how Senator Angus can take comfort in the presentations made by the economists before the Finance Committee because they said that this was not what it was presented to be.

• (1550)

Thank goodness, we have Senator Austin’s Bill S-215, which will help get us back to where we should be and provide more benefits for low- and moderate-income people, particularly those affected by the lowest marginal rate of income tax.

With respect to part 6, which deals with the early learning and child care provisions, which I do not think the government understands at all. Their program is not an early learning program and it is not even a child care program. It is a family allowance measure, which will put \$100 less tax into the hands of people who have children less than 6 years of age. The program does not cover an awful lot of people. The amount certainly does not come anywhere near the costs that people have to absorb. In the various provinces right across the country, we are looking at, in the pre-school years, at least \$400 or \$500, as the average costs. One hundred dollars less tax is not going to help families meet their child care needs very much at all.

The representative of the Caledon Institute of Social Policy, Ken Battle, a holder of the Order of Canada and a very distinguished member in the development of social policy, presented a chart to the committee. The chart indicated that the families who would gain the most from this \$100 a month would be one-earner couples earning at least \$250,000 a year, whereas the low-income families and single parents would gain the least.

What kind of a system is that, which penalizes the poor, both the working poor and those on welfare? Mr. Battle said,

If the government had taken the \$1,200, added it to the base Canada Child Tax Benefit — which is a very efficient, well-known program that is supported by all levels of government and by all parties — almost all families, except for very high income ones, would have got \$1,200 and would have kept it. It is a non-taxable benefit. They would not have lost the young child supplement; they would not have had to pay income tax on the amount; and they all would have received a boost of \$1,200. This would have helped low-income families in particular. It would have moved the total benefit from \$1,200 and the existing Canada Child Tax Benefit to about \$4,600 maximum, which is close to the target of \$5,000. It would have substantially improved child benefits for modest and middle income families as well. That, senators, is the way in which the government should have handled a child care benefit. However, it will not be doing it that way and, as a result, we have one of the worst social programs I have seen in my career.

I am tempted to move an amendment to put the \$1,200 over to the Canada Child Tax Benefit. That would certainly provide for a lot better benefit.

That is not the whole story coming from people out there. We are also hearing from the public.

The public, through an Environics Research Group poll published the other day, clearly indicate that it does not support this government's plan as being the answer to child care. Seventy-six per cent of Canadians said they support a national child care system to provide affordable child care to parents. When asked specifically about the Conservative plan versus the Liberal plan, 35 per cent thought the \$1,200 allowance was all right, but 50 per cent said they needed the entire program that the previous government had negotiated.

Honourable senators, there you have clear indication of what the public wants. It is a shame what this government has done to that program, cancelling it after getting the provinces to agree. The government will say there was not much agreed upon and that the Liberals took a dozen years or so and they did not accomplish it. Yes, the program did take a long time. The federal government had offered it a number of years ago, but the provinces were not ready to take it up. The federal government, the Liberal government of the day, recognized that the provinces had to be on side. It is very interesting that this government does not seem to care about the provinces. This government not only cancels a program that the provinces want, but on top of that, when it comes to spending more money to try to create spaces,

this \$250 million that is supposed to create 25,000 spaces, it seems to want to go over the heads of the provinces and deal with the community.

The government says that there will be consultations, maybe with the private sector, although the Conservative government in Ontario tried that and it did not work. One article in *The Globe and Mail* suggests that a poll indicates that 75 per cent of employers would not, in fact, try to get into this program at all.

There is no indication of any success. Why are they bypassing the province anyway? They are supposed to be the ones that say if it is in provincial jurisdiction, then they should be doing the program. They are not going that route with their \$250 million, as inadequate as it is to meet the needs. I think the provinces recognize that they wanted to keep going with the program of the previous government.

It would be nice to see some changes to this program. People in this chamber more experienced than I have indicated that the tradition is when it comes to budget bills, that the other House has a higher priority in terms of its wishes and that in fact it is in the Constitution that they do have responsibility with respect to that. To that end, we should allow the government's budget to stand.

I think that is regrettable, because I do not think this is in the best interests of Canadians. How did the government get into a position where the body of evidence is so strong against what they are doing on these and other measures that we are facing this situation today?

As Senator Angus said, they promised it in the election. I am not sure they thought it through very well, honourable senators, this GST cut. They thought perhaps the \$1,200 would be different from the Liberals' program and that maybe it helps meet some other socially conservative agenda that some of their members would be happy to see.

**Senator Oliver:** Honourable senators, it is very popular.

**Senator Eggleton:** Honourable senators, it looks like they locked themselves into it. They are locked in to the point that they are standing on it and prepared to go to an election on it. It is one of their five points. It is unfortunate that what we have here is a sacrifice of good government, good public policy and good fiscal management for the sake of political expediency.

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

**Senator Eggleton:** If we were to deal with this in the traditional fashion — and that is not to amend or defeat it — then I certainly will say two words when we come to asking the question about supporting it. I will say “on division,” because I do not support it.

On motion of Senator Austin, debate adjourned.

The Senate adjourned until Thursday, June 22, 2006, at 1:30 p.m.

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